

**CITY OF POWDER SPRINGS, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Prepared by:**  
**Finance Department**

**Submitted by:**  
**Pam Conner**  
**City Manager**

# CITY OF POWDER SPRINGS, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

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# CITY OF POWDER SPRINGS, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

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## **INTRODUCTORY SECTION**

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4484 Marietta Street | Powder Springs, GA 30127 | 770-943-1666

December 27, 2019

Honorable Al Thurman, Mayor,  
Members of the City Council, and  
Citizens of Powder Springs, Georgia

On behalf of the finance team, I submit the Comprehensive Annual Financial Report of the City of Powder Springs, Georgia, for the fiscal year ended June 30, 2019. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. This report has been prepared in accordance with generally accepted accounting principles. All disclosures necessary to enable an interested reader to gain the maximum understanding of the government's financial activities have been included.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Powder Springs for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor report is presented as the first component of the financial section of the report.

The Comprehensive Annual Financial Report is presented in the following sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, a list of principal officials, and the City's organizational chart. Management's discussion and analysis (MD&A) immediately follows the independent auditor report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. The financial section includes the MD&A, basic financial statements, individual fund and financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The notes presented in the financial section are an integral part of this comprehensive annual financial report and should be read for a better understanding of the statements and data presented within. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

## **PROFILE OF THE GOVERNMENT**

Powder Springs, incorporated in 1838 as Springville and later renamed City of Powder Springs in 1859, is located in west-southwest Cobb County approximately twenty-two miles northwest of Atlanta and ten miles southwest of Marietta. The City is a municipal corporation created under the laws of the State of Georgia and has as its formal name "The City of Powder Springs, Georgia." A Mayor and a five-

member City Council conduct the affairs of the City. The Mayor and two Council members are elected citywide, and the remaining three Council members are elected by separate wards. Policy-making and legislative authority are vested in the City Council, all elected on a non-partisan basis. The Council appoints the government's manager, who in turn appoints the heads of the various departments.

The City Manager, who is appointed by the Mayor and Council, oversees the day-to-day operations of the City and ensures the smooth and efficient delivery of city services. All activities and functions of the City are administered by the City Manager and are under the jurisdiction of the Mayor and City Council, as set forth in State and local law.

The City provides a full range of services to approximately 15,000 residents. These services include: public safety (police); community development; highways and streets; sanitation; recreation and cultural affairs, public improvements; code enforcement, planning and zoning; and general administrative services. Water and sewer services were sold to Cobb County with the sale of the system on June 26, 2019. The City is one of six incorporated municipalities within Cobb County.

The Powder Springs Downtown Development Authority has met the established criteria for inclusion in the reporting entity, and is reported as a blended component unit.

The Council is required to adopt a final budget no later than the close of the fiscal year. This annual budget serves as the foundation of the City's financial planning and control. The budget is prepared by fund, function, and department. Department heads may transfer resources within a department while transfers between departments need special approval from the governing council. The Capital Projects funds are budgeted on a project basis and are approved separately from the annual budget.

## **LONG TERM FINANCIAL PLANNING**

As detailed within the following financial statements, the City's policy is to maintain a healthy General Fund balance to maintain the City's operations for about 6 months. The General Fund balance is currently 82.5% annual expenditures and transfers, or enough to maintain the City's operations for about 10 months. This reserve balance is necessary for periods of weak revenues and emergency situations. As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes to facilitate the provision of city services. The City's operating millage rate for fiscal year 2019 was 9.5. The City also offers residents a "floating" exemption of property taxes, which maintains the taxable value of the property as long as the resident continues to own the property. Upon sale of the property, the taxable value is set at the assessed value.

## **LOCAL ECONOMY**

The local economy of Powder Springs continued to experience positive signs in its economic climate after years of weak revenues resulting from the economic recession that began in 2008; however the growth was slower and more modest. The City issued 149 new residential Building Permits in fiscal year 2019, a decrease of 29% from the prior year and 4 new commercial permits for a 75% increase. Overall there was a 21% decrease in investment in the City in fiscal year 2019 over the prior year. With the exception of approximately 40 lots in the Enclave and the Vineyards developments, all other previously approved but dormant residential developments from the early 2000's have been completed.

Powder Springs is primarily dependent on residential property values to fund City services. Approximately 74% of the tax digest is derived from residential property and 22% from commercial property with the balance derived from industrial property. There was an increase from the total assessed taxable value in 2018 with a net tax digest of the City increasing by 5.78% to a net assessed taxable value of \$421,669,191. The 2018 tax digest was approved by the Cobb County Board of Equalization at the end of June 2018.

The increases in the taxable value along with an increase of planned developments are evidence that the economy continues to improve. Powder Springs must continue efforts to encourage and recruit a diversified stock of residential and commercial development, including development through partnerships with its development authorities.

## **MAJOR INITIATIVES FOR THIS YEAR**

### **ROAD AND FACILITY IMPROVEMENTS**

Using the Road Rating Study, which identified the roads in need of repair or replacement, the City completed resurfacing under the 2018 Local Maintenance and Improvement Grant (LMIG) program during the City's fiscal year 2019 fiscal year. Resurfacing costs of approximately \$250,000 included improvements to Lookout Trace, Lakewood Way and Country Cove Way. Road improvements of approximately \$772,000 were also completed under the Special Purpose Local Option Sales Tax (SPLOST) program in 2019 on Powder Springs Dallas Road, Christian Drive, Spring Gate Drive, Pinetree Court, Morning Dew Court, Spring Industrial Drive, Pembrooke Way, Buffington Way, Sweetbriar Lane and Warwick Drive.

The City completed its design and engineering and right of way acquisition for intersection improvements at Powder Springs Road, Pinegrove and Flint Hill and began construction in fiscal year 2019. The \$2.6 million dollar project is expected to facilitate both transportation improvements and economic development efforts.

Approximately \$86,000 in facility improvements were completed to include a new roof at the museum as well as water heater and HVAC replacements.

### **WATER AND SEWER**

Addressing the City's long term responsibilities relating to water and sewer services and infrastructure maintenance and replacement, the City previously assessed and evaluated during fiscal year 2018 the recommendation to sell the City's water distribution and waste water collection system to Cobb County. Small systems have fewer people to share the costs of investment and fewer operating resources to implement projects and maintain facilities. In larger systems like that of Cobb County, operating costs and investments can be spread across a larger population, generally resulting in a lower rate structure. The City's rates are higher than the County's and neighboring cities, and because operating water utilities is very costly, particularly for a small system of our size, the sale of the system was considered a viable and responsible option that would reduce operating costs and usage rates for customers. The sale was approved and the system transferred to Cobb County in fiscal year 2019. The sale provided for an annual payment of \$550,000 to the City for ten years.

## **GENERAL GOVERNMENT**

### ***Growth and Development***

While there was a decrease in permits issued in fiscal year 2019 over prior years, the City continued to experience growth and development with 149 new residential building permit and 4 new commercial permits, with the investments valued at approximately \$38 million.

### ***Downtown Redevelopment***

During this fiscal year the City continued its partnership with the Downtown Development Authority to facilitate redevelopment of the downtown. The DDA sold properties it had previously purchased on Broad Street and Marietta Street for redevelopment purposes and entered into an agreement with a developer to build out and expand the existing townhome properties at Park Place adjacent to Pineview Drive. The DDA listed the Clutch Exchange property with a broker for resale and redevelopment.

### ***Business Development***

The City kicked off a business survey program to personally connect with the businesses and determine how the City can best support the business community. Over 80 businesses were contacted and surveyed in fiscal year 2019. The initiative was successful in opening a dialogue with businesses. The primary challenge facing most of the businesses is the availability of qualified workers.

Construction continued on the \$37 million dollar step-up senior living and memory care facility located on the corner of Richard Sailors Pkwy and Hwy 278 - Silver Comet Village. Inclement weather and workforce shortages resulted in unexpected delays and as a result only the 64-unit independent living facility was completed in fiscal year 2019. Completion of the 90-unit, 103-bed assisted-living and memory-care facility is anticipated by the 2<sup>nd</sup> quarter of fiscal year 2020.

A \$6 million climate controlled self-service storage facility opened in fiscal year 2019 on Richard D. Sailors Parkway, and design and engineering for the preservation project at the Country Store on Marietta Street promised an investment in the City's historic downtown charm. The owner submitted plans to renovate the space for retail, storage and woodworking.

The City updated its strategic plan in fiscal year 2019, revisiting the core strategies and the appropriate mix of action items to achieve the strategies. The update included an assessment of staffing needs and an alignment of staffing services, including use of part-time professionals to fulfill city services. The update and staffing analysis the previous year resulted in adding personnel in fiscal year 2019 with plans to add more positions in fiscal year 2020.

## **PARKS, RECREATION & CULTURAL AFFAIRS**

The City began construction of the downtown park amenity, which will include a downtown trailhead that will provide parking, restrooms, water fountains, bike racks, and a bike maintenance station for pedestrians and cyclists, an interactive water feature, an outdoor entertainment venue, play features and landscaping. Park improvements also included passive recreational uses on Hopkins Road and Lancer Drive such as disc golf, sand volleyball, walking trail and picnic tables. Additionally, the City installed shade structures over the playgrounds at the Silver Comet Linear Park.

Westside Woods Soccer announced in fiscal year 2019 its decision to break ground on a \$10 million soccer complex in the City. Located on 22 acres at Hill Road and U.S. Route 278, the complex will allow visitors of all ages in to play indoor and outdoor soccer. A 40,000 square foot facility will be built with an indoor field, futsal courts, a fitness center, a restaurant and office space. There will also be two full-size artificial turf soccer fields outdoors. Construction is expected to begin next fiscal year.

## **PUBLIC SAFETY**

The Police Department kicked off the update to the City's continuity of operations plan in fiscal year 2019. Once completed, the plan will help the City be prepared to continue its essential functions during a critical incident and will be updated on an annual basis. The department continued its community outreach with churches and schools through its P4 program – Pastors, Parks, Police and Principals – and initiated a Tardy Busters Program at Compton Elementary in fiscal year 2019. Building on the success of this program in reducing absences, the department initiated a presence at Powder Springs Elementary late in the fiscal year with the intent to introduce the program there in the fiscal year 2020.

## **INITIATIVES FOR FUTURE YEARS**

### ***Downtown Redevelopment***

The City anticipates completion of the downtown park in fiscal year 2020 and continued work with the DDA to solicit proposals to purchase, redevelop and revitalize DDA-owned properties. The City intends to solicit proposals for naming rights of the amphitheater and for a concert series, movie nights and other programming of local artists in fiscal year 2020.

### ***Road and Facility Improvements***

The City will continue its resurfacing program using its road rating system. The City anticipates spending approximately \$300,000 in the upcoming year to resurface Springtide Lane, Stallion Court, Lindley Road and Piper Court. The City intends to design and build space for additional parking in the downtown.

The City will begin preparation of the SPLOST extension project list, which are anticipated to include capital projects recommended in the Georgia Tech Planning Studio's corridor study of Powder Springs Road and Austell Powder Springs Road as well as projects recommended in the Comprehensive Plan and Livable Centers Initiative plan.

The City plans to update its wayfinding and directional signage throughout the City consistent with its new logo and submit engineering plans for the installation of a traffic signal at the Linear Park entrance on Richard D. Sailors Parkway.

### ***Business Development***

The City plans to begin annexation efforts at various locations recommended in the Comprehensive Plan. It will also examine its zoning and development codes to identify potential barriers to development and will continue the business survey program with existing businesses.

