

Summary

FY 2017 Comprehensive Annual Financial Report

FY 2017 Financial Highlights

- Total Net Assets increased \$4.1 million over 2016
 - Of this amount, \$14,456,231 is unrestricted
- Combined Revenue totaled \$19.5 million
- Overall expenses totaled \$15.3 million
- Governmental activities - net assets increased by \$1.9 million; with ending unassigned fund balance in the General Fund totaling \$5 million

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position.

- The City's combined net assets (government and business-type activities) totaled \$56,062,090 at June 30, 2017.
- The City's investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks, sewer lines and sewer lines) less any related debt used to acquire these assets that is still outstanding comprise 70% of the City's total net assets.
- Investments in capital assets net of related debt increased by \$2,109,020 in fiscal year 2017.
- The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending.

Governmental Activity Revenues

Governmental activities revenues increased by \$673,401 - primarily attributed to a increase in programming revenues, such as:

- Charges for Services of \$634,268 (over prior year revenue). The Charges for Services include fees for services such as building permits, facility rentals and municipal court fines.
- Increased property tax revenue of \$18,619.

Tax provided \$5,405,268 or 49% of governmental revenue, while charges for services provided \$2,273,344 or 20% of operating revenues. As such, the City's taxpayers and purchases of City services fund 69% of governmental operating activity.

As a result, the condition of the local economy and the economy's impact on local businesses has a major effect on the City's revenue streams.

Business-Type Revenues

Business-type revenues are reported to the City's financial statements in accordance with GASB 34, 35, and 36. Business-type revenues include:

- Rental income from City-owned property.
- Interest income on investments.
- Dividend income from investments.
- Royalty income from investments.
- Other income from investments.

General Fund

The General Fund is the primary operating fund for the City. It is used to fund the City's general government activities. The General Fund balance at the end of fiscal year 2017 was \$5,000,000. The General Fund balance at the end of fiscal year 2016 was \$4,500,000. The General Fund balance at the end of fiscal year 2015 was \$4,000,000.

Total Revenues



General Fund



Total Expenses



Governmental-activity expenses

The basis of the City's government activities is general government. The City's government activities include the following:

- General government
- Police and fire
- Public works
- Parks and recreation
- Cultural and historical
- Other

Governmental-activity Expenses

Expenses increased by \$279,676 in FY17. Significant increases from prior year expenses included:

- Public Works expenses increased \$25,712 due to increased SPLOST 4 L&D spending.
- Other projects include: Resurfacing of Milling Lane, Atlanta Avenue, Lester Street, Oakley Circle, Park Drive and Old and Newcomer Road (Dixie) Road, Fremontville, GA House and Carriage Trail Drive also included parking, milling and noise abatement.
- Culture and Recreation expenses increased by \$10,424 in FY17, primarily due to one-time SPLOST and Capital Project Fund expenditures for landscaping, grading for additional parking and installation of a Special Needs Playground at Silver Creek Linear Park.

Business-type activity expenses

No business-type activities were reported for fiscal year 2017. The City's business-type activities are reported to the City's financial statements in accordance with GASB 34, 35, and 36. Business-type activities include:

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Capital Projects Fund

The Capital Projects Fund of the City is used to fund the City's capital projects. The Capital Projects Fund balance at the end of fiscal year 2017 was \$2,500,000. The Capital Projects Fund balance at the end of fiscal year 2016 was \$2,000,000. The Capital Projects Fund balance at the end of fiscal year 2015 was \$1,500,000.

SPLOST Fund

The SPLOST Fund is used to account for capital projects and infrastructure improvements. The SPLOST Fund balance at the end of fiscal year 2017 was \$1,000,000. The SPLOST Fund balance at the end of fiscal year 2016 was \$800,000. The SPLOST Fund balance at the end of fiscal year 2015 was \$600,000.

Major Proprietary Funds

Fund Equity of the Water and Sewer fund at the end of the year was \$12,000,000. Equity increased by \$18,467 during the year.

Fund expenditures increased by \$281,126 due to a one-time transfer of \$1,000,000 to the Capital Projects Fund.