## **BUDGETARY CONTROLS**

The City maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the general fund and enterprise funds are included in the annual appropriated budget. Capital projects are budgeted on a project length basis and are approved by the Council at the time the projected is accepted. The official level of city budget control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the department level within each fund. Administrative transfers of appropriations within a department may be authorized by the Department Head to meet unforeseen needs. Transfers of appropriations between departments or functions within a fund are reviewed with the City Council prior to approval. The City's budget procedures are more fully explained in the accompanying notes to the financial statements. The City maintains an encumbrance accounting system as one means of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to the ensuing year's budget on a case by case basis. With the exception of capital projects funds, there were no rollover encumbrances at June 30, 2019.

### ***Acknowledgments.***

The preparation of the certified annual financial report could not have been accomplished without the efficient and dedicated efforts of Janet Camburn, Kelly Axt, the City's auditors and the cooperation of City staff. My sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

Respectfully submitted,



Pam Conner  
City Manager



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Powder Springs  
Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

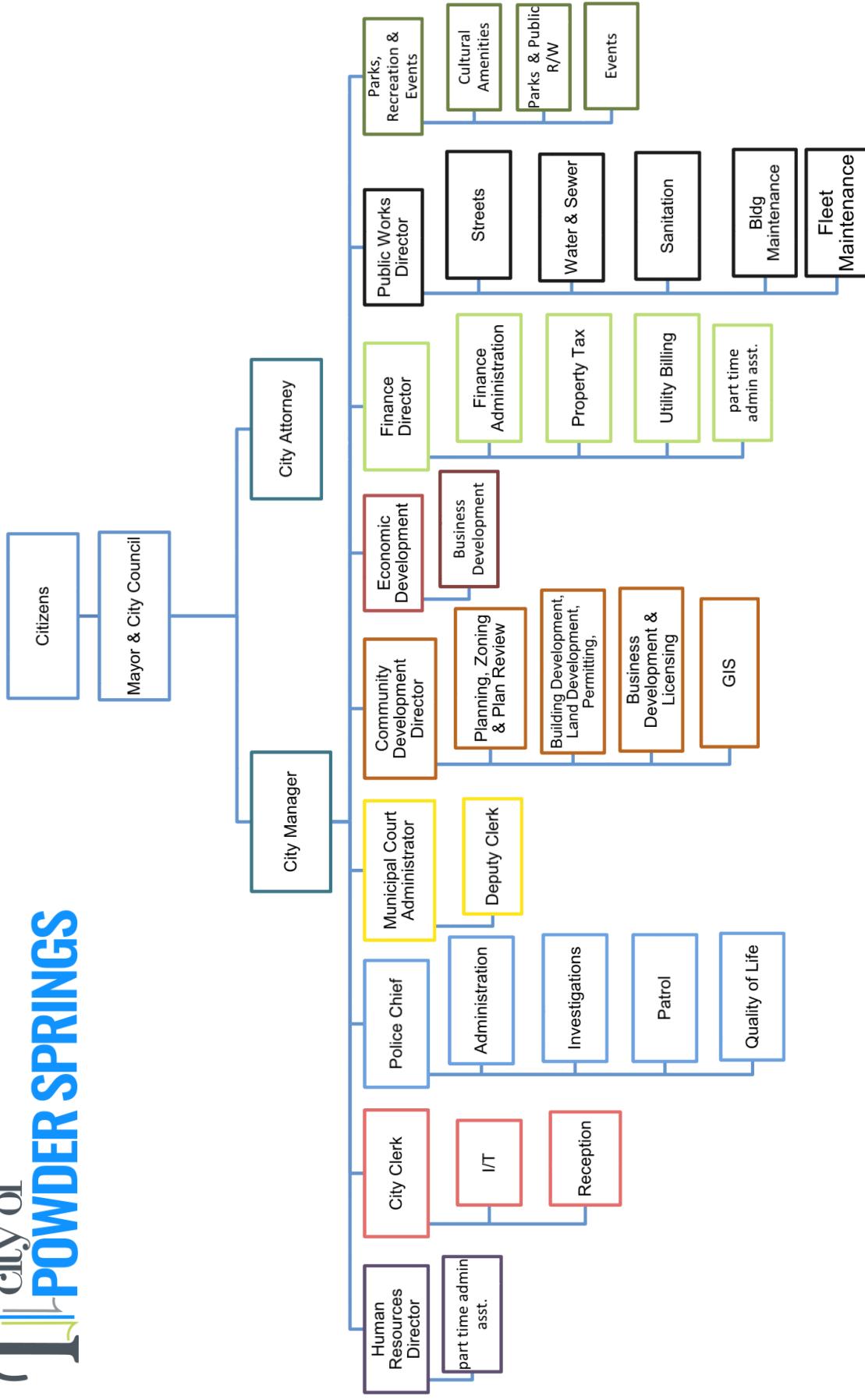
**June 30, 2018**

*Christopher P. Monell*

Executive Director/CEO



FY 2019 Organizational Chart



**CITY OF POWDER SPRINGS, GEORGIA**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**JUNE 30, 2019**

**CITY COUNCIL**

|                  |                |
|------------------|----------------|
| Albert Thurman   | Mayor          |
| Patrick Bordelon | Council Member |
| Patricia Wisdom  | Council Member |
| Henry Lust       | Council Member |
| Doris Dawkins    | Council Member |
| Nancy Farmer     | Council Member |

**CITY ADMINISTRATION**

|                                |                                |
|--------------------------------|--------------------------------|
| Pam Conner                     | City Manager                   |
| Kelly Axt and Janet Camburn    | Finance Director               |
| Dwayne Eberhart                | Public Works Director          |
| Tony Bailey                    | Chief of Police                |
| Tina Garver                    | Community Development Director |
| Jeff Crowder                   | Parks and Rec Director         |
| Rosalyn Nealy                  | Human Resources Director       |
| Kelly Axt                      | City Clerk                     |
| Tracie Jackson                 | Municipal Court Clerk          |
| Gregory Doyle Calhoun & Rogers | City Attorney                  |

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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**Honorable Mayor and Members  
of City Council  
City of Powder Springs, Georgia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Powder Springs, Georgia (the "City")**, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Powder Springs, Georgia as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in total OPEB liability, the schedule of changes in the City's net pension liability and related ratios, the schedule of City contributions, and the General Fund budgetary comparison information on pages 4-18 and 59-63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local options sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and is also not a required part of the basic financial statements.

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#### *Other Information*

The individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds (the "supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is cursive and fluid, with "Mauldin" and "Jenkins" connected by a horizontal line, and "LLC" written in a smaller size at the end.

Atlanta, Georgia  
December 27, 2019



## MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

***As of and For Year Ended June 30, 2019***

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The Management's Discussion and Analysis of the City of Powder Springs Government's Comprehensive Annual Financial Report (CAFR) provides an overall narrative and analysis of the City's financial statements for the fiscal year ended June 30, 2019. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should also review the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2019 are as follows:

- ◆ The City's combined net position totaled \$62,333,014, an increase of \$3,580,114 over the 2018 net position. Of this amount, unrestricted net position of \$22,500,380 may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ Combined revenue totaled \$20,910,122, of which governmental activities totaled \$12,541,634 and business-type activities totaled \$8,368,488.
- ◆ Overall expenses totaled \$16,488,888 of which governmental activities totaled \$9,778,067 and business-type activities totaled \$6,710,821.
- ◆ At the end of June 30, 2019, governmental activities expenses exceeded program revenues by \$4,016,711. Operating expenses in excess of charges for services and grants & contributions are funded using general revenues (mostly taxes). Governmental activities net position increased by \$3,015,264.
- ◆ Total business-type activities revenues exceeded business-type activities expenses by \$1,642,284, with miscellaneous revenues and transfers decreasing this amount by \$1,077,434. The resulting value is an increase of \$564,850 to business-type net position.
- ◆ The investment in capital assets, net of related debt, for government activities increased by \$1,831,401 over the 2018 investment amount and investment in capital assets, net of related debt, for business-type activities decreased by \$5,914,684.
- ◆ At June 30, 2019, the City's General Fund reported an unassigned fund balance of \$6,508,222, an increase of \$554,371, over the prior fiscal year's unassigned fund balance.



## MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

***As of and For Year Ended June 30, 2019***

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### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

The government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the economic condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means the statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. There are two government-wide financial statements, the Statement of Net Position and the Statement of Activities which are described below.

The government-wide *Statement of Net Position* presents information on all of the City's assets, deferred outflows/inflows of resources, and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Evaluation of the overall health of the City extends to other nonfinancial factors such as diversification of the taxpayer base or the condition of infrastructure.

The government-wide *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expense and program revenues for each function of the City. An important purpose of the design of this statement is to show the financial reliance of the city's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and business-type activity revenues that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities include general government, health and welfare, public works, culture and recreation, public safety, and housing and development. The business-type activities include water and sewer, sanitation and storm water operations.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

***As of and For Year Ended June 30, 2019***

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The government-wide financial statements include not only the City of Powder Springs Government itself but also a legally separate Powder Springs Downtown Development Authority for which the government is financially accountable. Financial information for this component unit is reported as a major governmental fund of the primary government itself.

The government-wide financial statements are presented on pages 19 and 20 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

#### *Governmental Funds*

Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the City's current needs.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Major funds are reported separately. The City's major funds include the General Fund, the SPLOST Fund, the Capital Projects Fund, and the Downtown Development Fund. The basic governmental fund statements are presented on pages 21 to 23 of this report.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

***As of and For Year Ended June 30, 2019***

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*Proprietary Funds*

Proprietary funds are used to account for activities that operate similar to those commercial enterprises found in the private sector. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds use the accrual basis of accounting, thus there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund and the Sanitation Fund, which are both considered to be major funds of the City and the Storm Water Fund. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 27 of this report.

*Required Supplementary Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's retirement system and post-employment benefit plan funding progress and budget presentations. General Fund budgetary comparison schedules are presented and demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on pages 59 to 63 of this report.

**Government-wide Financial Analysis**

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$62,333,014 at June 30, 2019. The following table provides a summary of the City's governmental and business-type net position for fiscal years 2019 and 2018:



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2019**

**City of Powder Springs  
Statement of Net Position**

|   | <b>Governmental Activities</b> |                      | <b>Business Activities</b> |                      | <b>Total</b>         |                      | <b>Percent of<br/>Total</b> |
|---|--------------------------------|----------------------|----------------------------|----------------------|----------------------|----------------------|-----------------------------|
|   | <b>2019</b>                    | <b>2018</b>          | <b>2019</b>                | <b>2018</b>          | <b>2019</b>          | <b>2018</b>          |                             |
| <b>Assets:</b>                                  |                                |                      |                            |                      |                      |                      |                             |
| Current assets                                  | \$ 19,408,770                  | \$ 18,162,659        | \$ 16,638,368              | \$ 10,096,024        | \$ 36,047,138        | \$ 28,258,683        | 47%                         |
| Capital assets - net                            | 39,729,882                     | 38,044,288           | 539,670                    | 6,893,922            | 40,269,552           | 44,938,210           | 53%                         |
| Total assets                                    | <u>\$ 59,138,652</u>           | <u>\$ 56,206,947</u> | <u>\$ 17,178,038</u>       | <u>\$ 16,989,946</u> | <u>\$ 76,316,690</u> | <u>\$ 73,196,893</u> | <u>100%</u>                 |
| Deferred outflows of resources                  | \$ 443,598                     | \$ 386,462           | \$ 41,989                  | \$ 104,297           | \$ 485,587           | \$ 490,759           | 100%                        |
| <b>Liabilities</b>                              |                                |                      |                            |                      |                      |                      |                             |
| Current liabilities                             | \$ 2,918,460                   | \$ 2,422,028         | \$ 1,735,374               | \$ 1,915,548         | \$ 4,653,834         | \$ 4,337,576         | 33%                         |
| Long-term liabilities (net)                     | 9,370,740                      | 1,019,819            | 106,538                    | 323,544              | 9,477,278            | 1,343,363            | 67%                         |
| Total liabilities                               | <u>\$ 12,289,200</u>           | <u>\$ 3,441,847</u>  | <u>\$ 1,841,912</u>        | <u>\$ 2,239,092</u>  | <u>\$ 14,131,112</u> | <u>\$ 5,680,939</u>  | <u>100%</u>                 |
| Deferred inflows of resources                   | \$ 293,268                     | \$ 167,044           | \$ 44,883                  | \$ 86,769            | \$ 338,151           | \$ 253,813           | 100%                        |
| <b>Net Assets</b>                               |                                |                      |                            |                      |                      |                      |                             |
| Invested in capital assets, net of related debt | \$ 34,673,659                  | \$ 32,842,258        | \$ 539,670                 | \$ 6,454,354         | \$ 35,213,329        | \$ 39,296,612        | 56%                         |
| Restricted                                      | 4,619,305                      | 3,400,830            | -                          | -                    | 4,619,305            | 3,400,830            | 7%                          |
| Unrestricted                                    | 7,706,818                      | 7,741,430            | 14,793,562                 | 8,314,028            | 22,500,380           | 16,055,458           | 36%                         |
| Total net assets                                | <u>\$ 46,999,782</u>           | <u>\$ 43,984,518</u> | <u>\$ 15,333,232</u>       | <u>\$ 14,768,382</u> | <u>\$ 62,333,014</u> | <u>\$ 58,752,900</u> | <u>100%</u>                 |

Note that in the above table, the inter-fund receivables and payables between governmental activities and business-type activities are not eliminated.

The City's investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding comprise 56.5% of the City's total net position. Investments in capital assets net of related debt decreased by \$4,083,283 in fiscal year 2019. The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the 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 activities net position increased by \$3,015,264 in fiscal year 2019 over the 2018 position. The net position of business-type activities increased \$564,850 over the 2018 position. The City's overall financial position increased during fiscal year 2019 by \$3,580,114.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2019**

The following table indicates the changes in net position for governmental and business-type activities in fiscal year 2019 and fiscal year 2018:

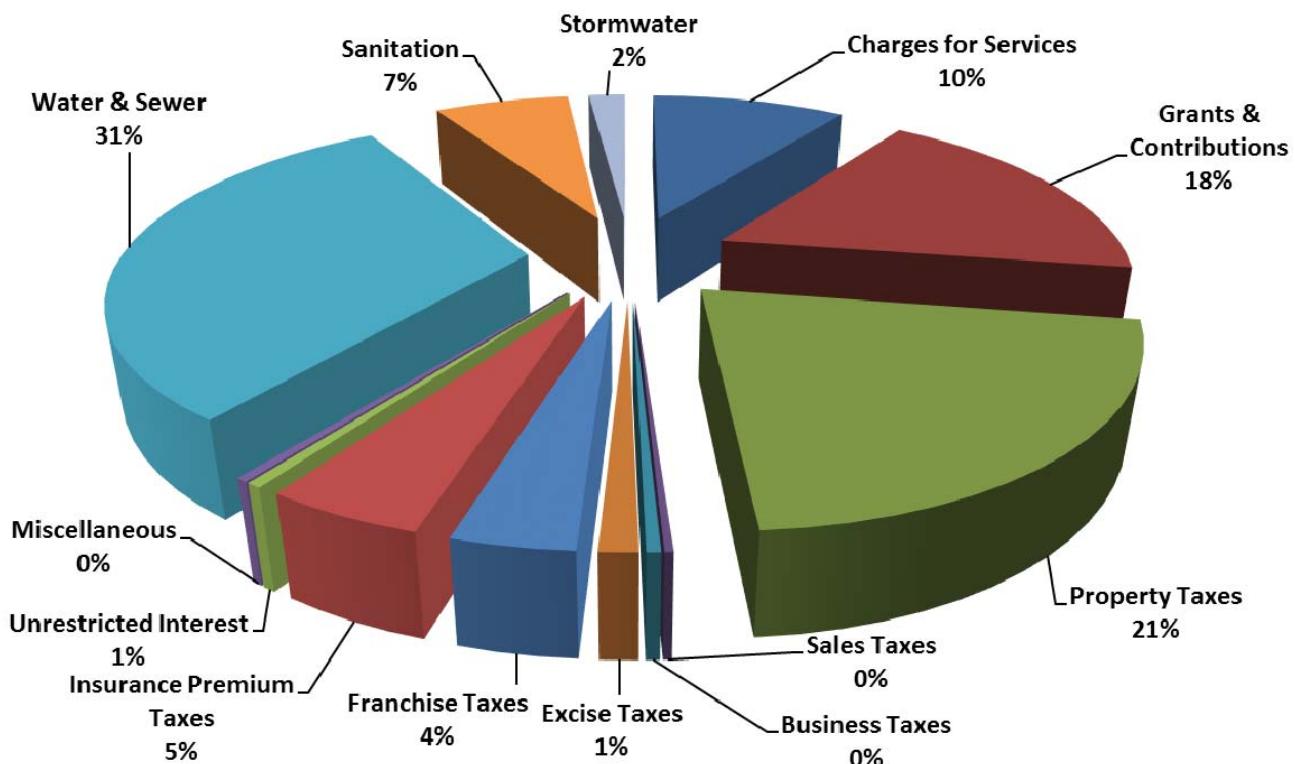
|  | City of Powder Springs<br>Changes in Net Position |                      |                          |                      |                      |                      |                | Percent of<br>2019 |  |
|--|---|----------------------|--------------------------|----------------------|----------------------|----------------------|----------------|--------------------|--|
|  | Governmental Activities                           |                      | Business-type Activities |                      | Total                |                      |                |                    |  |
|  | 2019  | 2018                 | 2019                     | 2018                 | 2019                 | 2018                 |                |                    |  |
| <b>Revenues:</b>   |   |                      |                          |                      |                      |                      |                |                    |  |
| Program Revenues:  |   |                      |                          |                      |                      |                      |                |                    |  |
| Charges for Services   | \$ 2,038,134                                      | \$ 2,475,162         | \$ 8,353,105             | \$ 8,175,298         | \$ 10,391,239        | \$ 10,650,460        | 49.69%         |                    |  |
| Operating Grants & Contribution                                | 329,669   | 397,891              | -                        | -                    | 329,669              | 397,891              | 1.58%          |                    |  |
| Capital Grants & Contributions                                 | 3,393,553   | 3,048,093            | -                        | -                    | 3,393,553            | 3,048,093            | 16.23%         |                    |  |
| General Revenues:  |   |                      |                          |                      |                      |                      |                |                    |  |
| Property Taxes   | 4,480,979   | 3,679,765            | -                        | -                    | 4,480,979            | 3,679,765            | 21.43%         |                    |  |
| Sales Taxes  | 54,734  | 51,319               | -                        | -                    | 54,734               | 51,319               | 0.26%          |                    |  |
| Business Taxes   | 88,216  | 80,793               | -                        | -                    | 88,216               | 80,793               | 0.42%          |                    |  |
| Alcohol Taxes  | 240,628   | 228,815              | -                        | -                    | 240,628              | 228,815              | 1.15%          |                    |  |
| Franchise Taxes  | 760,817   | 700,293              | -                        | -                    | 760,817              | 700,293              | 3.64%          |                    |  |
| Other Taxes  | 999,006   | 926,333              | -                        | -                    | 999,006              | 926,333              | 4.78%          |                    |  |
| Unrestricted Interest  | 80,669  | 46,813               | 15,383                   | 8,462                | 96,052               | 55,275               | 0.46%          |                    |  |
| Miscellaneous  | 75,229  | 78,866               | -                        | 30,523               | 75,229               | 109,389              | 0.36%          |                    |  |
| <b>Total Revenues</b>  | <b>\$ 12,541,634</b>                              | <b>\$ 11,714,143</b> | <b>\$ 8,368,488</b>      | <b>\$ 8,214,283</b>  | <b>\$ 20,910,122</b> | <b>\$ 19,928,426</b> | <b>100.00%</b> |                    |  |
| <b>Expenses:</b>   |   |                      |                          |                      |                      |                      |                |                    |  |
| General government   | \$ 1,591,101                                      | \$ 1,289,401         | \$ -                     | \$ -                 | \$ 1,591,101         | \$ 1,289,401         | 9.65%          |                    |  |
| Judicial   | 463,785   | 483,164              | -                        | -                    | 463,785              | 483,164              | 2.81%          |                    |  |
| Public works   | 2,259,247   | 1,947,785            | -                        | -                    | 2,259,247            | 1,947,785            | 13.70%         |                    |  |
| Culture and recreation   | 785,444   | 754,486              | -                        | -                    | 785,444              | 754,486              | 4.76%          |                    |  |
| Public safety  | 3,213,726   | 3,216,569            | -                        | -                    | 3,213,726            | 3,216,569            | 19.49%         |                    |  |
| Housing and development  | 1,180,259   | 871,264              | -                        | -                    | 1,180,259            | 871,264              | 7.16%          |                    |  |
| Interest on long-term debt                                     | 284,505   | 224,612              | -                        | -                    | 284,505              | 224,612              | 1.73%          |                    |  |
| Water and Sewer  | -   | -                    | 5,356,781                | 5,387,584            | 5,356,781            | 5,387,584            | 32.49%         |                    |  |
| Sanitation   | -   | -                    | 1,205,936                | 1,271,079            | 1,205,936            | 1,271,079            | 7.31%          |                    |  |
| Stormwater   | -   | -                    | 148,104                  | 181,641              | 148,104              | 181,641              | 0.90%          |                    |  |
| <b>Total Expenses:</b>   | <b>\$ 9,778,067</b>                               | <b>\$ 8,787,281</b>  | <b>\$ 6,710,821</b>      | <b>\$ 6,840,304</b>  | <b>\$ 16,488,888</b> | <b>\$ 15,627,585</b> | <b>100.00%</b> |                    |  |
| Increase in net position<br>before transfers and special items | \$ 2,763,567                                      | \$ 2,926,862         | \$ 1,657,667             | \$ 1,373,979         | \$ 4,421,234         | \$ 4,300,841         |                |                    |  |
| Transfers  | 251,697   | 4,729                | (251,697)                | (4,729)              | -                    | -                    |                |                    |  |
| Special items  | -   | -                    | (841,120)                | -                    | (841,120)            | -                    |                |                    |  |
| Increase in net position                                       | <u>3,015,264</u>                                  | <u>2,931,591</u>     | <u>564,850</u>           | <u>1,369,250</u>     | <u>3,580,114</u>     | <u>4,300,841</u>     |                |                    |  |
| Net Position - beginning                                       | <u>43,984,518</u>                                 | <u>41,052,927</u>    | <u>14,768,382</u>        | <u>13,399,132</u>    | <u>58,752,900</u>    | <u>54,452,059</u>    |                |                    |  |
| Net Position - ending  | <b>\$ 46,999,782</b>                              | <b>\$ 43,984,518</b> | <b>\$ 15,333,232</b>     | <b>\$ 14,768,382</b> | <b>\$ 62,333,014</b> | <b>\$ 58,752,900</b> |                |                    |  |

### Changes in Overall Net Position from Operating Results

#### Revenues

Total governmental activities revenues increased by \$981,696. This increase is primarily attributed to an increase in property taxes due to the millage rate increase in fiscal year 2019. The City is heavily reliant on tax revenues to support governmental activities operations. Taxes provided \$6,624,380 or 53% of the City's governmental revenue. Charges for services provided \$2,038,134 or 16% of operating revenues. Accordingly, 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 activities, also called enterprise or proprietary funds, are established to be supported by fee revenues. Water and sewer revenues increased over prior year revenues \$125,808 or 2.0%. Sanitation revenue increased by \$60,041 or 4.4%. In fiscal year 2013, the City established the Storm Water Fund, through the establishment of a Storm Water utility fee rate billed annually with property taxes. The Storm Water Fund billed a total \$393,995 for the utility fees in 2019, an increase of \$958 from fiscal year 2018. This increase is attributed to an increase of residential units in the City. The storm water fee is expected to increase in fiscal year 2020 as the equivalent rate increases.





MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

**As of and For Year Ended June 30, 2019**

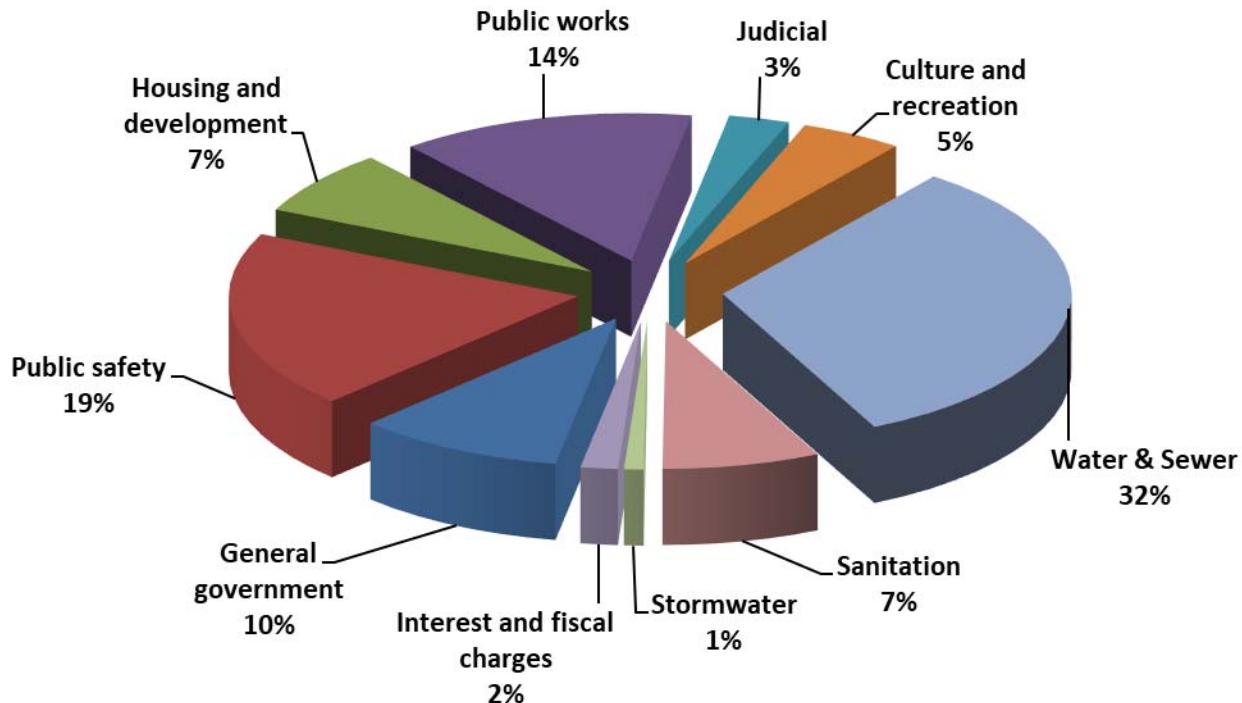
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## Expenses

The following table presents the cost and net cost (i.e. total cost less revenues generated by the activities) of each of the City's functions. Net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

|                             | Operating Expenses   | Percentage of Total | Net Cost of Service | Percentage of Total |
|-----------------------------|----------------------|---------------------|---------------------|---------------------|
| General government          | \$ 1,591,101         | 9.6%                | \$ (482,960)        | -20.3%              |
| Judicial                    | 463,785              | 2.8%                | (187,301)           | -7.9%               |
| Public safety               | 3,213,726            | 19.5%               | 2,919,417           | 123.0%              |
| Public works                | 2,259,247            | 13.7%               | 89,045              | 3.8%                |
| Housing and development     | 1,180,259            | 7.2%                | 1,180,259           | 49.7%               |
| Culture and recreation      | 785,444              | 4.8%                | 213,746             | 9.0%                |
| Water & Sewer               | 5,356,781            | 32.5%               | (1,201,108)         | -50.6%              |
| Sanitation                  | 1,205,936            | 7.3%                | (207,285)           | -8.7%               |
| Storm Water                 | 148,104              | 0.9%                | (233,891)           | -9.9%               |
| Interest and fiscal charges | 284,505              | 1.7%                | 284,505             | 12.0%               |
| Total                       | <u>\$ 16,488,888</u> | <u>100.0%</u>       | <u>\$ 2,374,427</u> | <u>100.0%</u>       |

The City's total expenses increased by \$861,304 or by 5.51%. Governmental activities' expenses increased by \$990,786 in fiscal year 2019 from expenses incurred in fiscal year 2018. Business-type operating expense decreased \$129,483 during the current fiscal year. Significant variances from prior year General government expenses included increased staffing levels and part-time staff hours, reallocation of employee positions partially funded by the Water and Sewer Fund, funding of continuity of operations plan, increased wellness plan costs, and additional allocations to the authority boards. Significant variances from prior year public works expenses included reallocation of employee positions previously funded by Water and Sewer Fund and increased staffing.



#### Fund Analysis:

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 the end of fiscal year 2019, the City's governmental funds reported combined ending fund balances of \$17,241,440, an increase of \$729,910 or 4.4% from the prior year. The change in fund balance is comprised of the following:

- *General Fund* fund balance increased by \$435,390 to an ending balance of \$6,804,912, primarily due to an increase in overall revenues of \$371,404 from fiscal year 2018. The City's assessed tax values increased 5% over the prior year.
- *Capital Projects Fund*'s fund balance decreased by \$759,560 to an ending balance of \$5,392,038. The decrease was due to increased project activity in the City.
- *SPLOST Fund*'s fund balance increased by \$823,190 to an ending fund balance of \$3,796,281. An increase in SPLOST funds of \$144,547 accounted for much of this change. The City began collecting for the 2016 SPLOST in March of 2016 and is currently beginning the construction phase of these projects.



## MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

***As of and For Year Ended June 30, 2019***

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- *Downtown Development Authority's* fund balance increased by \$165,787 to an ending fund balance of \$1,156,155. The increase is due to a \$1,350,614 transfer in from the General Fund to help fund various development projects in the downtown area.

The ending unassigned governmental fund balance is \$6,508,222, indicating availability for continuing City service delivery requirements. The remainder of the governmental fund balance is restricted, assigned or non-spendable indicating that it is not available for new spending and is obligated as follows:

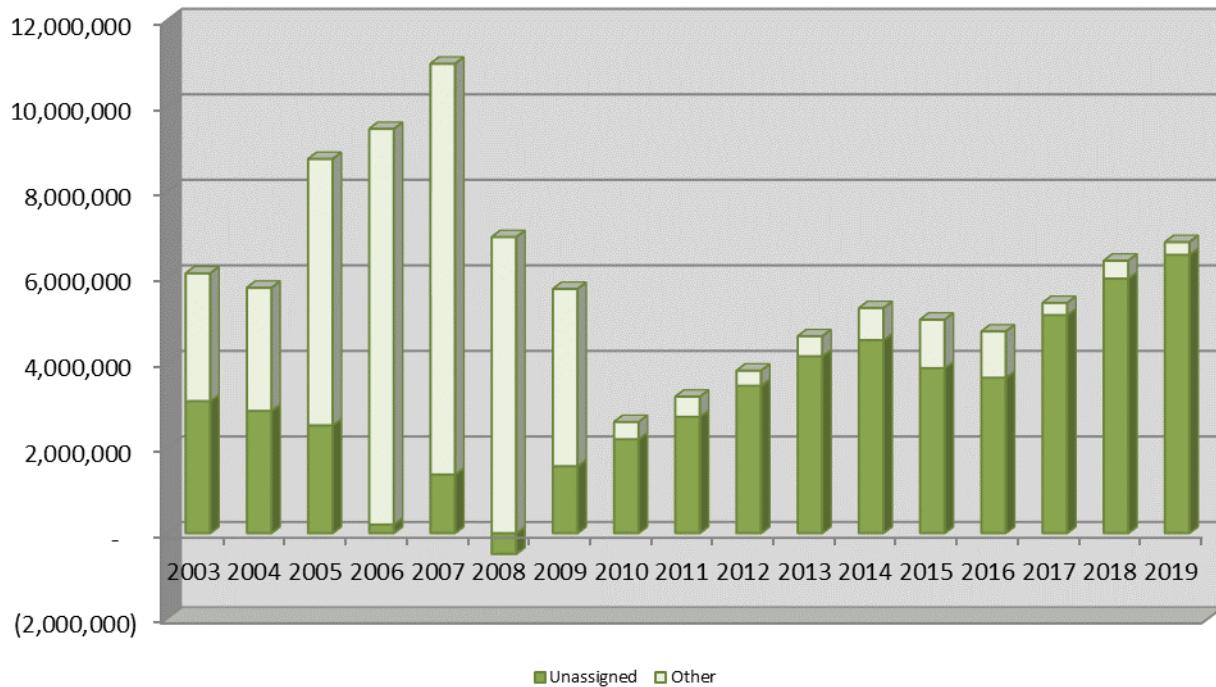
- **Non-spendable balance:**
  - \$ 18,863 for inventories
  - \$618,864 for prepaid items
- **Restricted balance:**
  - \$7,780,011 for capital projects
  - \$92,054 for law enforcement
- **Assigned balance:**
  - \$1,069,271 for capital projects
  - \$1,156,155 for economic development

### ***Major Governmental Fund***

**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, 2019 of \$6,508,222 is considered sufficient, representing the equivalent of 78.9% of fiscal year 2019 general fund expenditures and transfers out, or 10 months of the current years' operating expenditures.

General Fund revenues in the current year increased by \$371,404 from fiscal year 2018 revenues. Expenditures increased by \$100,695 from fiscal year 2018 expenditures and operating transfers out increased by \$790,492.

The following charts reports general fund balances from fiscal year 2003 -2019:



**Capital Projects Fund** – The Capital Projects Fund of the City reflects expenditures for capital projects as approved by the governing body. In fiscal year 2019, it is considered a major fund. The fund balance of the Capital Projects Fund decreased \$759,560 as work has started on budgeted construction projects. Collection of impact fees decreased by \$178,014 due to less residential housing starts and transfers in from the General Fund increased by \$619,709. Expenditures during the current fiscal year increased by \$884,315 as several streets were resurfaced and work continued on the downtown park amenity.