Revenues increased by \$56,032 as a result of the City's rate increase to pass through increased costs in fees for water purchases, as well as increased collections.

Capital Assets

The City's investment in capital assets, net of related debt for its governmental activities amounts to \$32,777,854 and in the business-type activities the balance was \$5,722,445, as of June 30, 2017.

At June 30, 2017, the depreciable capital assets for governmental activities were 36% depreciated. This comparison indicates that the City is replacing its assets more quickly than they are depreciating which is a positive indicator. Conversely, the depreciable capital assets of business-type activities were 72% depreciated indicating a slower rate of replacement or improvement.

Long Term Debt

As of June 30, 2017, the City's total outstanding long-term debt (principal portion) totaled \$8,400,621 and included obligations as follows:

Debt Description	Amount
General Obligation Bonds	\$5,000,000
Capital Bonds	\$3,400,621
Total	\$8,400,621

The City is legally required to limit outstanding general obligation debt to 5% of the assessed valuation of taxable property within the City which equates to \$24,598,728.

QUESTIONS ?



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Business-Type Revenues

Business-type revenues are reported to the citizens and voters through the City's annual budget. Business-type revenues are reported to the citizens and voters through the City's annual budget.

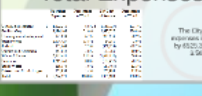
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Total Revenues



Total Expenses



Governmental-activity expenses

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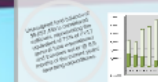
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General Fund



Capital Projects Fund

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SPLOST Fund

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- *Investments in capital assets net of related debt increased by \$2,109,020 in fiscal year 2017*
- *The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending.*

Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities

Governmental	increase \$2.7 million
Business-type	increase \$307,241

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***Governmental
increase \$2.7 million***

***Business-type
increase \$307,241***

Governmental Activity Revenues

Governmental activities revenues increased by \$673,401 ~ primarily attributed to a increase in programming revenues, such as:

- *Charges for Services of \$494,368* (over prior year revenue). The Charges for Services include fees for services such as building permits, facility rentals and municipal court fines
- *Increased property tax revenue of \$185,818*

Tax provided \$5,405,208 or 48% of governmental revenue, while charges for services provided \$2,273,344 or 20% of operating revenues. As such, the City's taxpayers and purchases of City services fund 68% of governmental operating activity.

As a result, the condition of the local economy and the economy's impact on local businesses has a major effect on the City's revenue streams

Business-Type Revenues

Established to be supported by fee revenues:

Water and sewer revenues increased over prior year revenues (\$560,568, or 9.5%)

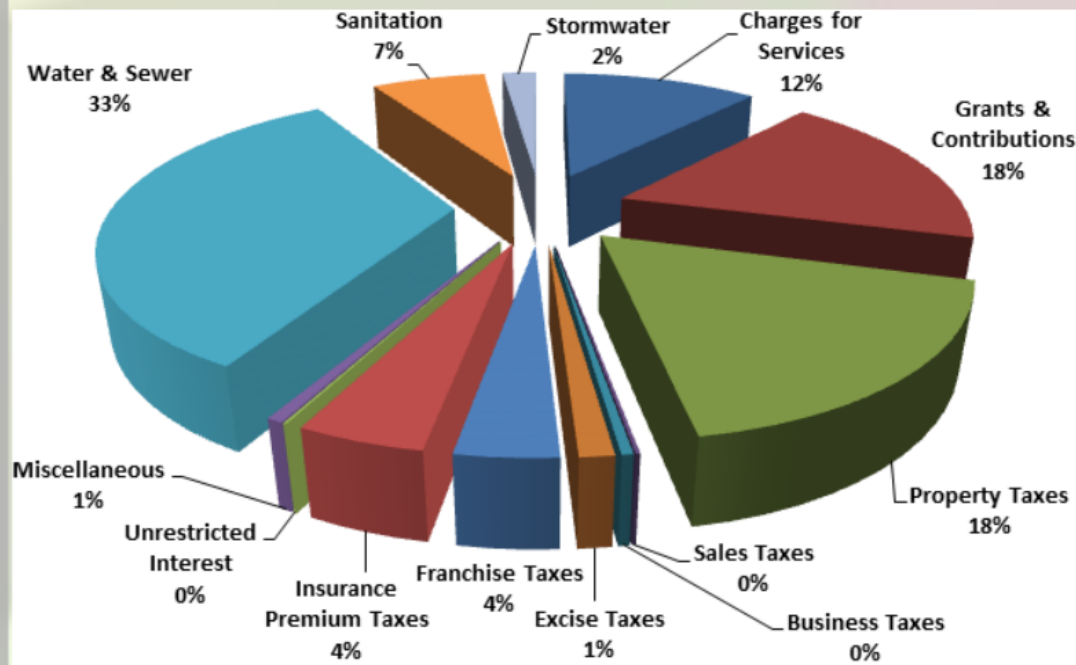
Sanitation revenue increased by \$45,328 (3.5% more than prior year revenue)

The Storm Water fund billed a total \$395,637 for the utility fees in 2017, this includes a Detention Pond Maintenance Fee

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Total Revenues



Combined revenue totaled \$19,459,770, of which governmental activities totaled \$12,245,361 and business-type activities totaled \$7,214,409.

Total Expenses

	Operating Expenses	Percentage of Total	Net Cost of Service	Percentage of Total
General government	\$ 1,002,210	6.6%	\$ (1,351,727)	-103.7%
Public safety	3,196,108	21.0%	2,997,227	230.0%
Housing and development	923,634	6.1%	923,634	70.9%
Public works	2,094,427	13.8%	64,581	5.0%
Judicial	351,664	2.3%	(368,233)	-28.3%
Culture and recreation	551,055	3.6%	137,766	10.6%
Water & Sewer	5,445,641	35.8%	(1,041,158)	-79.9%
Sanitation	1,215,260	8.0%	(107,437)	-8.2%
Storm Water	238,174	1.6%	(157,463)	-12.1%
Interest and fiscal charges	205,998	1.4%	205,998	15.8%
Total	\$ 15,224,171	100.0%	1,303,188	100.0%

The City's total expenses increased by \$525,393 or by 3.56%.

Governmental-activity expenses

Interest and fiscal charges	205,998	1.4%	205,998	15.8%
Total	\$ 15,224,171	100.0%	1,303,188	100.0%

Governmental-activity expenses

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the City's financing requirements.

In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2017,
the City's
governmental funds
reported combined
ending fund balances
of \$11,171,868, an
increase of \$2,011,469
or 22% from the prior
year

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Governmental-activity Expenses

Expenses increased by \$279,670 in FY17

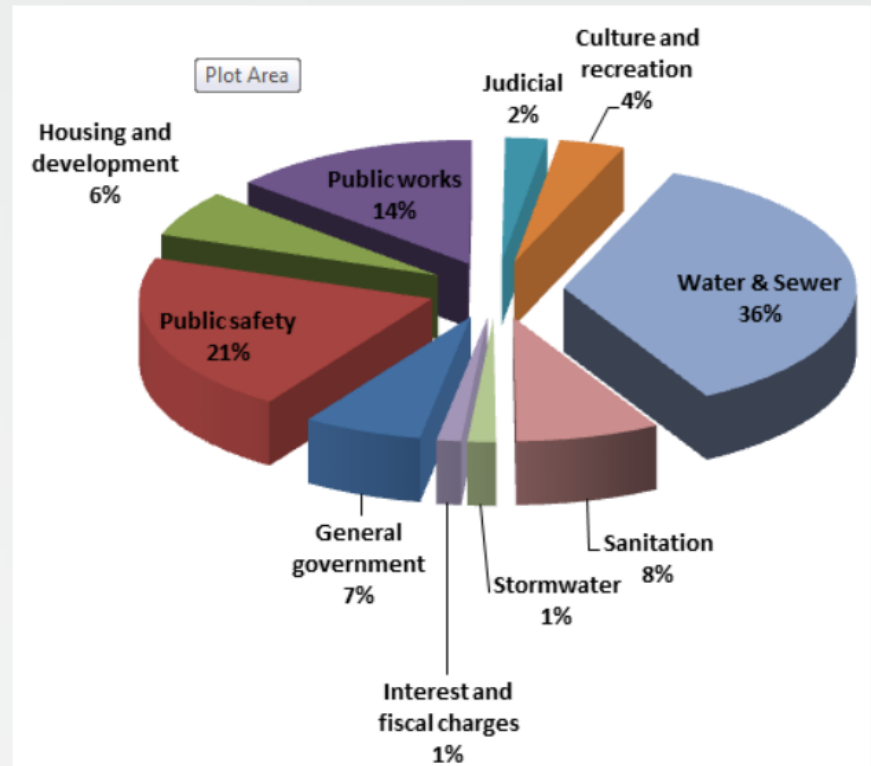
Significant variances from prior year expenses included:

- *Public Works expenditures increased \$143,732 due to increased SPLOST & LMIG spending*
 - *Major projects include: Resurfacing of Winding Lane, Elberta Terrace, Louise Street, Lindley Circle, Parks Drive and Old Lost Mountain Road (Olgesby Road, Thornbridge, Childress and Carrington Park Drive also included patching, milling and some resurfacing)*
- *Culture and Recreation expenditures increased by \$139,424 in FY17, primarily due to one time SPLOST and Capital Project Fund Expenditures for landscaping, grading for additional parking and installation of a Special Needs Playground at Silver Comet Linear Park.*

Business-type activity expenses

*Operating expense increased \$245,723 during FY17
Significant cost variances included:*

- *Net increases in water purchases from Cobb Marietta Water Authority (new meter import lead to higher usages)*
- *The higher volume water purchases accounts for over \$200,000 of this increase*
- *Sanitation Fund expenses increased by \$106,848 from FY2016. The increase is attributed to two additional positions funded in FY2017, as well as an increase in personnel costs due to higher workers compensation claims in FY2017 than FY2016.*



General Fund

The General Fund is the primary operating fund and the largest source of day-to-day service delivery. The unassigned fund balance at June 30, 2017 of \$5,097,439 is considered sufficient, representing the equivalent of 71% (8.5 months) of fiscal year 2017 general fund expenditures and transfers out or approximately 64% or 7.7 months of the current years' operating expenditures.

General Fund fund balance increased by \$1,462,801 to and ending balance of \$5,097,439. Revenues increased by \$748,002 while expenditures decreased by \$194,115 from the prior fiscal year.

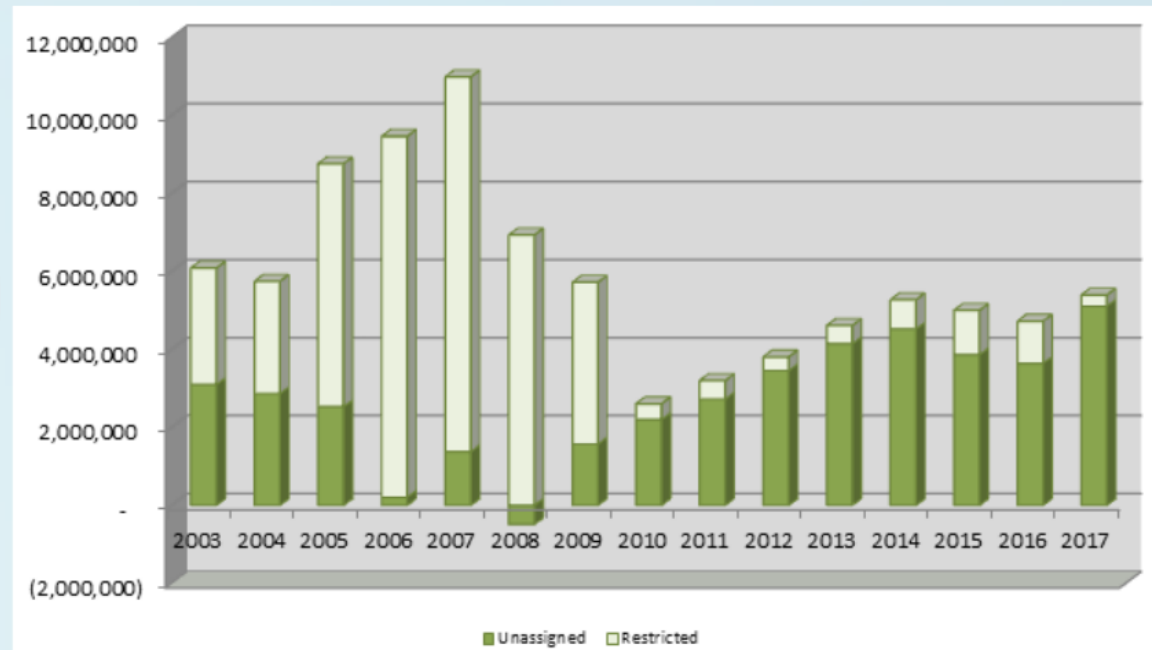
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General Fund