**SPLOST Fund** – The SPLOST Fund, a major fund, is used to account capital projects and infrastructure improvements designated to be funded from County 2016 one percent Special Purpose Local Option Sales Tax. The fund balance increase of \$823,190 or 27.7% is due to the timing of collection of proceeds versus the corresponding expenditures on projects. SPLOST project expenditures were \$2,134,997 during the year as compared to expenditures of \$2,577,532 in fiscal year 2018. Revenues are received uniformly from Cobb County based on Cobb's budgeted allocation to the City.

**Downtown Development Authority** – The Downtown Development Fund's fund balance increased by \$165,787 to an ending fund balance of \$1,156,155. The increase is due to a \$1,350,614 transfer in from the General Fund to help fund various development projects in the downtown area



## MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

***As of and For Year Ended June 30, 2019***

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### **Major Proprietary Funds**

The activities of the City that render services to the general public on a user charge basis, or that require periodic determination of revenues for public policy are accounted for as Proprietary Funds. The Proprietary Fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The operations of the Water and Sewer Fund were sold to Cobb County at the end of the 2019 fiscal year. The net position of the fund increased by only \$52,345. The infrastructure capital assets were transferred to the County in exchange for a \$5,500,000 amount to be received from the County over the next ten years. All other capital assets were transferred within the City to governmental activities or the Storm Water Fund. The City retained all cash and accounts receivable at June 30, 2019 and had approximately \$1,430,000 in current liabilities at fiscal year-end. The net loss on the sale of the water system is \$841,120 primarily due to the transfer of the infrastructure.

The Sanitation Fund net position at the end of the year was \$1,920,187. Net position increased by \$221,432 during the year.

### **General Fund Budgetary Highlights**

The City's budget is prepared in accordance with the laws of the State of Georgia and the Code of Ordinances of the City. The City adopts the fiscal budget during June of the preceding fiscal year. During June of 2018, the City adopted a General Fund Budget for fiscal year 2019 of \$8,718,210. At the end of the fiscal year, the final amended budgeted expenditures were \$9,820,302, an increase of \$1,102,092. Actual General Fund revenue was \$640,691 more than final budgeted revenues for fiscal year 2019. Actual expenditures were \$822,304 less than final budgeted expenditures, resulting in a favorable budget variance before other financing sources and uses of \$1,462,995.

The most significant expenditure amendments of the General Fund are summarized as follows:

- The City appropriated fund balance of \$133,799 for invoices received for purchases made in 2018.
- A transfer was made from the General Fund use of fund balance in the amount of \$197,566 for emergency preparedness and resurfacing.
- A transfer was made from the General Fund use of fund balance in the amount of \$97,000 to cover staffing issue costs in the finance department and police department.
- Fund balance in the amount of \$100,000 was used to install landscape materials at Linear Park.
- Federal seizures funds in the total amount of \$93,725 were used to purchase defibrillators and a vehicle for the police department.
- Fund balance in the amount of \$10,000 was used for July 4 events.
- The City appropriated fund balance of \$245,000 for the new signage program.
- A total of \$225,000 was transferred to the Downtown Development Authority for additional property acquisition.



## MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

**As of and For Year Ended June 30, 2019**

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### Capital Assets and Debt Administration

#### Capital Assets

The City's investment in capital assets, net of accumulated depreciation for its governmental activities amounts to \$39,729,882 and in the business-type activities the balance was \$539,670, as of June 30, 2019. This investment in capital assets includes land, buildings, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, streets and sidewalks, drainage systems and other similar items. As allowed under GASB Statement No. 34, the City has elected not to report major general infrastructure retroactively.

The table below shows capital assets net of accumulated depreciation as compared to prior year.

**2019 Capital Assets  
(Net of depreciation)**

|                            | Governmental Activities |                      | Business-Type Activities |                     | Total                |                      |
|----------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                            | 2019                    | 2018                 | 2019                     | 2018                | 2019                 | 2018                 |
| Construction in Progress   | \$ 1,804,163            | \$ 260,882           | \$ 27,200                | \$ 79,600           | \$ 1,831,363         | \$ 340,482           |
| Land                       | 6,196,130               | 5,907,823            | -                        | 159,077             | 6,196,130            | 6,066,900            |
| Buildings and Improvements | 11,983,424              | 12,303,973           | 21,584                   | 134,207             | 12,005,008           | 12,438,180           |
| Furniture and Fixtures     | -                       | -                    | -                        | -                   | -                    | -                    |
| Parks Equipment            | 701,176                 | 846,123              | -                        | -                   | 701,176              | 846,123              |
| Vehicles and Equipment     | 1,009,687               | 1,210,577            | 289,124                  | 425,124             | 1,298,811            | 1,635,701            |
| Infrastructure             | 18,035,302              | 17,514,910           | -                        | -                   | 18,035,302           | 17,514,910           |
| Utility Systems            | -                       | -                    | 201,762                  | 6,095,914           | 201,762              | 6,095,914            |
| Total                      | <u>\$ 39,729,882</u>    | <u>\$ 38,044,288</u> | <u>\$ 539,670</u>        | <u>\$ 6,893,922</u> | <u>\$ 40,269,552</u> | <u>\$ 44,938,210</u> |

At June 30, 2019, the depreciable capital assets for governmental activities were 42% depreciated. Conversely, the depreciable capital assets of business-type activities were 58% depreciated.

The significant capital assets (including construction in progress) added during the fiscal year for governmental activities are:

- Costs associated with the development of Linear Park of \$183,667.
- Building improvements of \$219,370.
- Streetscape development of \$242,469.
- Resurfacing projects of \$1,243,837.
- Lancer Drive and Hopkins Road park improvements of \$320,611.
- Intersection improvements of \$185,227.
- Park land acquisition of \$129,230.
- Downtown park development of \$825,818.
- Transfers from the Water & Sewer Fund of land, buildings, improvements, furniture and fixtures, and vehicles and equipment of \$1,541,782.

The significant capital asset added during the fiscal year for business-type activities is:



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2019**

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- Costs associated with sanitary sewer rehab of \$438,749.
- Installation of Sharon Drive water main of \$314,298.
- Water service installations of \$53,174.
- Storm water upgrades of \$109,675.

Costs left in construction in progress at June 30, 2019 consist of the following:

- Downtown park \$892,678.
- Streetscape projects \$101,655.
- Intersection improvement projects \$367,098.
- Linear park improvements \$122,099.
- Lancer Drive and Hopkins Road parks. \$320,633.

Additional information on the City's capital assets can be found in Note 6 of the Note to Financial Statements.

### **Long-Term Debt**

As of June 30, 2019, the City's total outstanding long-term debt (principal portion) totaled \$8,779,317 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. | \$2,130,000 |
| 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.                  | \$2,370,000 |
| Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the acquisition of acquiring, constructing, and installing a park to be located in the downtown development district.                                 | \$4,200,000 |
| 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.  | \$79,317    |

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 \$42,166,919.

Additional information on the City's long-term debt can be found in Note 7 of the Notes to the Financial Statements.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

***As of and For Year Ended June 30, 2019***

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**Economic Factors Affecting the City of Powder Springs**

The Mayor and Council consider many factors when adopting the fiscal year 2020 budget. These factors have a significant impact on the City's financial position or results of operations. Key assumptions are as follows:

- Budget adopted for the General Fund estimates expenditures in the amount of \$9,078,210. The expected unassigned fund balance for the General Fund at the end of the fiscal year 2019 is \$6,508,222.
- The millage rate is adopted in July of each year for the operations and maintenance in General Fund. The millage rate for the 2019 tax digest is 9.50 (for fiscal year 2020).
- The 2018 tax digest (fiscal year 2019) was \$421,669,191; which was \$23,044,072 or 5.8% higher than the prior year. The budget is adopted in June and the approved digest is received shortly thereafter. Property taxes are a primary revenue stream and also subject to changes based on reassessments and development.
- Increased costs of benefits and retirement contributions have a significant effect on the City's benefit costs.

The City continues to take steps to reduce expenditures and control operational costs to help maintain a positive fund balance.

**Contacting the City's Financial Management**

This financial report prepared by the Finance Department and submitted by the City Manager is designed to provide a general overview of the City finances, comply with finance related laws and regulations and demonstrate the City's commitment to public accountability. Supporting records are available for review and inspection pursuant to and to the extent required by the Georgia Open Records Act.

# CITY OF POWDER SPRINGS, GEORGIA

## STATEMENT OF NET POSITION JUNE 30, 2019

|   | <b>Primary Government</b>      |                                 |                      |
|---|--------------------------------|---------------------------------|----------------------|
|   | <b>Governmental Activities</b> | <b>Business-type Activities</b> | <b>Total</b>         |
|   |                                |                                 |                      |
| <b>ASSETS</b>   |                                |                                 |                      |
| Cash and cash equivalents                             | \$ 12,709,147                  | \$ 9,845,665                    | \$ 22,554,812        |
| Receivables, net of allowance for uncollectibles      | 276,419                        | 1,284,350                       | 1,560,769            |
| Taxes receivable, net of allowance for uncollectibles | 112,957                        | -                               | 112,957              |
| Inventories   | 18,863                         | -                               | 18,863               |
| Prepaid items   | 616,864                        | 8,353                           | 625,217              |
| Restricted cash and cash equivalents                  | 4,213,311                      | -                               | 4,213,311            |
| Due from other governments                            | 655,647                        | 5,500,000                       | 6,155,647            |
| Land held for resale                                  | 805,562                        | -                               | 805,562              |
| Capital assets:                                       |                                |                                 |                      |
| Non-depreciable                                       | 8,000,293                      | 27,200                          | 8,027,493            |
| Depreciable, net of accumulated depreciation          | <u>31,729,589</u>              | <u>512,470</u>                  | <u>32,242,059</u>    |
| Total assets  | <u>59,138,652</u>              | <u>17,178,038</u>               | <u>76,316,690</u>    |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>                  |                                |                                 |                      |
| Deferred charges on refundings                        | 129,918                        | -                               | 129,918              |
| Pension related items                                 | 274,365                        | 41,989                          | 316,354              |
| OPEB related items                                    | <u>39,315</u>                  | -                               | 39,315               |
| Total deferred outflows of resources                  | <u>443,598</u>                 | <u>41,989</u>                   | <u>485,587</u>       |
| <b>LIABILITIES</b>                                    |                                |                                 |                      |
| Accounts payable                                      | 1,787,544                      | 635,890                         | 2,423,434            |
| Accrued liabilities                                   | 160,556                        | 69,019                          | 229,575              |
| Customer deposits                                     | -                              | 1,016,007                       | 1,016,007            |
| Interest payable                                      | 105,457                        | -                               | 105,457              |
| Bonds payable, due within one year                    | 696,000                        | -                               | 696,000              |
| Bonds payable, due in more than one year              | 8,004,000                      | -                               | 8,004,000            |
| Capital leases, due within one year                   | 52,681                         | -                               | 52,681               |
| Capital leases, due in more than one year             | 26,636                         | -                               | 26,636               |
| Compensated absences, due within one year             | 116,222                        | 14,458                          | 130,680              |
| Compensated absences, due in more than one year       | 87,676                         | 7,300                           | 94,976               |
| Net pension liability, due in more than one year      | 648,435                        | 99,238                          | 747,673              |
| Total OPEB liability, due in more than one year       | <u>603,993</u>                 | -                               | 603,993              |
| Total liabilities                                     | <u>12,289,200</u>              | <u>1,841,912</u>                | <u>14,131,112</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                                |                                 |                      |
| Pension related items                                 | <u>293,268</u>                 | <u>44,883</u>                   | <u>338,151</u>       |
| Total deferred inflows of resources                   | <u>293,268</u>                 | <u>44,883</u>                   | <u>338,151</u>       |
| <b>NET POSITION</b>                                   |                                |                                 |                      |
| Net investment in capital assets                      | 34,673,659                     | 539,670                         | 35,213,329           |
| Restricted for:                                       |                                |                                 |                      |
| Law enforcement                                       | 92,054                         | -                               | 92,054               |
| Capital projects                                      | 4,527,251                      | -                               | 4,527,251            |
| Unrestricted  | <u>7,706,818</u>               | <u>14,793,562</u>               | <u>22,500,380</u>    |
| Total net position                                    | <u>\$ 46,999,782</u>           | <u>\$ 15,333,232</u>            | <u>\$ 62,333,014</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF POWDER SPRINGS, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