Unassigned fund balance of \$5,097,439 is considered sufficient, representing the equivalent of 71% of FY17 general fund expenditures and transfers out or @ 8.5 months of the current years' operating expenditures.



Capital Projects Fund

The Capital Projects Fund of the City reflects expenditures for capital projects. In fiscal year 2017, it is considered a major fund.

The fund balance of the Capital Projects Fund increased \$1,818,842 as a result of transfers to fund future designated capital projects.

Revenues, which are primarily impact fees and transfers from the General Fund, increased by \$1,075,308.

Expenditures during the current fiscal year decreased \$442,142 as a result of the prior year completion of the Seven Springs Museum at the Bodiford House and the 2015 & 2016 LMIG projects.

Revenues
increased by
\$1,075,308
Expenditures
decreased by
\$442,142

SPLOST Fund

The SPLOST Fund is used to account for capital projects and infrastructure improvements designated to be funded from County 2011 and 2016 one percent Special Purpose Local Option Sales Tax.

SPLOST project expenditures were \$3,078,401 during the year as compared to expenditures of \$2,851,934 in fiscal year 2016.

Revenues are received uniformly from Cobb County based on Cobb's budgeted allocation to the City.

The fund balance decrease of \$380,929 [13%] is due to the timing of expenditures on projects

Major Proprietary Funds

Fund Equity of the Water and Sewer fund at the end of the year was \$11,338,005. Equity increased by \$39,457 during the year.

Fund expenditures increased by \$291,136 due to a one-time transfer of \$1,000,000 to the Capital Projects Fund.

Revenues increased by \$566,631 as a result of the City's rate increase to pass through increased costs in fees for water purchases, as well as increased at collections.

Sanitation's fund equity at the end of the year was \$1,579,306. Equity increased by \$110,321

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At June 30, 2017, the depreciable capital assets for governmental activities were 36% depreciated. This comparison indicates that the City is replacing its assets more quickly than they are depreciating which is a positive indicator. Conversely, the depreciable capital assets of business-type activities were 72% depreciable indicating a slower rate of replacement or improvement.

Long Term Debt

As of June 30, 2017, the City's total outstanding long-term debt (principal portion) totaled \$6,400,629 and included obligations as follows:

Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the acquisition of City administrative offices, renovation of the Ford Center and acquisition of right-of-way for the Lewis Road improvement project.	\$2,735,000
Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the renovation and expansion of a police station and municipal court facilities and to finance the acquisition of a new City museum.	\$2,975,000
Inter-governmental agreement with Cobb County (through State Contract 980-280008) for the Capital Lease Purchase of 27 additional in car and 47 additional handheld 800 MHz Radios.	\$182,363
Loan payable obligations with the Georgia Environmental Facilities Authority for downtown water system conversion project.	\$508,266

The City is legally required to limit outstanding general obligation debt to 10% of the assessed valuation of taxable property within the City which equates to \$34,590,710.

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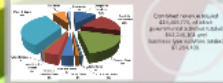
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Business-Type Revenues

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Total Revenues



Total Expenses



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- Expenses for landscaping, pruning for additional parking and installation of a Special Needs Playground at Silver Creek Linear Park.

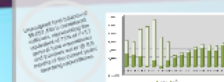
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General Fund



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SPLOST project expenditures were \$1,000,000 during the year as compared to expenditures of \$1,000,000 in fiscal year 2016.

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