| Functions/Programs                          | Program Revenues     |                      |                                    |                                  | Net (Expenses) Revenues and Changes in Net Position |                          |                      |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
|   | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                             | Business-type Activities | Total                |
| <b>Governmental activities:</b>             |                      |                      |                                    |                                  |   |                          |                      |
| General government                          | \$ 1,591,101         | \$ 1,064,087         | \$ 329,669                         | \$ 680,305                       | \$ 482,960  | \$ -                     | \$ 482,960           |
| Judicial                                    | 463,785              | 651,086              | -                                  | -                                | 187,301   | -                        | 187,301              |
| Public safety                               | 3,213,726            | 149,068              | -                                  | 145,241                          | (2,919,447)   | -                        | (2,919,447)          |
| Public works                                | 2,259,247            | -                    | -                                  | 2,170,202                        | (89,045)  | -                        | (89,045)             |
| Community development                       | 379,668              | -                    | -                                  | -                                | (379,668)   | -                        | (379,668)            |
| Planning and zoning                         | 341,543              | -                    | -                                  | -                                | (341,543)   | -                        | (341,543)            |
| Economic development                        | 459,048              | -                    | -                                  | -                                | (459,048)   | -                        | (459,048)            |
| Culture and recreation                      | 785,444              | 173,893              | -                                  | 397,805                          | (213,746)   | -                        | (213,746)            |
| Interest on long-term debt                  | 284,505              | -                    | -                                  | -                                | (284,505)   | -                        | (284,505)            |
| <b>Total governmental activities</b>        | <b>\$ 9,778,067</b>  | <b>2,038,134</b>     | <b>\$ 329,669</b>                  | <b>\$ 3,393,553</b>              | <b>(4,016,711)</b>                                  | <b>-</b>                 | <b>(4,016,711)</b>   |
| <b>Business-type activities:</b>            |                      |                      |                                    |                                  |   |                          |                      |
| Water & Sewer                               | 5,356,781            | 6,557,889            | -                                  | -                                | -   | 1,201,108                | 1,201,108            |
| Solid waste                                 | 1,205,936            | 1,413,221            | -                                  | -                                | -   | 207,285                  | 207,285              |
| Stormwater                                  | 148,104              | 304,995              | -                                  | -                                | -   | 233,891                  | 233,891              |
| <b>Total business-type activities</b>       | <b>\$ 6,710,821</b>  | <b>8,353,105</b>     | <b>\$ 10,391,239</b>               | <b>\$ 329,669</b>                | <b>\$ 3,393,553</b>                                 | <b>(4,016,711)</b>       | <b>(4,016,711)</b>   |
| <b>Total primary government</b>             | <b>\$ 16,488,888</b> | <b>\$ 329,669</b>    | <b>\$ 329,669</b>                  | <b>\$ 3,393,553</b>              | <b>(4,016,711)</b>                                  | <b>(4,016,711)</b>       | <b>(4,016,711)</b>   |
| General revenues:                           |                      |                      |                                    |                                  |   |                          |                      |
| Property taxes                              |                      |                      |                                    | 4,480,979                        | -   | 4,480,979                |                      |
| Sales taxes                                 |                      |                      |                                    | 54,734                           | -   | 54,734                   |                      |
| Franchise taxes                             |                      |                      |                                    | 760,817                          | -   | 760,817                  |                      |
| Excise taxes                                |                      |                      |                                    | 240,628                          | -   | 240,628                  |                      |
| Business and occupational taxes             |                      |                      |                                    | 88,216                           | -   | 88,216                   |                      |
| Insurance premium taxes                     |                      |                      |                                    | 999,006                          | -   | 999,006                  |                      |
| Unrestricted investment earnings            |                      |                      |                                    | 80,689                           | 15,383  | 96,052                   |                      |
| Miscellaneous                               |                      |                      |                                    | 75,229                           | -   | 75,229                   |                      |
| Special item - loss on sale of water system |                      |                      |                                    | (841,120)                        | (841,120)   | (841,120)                |                      |
| Transfers                                   |                      |                      |                                    | 251,697                          | (251,697)   | -                        | -                    |
| Total general revenues and transfers        |                      |                      |                                    | <b>7,031,975</b>                 | <b>(1,077,434)</b>                                  | <b>5,954,541</b>         | <b>5,954,541</b>     |
| Change in net position                      |                      |                      |                                    | <b>3,015,264</b>                 | <b>564,850</b>                                      | <b>3,580,114</b>         | <b>3,580,114</b>     |
| Net position, beginning of year             |                      |                      |                                    | <b>43,984,518</b>                | <b>14,768,382</b>                                   | <b>58,752,900</b>        | <b>58,752,900</b>    |
| Net position, end of year                   |                      |                      |                                    | <b>\$ 46,999,732</b>             | <b>\$ 15,333,232</b>                                | <b>\$ 62,333,014</b>     | <b>\$ 62,333,014</b> |

The accompanying notes are an integral part of these financial statements.

# CITY OF POWDER SPRINGS, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

| ASSETS   | General             | SPLOST              | Capital Projects    | Downtown              | Nonmajor            | Total                |
|--|---------------------|---------------------|---------------------|-----------------------|---------------------|----------------------|
|  | Fund                | Fund                | Fund                | Development Authority | Police Seizure Fund | Governmental Funds   |
| Cash   | \$ 7,837,927        | \$ 3,136,665        | \$ 1,287,588        | \$ 354,913            | \$ 92,054           | \$ 12,709,147        |
| Taxes receivable, net of allowance   | 112,957             | -                   | -                   | -                     | -                   | 112,957              |
| Accounts receivable  | 276,419             | -                   | -                   | -                     | -                   | 276,419              |
| Due from other governments   | 70,828              | 493,551             | 91,268              | -                     | -                   | 655,647              |
| Restricted cash and cash equivalents   | -                   | -                   | 4,213,311           | -                     | -                   | 4,213,311            |
| Due from other funds   | -                   | 104,778             | -                   | -                     | -                   | 104,778              |
| Inventory  | 18,863              | -                   | -                   | -                     | -                   | 18,863               |
| Prepaid items  | 276,448             | 230,960             | 109,456             | -                     | -                   | 616,864              |
| Land held for resale   | -                   | -                   | -                   | 805,562               | -                   | 805,562              |
| Total assets   | <u>\$ 8,593,442</u> | <u>\$ 3,965,954</u> | <u>\$ 5,701,623</u> | <u>\$ 1,160,475</u>   | <u>\$ 92,054</u>    | <u>\$ 19,513,548</u> |
| <b>LIABILITIES</b>   |                     |                     |                     |                       |                     |                      |
| Accounts payable   | \$ 1,408,744        | \$ 169,673          | \$ 204,807          | \$ 4,320              | \$ -                | \$ 1,787,544         |
| Accrued liabilities  | 160,556             | -                   | -                   | -                     | -                   | 160,556              |
| Due to other funds   | -                   | -                   | 104,778             | -                     | -                   | 104,778              |
| Total liabilities  | <u>\$ 1,569,300</u> | <u>\$ 169,673</u>   | <u>\$ 309,585</u>   | <u>\$ 4,320</u>       | <u>\$ -</u>         | <u>\$ 2,052,878</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                     |                     |                     |                       |                     |                      |
| Unavailable revenue - property taxes   | 93,091              | -                   | -                   | -                     | -                   | 93,091               |
| Unavailable revenue - court fines  | 123,141             | -                   | -                   | -                     | -                   | 123,141              |
| Unavailable revenue - intergovernmental  | 2,998               | -                   | -                   | -                     | -                   | 2,998                |
| Total deferred inflows of resources  | <u>\$ 219,230</u>   | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ 219,230</u>    |
| <b>FUND BALANCES</b>   |                     |                     |                     |                       |                     |                      |
| Fund balances:   |                     |                     |                     |                       |                     |                      |
| Nonspendable:  |                     |                     |                     |                       |                     |                      |
| Prepaid items  | 276,448             | 230,960             | 109,456             | -                     | -                   | 616,864              |
| Inventory  | 18,863              | -                   | -                   | -                     | -                   | 18,863               |
| Restricted:  |                     |                     |                     |                       |                     |                      |
| Law enforcement  | -                   | -                   | -                   | -                     | 92,054              | 92,054               |
| Capital projects   | 1,379               | 3,565,321           | 4,213,311           | -                     | -                   | 7,780,011            |
| Assigned for:  |                     |                     |                     |                       |                     |                      |
| Economic development   | -                   | -                   | -                   | 1,156,155             | -                   | 1,156,155            |
| Capital projects   | -                   | -                   | 1,069,271           | -                     | -                   | 1,069,271            |
| Unassigned   | <u>6,508,222</u>    | <u>-</u>            | <u>-</u>            | <u>-</u>              | <u>-</u>            | <u>6,508,222</u>     |
| Total fund balances  | <u>\$ 6,804,912</u> | <u>\$ 3,796,281</u> | <u>\$ 5,392,038</u> | <u>\$ 1,156,155</u>   | <u>\$ 92,054</u>    | <u>\$ 17,241,440</u> |
| Total liabilities, deferred inflows of resources, and fund balances  | <u>\$ 8,593,442</u> | <u>\$ 3,965,954</u> | <u>\$ 5,701,623</u> | <u>\$ 1,160,475</u>   | <u>\$ 92,054</u>    |                      |
| Amounts reported for governmental activities in the statement of net position are different because:   |                     |                     |                     |                       |                     |                      |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.   |                     |                     |                     |                       |                     | 39,729,882           |
| Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.   |                     |                     |                     |                       |                     | 219,230              |
| The deferred outflows of resources, deferred inflows of resources, and the net pension liability and total OPEB liability related to the City's pension plan and OPEB plan are not expected to be liquidated with expendable available current financial resources and, therefore, are not reported in the governmental funds. |                     |                     |                     |                       |                     | (1,232,016)          |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.  |                     |                     |                     |                       |                     | <u>(8,958,754)</u>   |
| Net position of governmental activities  |                     |                     |                     |                       |                     | <u>\$ 46,999,782</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF POWDER SPRINGS, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|   | General Fund        | SPLOST Fund         | Capital Projects Fund | Downtown Development Authority | Nonmajor Police Seizure Fund | Total Governmental Funds |
|---|---------------------|---------------------|-----------------------|--------------------------------|------------------------------|--------------------------|
| <b>Revenues</b>                                   |                     |                     |                       |                                |                              |                          |
| Taxes   | \$ 6,562,710        | \$ -                | \$ -                  | \$ -                           | \$ -                         | \$ 6,562,710             |
| Licenses and permits                              | 664,765             | -                   | -                     | -                              | -                            | 664,765                  |
| Intergovernmental                                 | 330,868             | 2,958,187           | 435,366               | -                              | -                            | 3,724,421                |
| Fines and forfeitures                             | 594,236             | -                   | -                     | -                              | 65,059                       | 659,295                  |
| Charges for services                              | 391,648             | -                   | 265,576               | -                              | -                            | 657,224                  |
| Interest income                                   | 80,583              | -                   | 23                    | 18                             | 44                           | 80,668                   |
| Miscellaneous                                     | 48,816              | -                   | 333                   | 26,080                         | -                            | 75,229                   |
| <b>Total revenues</b>                             | <b>8,673,626</b>    | <b>2,958,187</b>    | <b>701,298</b>        | <b>26,098</b>                  | <b>65,103</b>                | <b>12,424,312</b>        |
| <b>Expenditures</b>                               |                     |                     |                       |                                |                              |                          |
| Current:  |                     |                     |                       |                                |                              |                          |
| General government                                | 1,185,204           | 122,411             | 21,539                | -                              | -                            | 1,329,154                |
| Judicial  | 407,789             | -                   | -                     | -                              | -                            | 407,789                  |
| Public safety                                     | 2,753,660           | 19,563              | -                     | -                              | -                            | 2,773,223                |
| Public works                                      | 982,283             | 1,289,657           | -                     | -                              | -                            | 2,271,940                |
| Community development                             | 366,723             | -                   | 792,150               | -                              | -                            | 1,158,873                |
| Planning and zoning                               | 341,543             | -                   | -                     | -                              | -                            | 341,543                  |
| Economic development                              | 109,837             | -                   | -                     | 349,211                        | -                            | 459,048                  |
| Culture and recreation                            | 441,104             | -                   | -                     | -                              | -                            | 441,104                  |
| Capital outlay                                    | -                   | 649,866             | 889,821               | -                              | -                            | 1,539,687                |
| Debt service:                                     |                     |                     |                       |                                |                              |                          |
| Principal retirements                             | -                   | 51,905              | -                     | 615,000                        | -                            | 666,905                  |
| Interest  | -                   | 1,595               | -                     | 246,714                        | -                            | 248,309                  |
| <b>Total expenditures</b>                         | <b>6,588,143</b>    | <b>2,134,997</b>    | <b>1,703,510</b>      | <b>1,210,925</b>               | <b>-</b>                     | <b>11,637,575</b>        |
| Excess (deficiency) of revenues over expenditures | 2,085,483           | 823,190             | (1,002,212)           | (1,184,827)                    | 65,103                       | 786,737                  |
| <b>Other financing sources (uses):</b>            |                     |                     |                       |                                |                              |                          |
| Sales of general capital assets                   | 9,763               | -                   | -                     | -                              | -                            | 9,763                    |
| Transfers in                                      | -                   | -                   | 842,566               | 1,350,614                      | -                            | 2,193,180                |
| Transfers out                                     | (1,659,856)         | -                   | (599,914)             | -                              | -                            | (2,259,770)              |
| <b>Total other financing sources (uses)</b>       | <b>(1,650,093)</b>  | <b>-</b>            | <b>242,652</b>        | <b>1,350,614</b>               | <b>-</b>                     | <b>(56,827)</b>          |
| Net change in fund balances                       | 435,390             | 823,190             | (759,560)             | 165,787                        | 65,103                       | 729,910                  |
| <b>Fund balances, beginning of year</b>           | <b>6,369,522</b>    | <b>2,973,091</b>    | <b>6,151,598</b>      | <b>990,368</b>                 | <b>26,951</b>                | <b>16,511,530</b>        |
| <b>Fund balances, end of year</b>                 | <b>\$ 6,804,912</b> | <b>\$ 3,796,281</b> | <b>\$ 5,392,038</b>   | <b>\$ 1,156,155</b>            | <b>\$ 92,054</b>             | <b>\$ 17,241,440</b>     |

The accompanying notes are an integral part of these financial statements.

## CITY OF POWDER SPRINGS, GEORGIA

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

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Amounts reported for governmental activities in the statement of activities are different because:

|   |                     |
|---|---------------------|
| Net change in fund balances - total governmental funds  | \$ 729,910          |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.   | 1,485,842           |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.  | 199,752             |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  | 117,322             |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position. This amount represents repayments of the principal of long-term debt. | 666,905             |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.   | <u>(184,467)</u>    |
| Change in net position - governmental activities  | <u>\$ 3,015,264</u> |

**The accompanying notes are an integral part of these financial statements.**

**CITY OF POWDER SPRINGS, GEORGIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019**

| ASSETS                                       | Water & Sewer<br>Fund | Sanitation<br>Fund | Nonmajor            |               | Totals |
|--|-----------------------|--------------------|---------------------|---------------|--------|
|  |                       |                    | Storm Water<br>Fund |               |        |
| <b>CURRENT ASSETS</b>                        |                       |                    |                     |               |        |
| Cash and cash equivalents                    | \$ 7,517,831          | \$ 1,778,745       | \$ 549,089          | \$ 9,845,665  |        |
| Accounts receivable, net of allowances       | 1,006,966             | 209,417            | 67,967              | 1,284,350     |        |
| Prepaid items                                | -                     | 6,819              | 1,534               | 8,353         |        |
| Due from other governments                   | 5,500,000             | -                  | -                   | 5,500,000     |        |
| Total current assets                         | 14,024,797            | 1,994,981          | 618,590             | 16,638,368    |        |
| <b>NONCURRENT ASSETS - CAPITAL ASSETS</b>    |                       |                    |                     |               |        |
| Non-depreciable                              | -                     | -                  | 27,200              | 27,200        |        |
| Depreciable, net of accumulated depreciation | -                     | 301,021            | 211,449             | 512,470       |        |
| Total noncurrent assets                      | -                     | 301,021            | 238,649             | 539,670       |        |
| Total assets                                 | 14,024,797            | 2,296,002          | 857,239             | 17,178,038    |        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>        |                       |                    |                     |               |        |
| Pension related items                        | -                     | 27,913             | 14,076              | 41,989        |        |
| Total deferred outflows of resources         | -                     | 27,913             | 14,076              | 41,989        |        |
| <b>LIABILITIES</b>                           |                       |                    |                     |               |        |
| <b>CURRENT LIABILITIES</b>                   |                       |                    |                     |               |        |
| Accounts payable                             | 601,918               | 31,404             | 2,568               | 635,890       |        |
| Accrued liabilities                          | 56,336                | 12,518             | 165                 | 69,019        |        |
| Customer deposits                            | 766,784               | 249,223            | -                   | 1,016,007     |        |
| Compensated absences payable, current        | 4,968                 | 8,422              | 1,068               | 14,458        |        |
| Total current liabilities                    | 1,430,006             | 301,567            | 3,801               | 1,735,374     |        |
| <b>NONCURRENT LIABILITIES</b>                |                       |                    |                     |               |        |
| Compensated absences payable                 | -                     | 6,353              | 947                 | 7,300         |        |
| Net pension liability                        | -                     | 65,971             | 33,267              | 99,238        |        |
| Total noncurrent liabilities                 | -                     | 72,324             | 34,214              | 106,538       |        |
| Total liabilities                            | 1,430,006             | 373,891            | 38,015              | 1,841,912     |        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>         |                       |                    |                     |               |        |
| Pension related items                        | -                     | 29,837             | 15,046              | 44,883        |        |
| Total deferred inflows of resources          | -                     | 29,837             | 15,046              | 44,883        |        |
| <b>NET POSITION</b>                          |                       |                    |                     |               |        |
| Investment in capital assets                 | -                     | 301,021            | 238,649             | 539,670       |        |
| Unrestricted                                 | 12,594,791            | 1,619,166          | 579,605             | 14,793,562    |        |
| Total net position                           | \$ 12,594,791         | \$ 1,920,187       | \$ 818,254          | \$ 15,333,232 |        |

The accompanying notes are an integral part of these financial statements.

**CITY OF POWDER SPRINGS, GEORGIA**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

|  | Water & Sewer<br>Fund | Sanitation<br>Fund  | Nonmajor<br>Storm Water<br>Fund | Totals               |
|--|-----------------------|---------------------|---------------------------------|----------------------|
| <b>OPERATING REVENUES</b>                                    |                       |                     |                                 |                      |
| Charges for sales and services                               | \$ 6,139,779          | \$ 1,371,202        | \$ 381,995                      | \$ 7,892,976         |
| Other operating income                                       | 418,110               | 42,019              | -                               | 460,129              |
| Total operating revenues                                     | <u>6,557,889</u>      | <u>1,413,221</u>    | <u>381,995</u>                  | <u>8,353,105</u>     |
| <b>OPERATING EXPENSES</b>                                    |                       |                     |                                 |                      |
| Salaries and benefits  | 601,704               | 434,551             | 59,521                          | 1,095,776            |
| General operating expenses                                   | 2,823,138             | 726,434             | 83,552                          | 3,633,124            |
| Depreciation   | 462,730               | 44,951              | 5,031                           | 512,712              |
| Water purchases  | 1,460,865             | -                   | -                               | 1,460,865            |
| Total operating expenses                                     | <u>5,348,437</u>      | <u>1,205,936</u>    | <u>148,104</u>                  | <u>6,702,477</u>     |
| Operating income   | 1,209,452             | 207,285             | 233,891                         | 1,650,628            |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                     |                       |                     |                                 |                      |
| Interest income  | 2,843                 | 12,540              | -                               | 15,383               |
| Interest and fiscal charges                                  | (8,160)               | -                   | -                               | (8,160)              |
| Loss on disposal   | (184)                 | -                   | -                               | (184)                |
| Assets transferred to governmental activities                | (318,287)             | -                   | -                               | (318,287)            |
| Total non-operating revenues (expenses)                      | <u>(323,788)</u>      | <u>12,540</u>       | <u>-</u>                        | <u>(311,248)</u>     |
| Change in net position before transfers<br>and special items | 885,664               | 219,825             | 233,891                         | 1,339,380            |
| Transfers in   | 17,488                | 1,607               | 73,143                          | 92,238               |
| Transfers out  | (9,687)               | -                   | (15,961)                        | (25,648)             |
| Total transfers  | <u>7,801</u>          | <u>1,607</u>        | <u>57,182</u>                   | <u>66,590</u>        |
| <b>SPECIAL ITEM</b>  |                       |                     |                                 |                      |
| Loss on sale of water system                                 | (841,120)             | -                   | -                               | (841,120)            |
| Change in net position                                       | 52,345                | 221,432             | 291,073                         | 564,850              |
| <b>Net position, beginning of year</b>                       | <u>12,542,446</u>     | <u>1,698,755</u>    | <u>527,181</u>                  | <u>14,768,382</u>    |
| <b>Net position, end of year</b>                             | <u>\$ 12,594,791</u>  | <u>\$ 1,920,187</u> | <u>\$ 818,254</u>               | <u>\$ 15,333,232</u> |

The accompanying notes are an integral part of these financial statements.

# CITY OF POWDER SPRINGS, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

|  | Water &<br>Sewer<br>Fund | Sanitation<br>Fund  | Nonmajor<br>Storm Water<br>Fund | Totals              |
|--|--------------------------|---------------------|---------------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                          |                     |                                 |                     |
| Receipts from customers and users  | \$ 6,216,789             | \$ 1,349,868        | \$ 372,314                      | \$ 7,938,971        |
| Payments to suppliers  | (3,904,773)              | (676,122)           | (88,752)                        | (4,669,647)         |
| Payments to employees  | (696,961)                | (457,444)           | (61,446)                        | (1,215,851)         |
| Net cash provided by operating activities  | <u>1,615,055</u>         | <u>216,302</u>      | <u>222,116</u>                  | <u>2,053,473</u>    |
| <b>CASH FLOWS FROM NON-CAPITAL<br/>FINANCING ACTIVITIES</b>                                |                          |                     |                                 |                     |
| Transfers in from other funds  | 1,527                    | 1,607               | 63,456                          | 66,590              |
| Net cash provided by non-capital financing activities                                      | <u>1,527</u>             | <u>1,607</u>        | <u>63,456</u>                   | <u>66,590</u>       |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                        |                          |                     |                                 |                     |
| Purchase of capital assets   | (806,221)                | -                   | (109,675)                       | (915,896)           |
| Principal payments on loans  | (439,568)                | -                   | -                               | (439,568)           |
| Interest paid  | (8,160)                  | -                   | -                               | (8,160)             |
| Net cash used in capital and related financing activities                                  | <u>(1,253,949)</u>       | <u>-</u>            | <u>(109,675)</u>                | <u>(1,363,624)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                          |                     |                                 |                     |
| Interest received  | 2,843                    | 12,540              | -                               | 15,383              |
| Net cash provided by investing activities  | <u>2,843</u>             | <u>12,540</u>       | <u>-</u>                        | <u>15,383</u>       |
| Net increase in cash and cash equivalents  | 365,476                  | 230,449             | 175,897                         | 771,822             |
| Cash and cash equivalents, beginning of year   | 7,152,355                | 1,548,296           | 373,192                         | 9,073,843           |
| Cash and cash equivalents, end of year   | <u>\$ 7,517,831</u>      | <u>\$ 1,778,745</u> | <u>\$ 549,089</u>               | <u>\$ 9,845,665</u> |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH<br/>PROVIDED BY OPERATING ACTIVITIES</b> |                          |                     |                                 |                     |
| Operating income   | \$ 1,209,452             | \$ 207,285          | \$ 233,891                      | \$ 1,650,628        |
| Adjustments to reconcile operating income to net<br>cash provided by operating activities: |                          |                     |                                 |                     |
| Depreciation expense   | 462,730                  | 44,951              | 5,031                           | 512,712             |
| Change in assets and liabilities:  |                          |                     |                                 |                     |
| Increase in accounts receivable  | (341,100)                | (63,353)            | (9,681)                         | (414,134)           |
| Decrease in prepaid items  | 30,193                   | 11,673              | 935                             | 42,801              |
| Decrease in inventories  | 39,042                   | -                   | -                               | 39,042              |
| Decrease (increase) in deferred outflows of resources - pension related items              | -                        | 6,317               | (9,425)                         | (3,108)             |
| Increase (decrease) in accounts payable  | 289,920                  | 5,955               | (6,135)                         | 289,740             |
| Decrease in accrued liabilities  | (58,925)                 | (810)               | (3,245)                         | (62,980)            |
| Increase in customer deposits  | 20,075                   | 32,684              | -                               | 52,759              |
| Increase (decrease) in compensated absences payable  | (36,332)                 | 1,893               | (4,475)                         | (38,914)            |
| Increase (decrease) in net pension liability   | -                        | (31,653)            | 4,043                           | (27,610)            |
| Increase in deferred inflows of resources - pension related items                          | -                        | 1,360               | 11,177                          | 12,537              |
| Net cash provided by operating activities  | <u>\$ 1,615,055</u>      | <u>\$ 216,302</u>   | <u>\$ 222,116</u>               | <u>\$ 2,053,473</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Powder Springs, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City’s significant accounting policies are described below.

**A. Reporting Entity**

Incorporated in 1859, under the laws of the state of Georgia, the City of Powder Springs is governed by an elected mayor and a five-member council. The government provides such services as police protection, cultural and recreational activities, housing and development and public works.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations.

The Downtown Development Authority (“DDA”) is responsible for promoting and further developing trade, commerce, industry and employment opportunities within the City of Powder Springs, Georgia. The DDA operates under a five member board, which is all appointed by the City Council members. The City has significant control over the DDA and is responsible for the repayment of the debt of the DDA. The DDA does not issue separate financial statements and is included as a blended component unit in the City’s financial report. The DDA is presented as a governmental fund type.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City’s capital assets.

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **B. Government-wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating the City's 2016 Special Purpose Local Option Sales tax referendum.

The **Capital Projects Fund** is used to account for the financial resources to be used for the acquisition and construction of major capital projects.

The **Debt Service Fund** (or Downtown Development Authority) primarily accounts for the resources accumulated and payments made for principal and interest on long-term debt obligations of governmental funds. The Authority also purchases and sells land for development purposes.

The City reports the following major enterprise funds:

The **Water and Sewer Fund** accounts for the operation, maintenance and development of the City's water and sewer system and services.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The **Sanitation Fund** accounts for the activities associated with the collection of residential garbage, including recyclables, non-recyclables and yard waste. Activity is rendered on a user charge basis.

Additionally, the City reports the following fund types:

The Police Seizure Fund, a **special revenue fund**, is used to account for specific revenues, such as confiscations/forfeitures and various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The **Storm Water fund** accounts for the collection of fees for upgrades to storm water drains and related expenses.

In accounting and reporting for its proprietary operations, the government applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any inter-fund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### D. Budgets

Annual appropriated budgets are adopted for all governmental funds, with the exception of capital projects funds for which project length budgets are adopted. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except indirect costs are budgeted as revenues rather than a reduction of the expenditures. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General fund and special revenue funds. During the fiscal year ended June 30, 2019, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All budget appropriations lapse at the end of each year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, special revenue and Capital Projects funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The SPLOST Fund and Capital Projects Fund had outstanding encumbrances of \$1,574,929 and \$3,215,497, respectively, as of June 30, 2019.

#### E. Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Any deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **F. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

#### **G. Interfund Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances."

#### **H. Inventories**

All inventories are valued at average cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

#### **I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

Included in the City's prepaid items is the City's portion of SPLOST proceeds received through June 30, 2019 which are paid to the County for the future improvements to be performed on Powder Springs Joint Project and subsequently turned over to the City. As of June 30, 2019, these deposits totaled \$230,960.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. In accordance with GASB 34, infrastructure assets acquired prior to July 1, 2003 have not been capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

|  |            |
|--|------------|
| Buildings & Improvements                       | 5-30 years |
| Utility System                                 | 30 years   |
| Machinery, furniture & fixtures, and equipment | 3-30 years |
| Infrastructure                                 | 30 years   |

Fully depreciated assets still in service are carried in the capital asset accounts.

#### K. Land Held for Resale

The Downtown Development Authority (DDA) holds title to five parcels within the downtown district of the City. The DDA is holding and renovating the parcels in order to bring new business development into downtown. These parcels are recorded at the historical acquisition cost.

#### L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has three items which qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The other two items are related to the City's pension Plan and OPEB plan and are discussed on the following page.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from property taxes, court fines, and intergovernmental revenues as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other type is related to the City's pension Plan and OPEB plan and is discussed in the following paragraph.

The City has deferred inflows and outflows related to the recording of changes in its net pension liability and total OPEB liability. Certain changes in the net pension liability and total OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expenses over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability and total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expenses over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan and OPEB plan before year end but subsequent to the measurement date of the City's net pension liability and total OPEB liability are reported as deferred outflows of resources.

#### M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Powder Springs Retirement Plan (the “Plan”) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### P. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

**Fund Balance** – Generally, fund balance represents the difference between the assets, liabilities, and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. Fund Equity (Continued)

Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

*Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the City Council. Approval of a resolution after a formal vote of the City Council is required to establish a commitment of fund balance. Similarly, the City Council may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

*Assigned* – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council, through City Ordinance, has expressly delegated to the City Manager or his/her designee, the authority to assign funds for particular purposes.

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund and other governmental funds may only report negative unassigned fund balances. The City, by resolution, has created a minimum fund balance policy to be no less than 25% of the next fiscal year's budgeted expenditures and outgoing transfers, in order to maintain adequate reserves to cover unforeseen revenue shortfalls and to maintain a budget stabilization commitment.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

**Net Position** – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. Fund Equity (Continued)

Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### Q. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$8,958,754 difference are as follows:

|  |    |                    |
|--|----|--------------------|
| Bonds payable  | \$ | (8,700,000)        |
| Deferred charges on refunding  |    | 129,918            |
| Accrued interest payable   |    | (105,457)          |
| Compensated absences (i.e., vacation)  |    | (203,898)          |
| Capital lease payable  |    | <u>(79,317)</u>    |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | \$ | <u>(8,958,754)</u> |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Another element of that reconciliation states that “deferred outflows of resources, deferred inflows of resources, and the net pension liability are not expected to be liquidated with expendable available resources and, therefore, are not reported in the funds.” The details of this \$1,232,016 difference are as follows:

|  |                       |
|--|-----------------------|
| Net pension liability  | \$ (648,435)          |
| Deferred outflows of resources - pension related items   | 274,365               |
| Deferred inflows of resources - pension related items  | (293,268)             |
| Total OPEB liability   | (603,993)             |
| Deferred outflows of resources - OPEB related items  | <u>39,315</u>         |
| Net adjustment to reduce <i>fund balance</i> - <i>total governmental funds</i> to arrive at <i>net position</i> - <i>governmental activities</i> | <u>\$ (1,232,016)</u> |

#### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances* – *total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,485,842 difference are as follows:

|   |                     |
|---|---------------------|
| Capital outlay  | \$ 3,498,336        |
| Depreciation expense  | <u>(2,012,494)</u>  |
| Net adjustment to increase <i>net change in fund balances</i> - <i>total governmental funds</i> to arrive at <i>change in net position</i> - <i>governmental activities</i> | <u>\$ 1,485,842</u> |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

#### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

The “net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. Neither, transaction; however, has any effect on the fund level governmental statements.” The details of this \$199,752 difference are as follows:

|   |                   |
|---|-------------------|
| Capital assets transferred from the Water and Sewer Fund  | \$ 318,287        |
| Disposal of capital assets  | <u>(118,535)</u>  |
| <br>  |                   |
| Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i> | <u>\$ 199,752</u> |

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$184,467 difference are as follows:

|   |                     |
|---|---------------------|
| Compensated absences (i.e., vacation)   | \$ 3,264            |
| Accrued interest  | (17,637)            |
| Amortization of deferred charges  | (18,559)            |
| Pension expense   | (128,433)           |
| OPEB expense  | <u>(23,102)</u>     |
| <br>  |                     |
| Net adjustment to reduce <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i> | <u>\$ (184,467)</u> |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. LEGAL COMPLIANCE - BUDGETS

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Director of Finance and the City Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

The Downtown Development Authority had expenditures in the economic development department in excess of appropriations by \$347,211. The excesses were funded with transfers in from other funds.

### NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2019 are summarized as follows:

Statement of Net Position:

|  |               |
|--|---------------|
| Cash and cash equivalents                  | \$ 22,554,812 |
| Restricted cash and cash equivalents       | 4,213,311     |
|  | <hr/>         |
|  | \$ 26,768,123 |
| <hr/>                                      |               |
| Cash deposited with financial institutions | \$ 22,490,838 |
| Cash deposited with Georgia fund 1         | 4,277,285     |
|  | <hr/>         |
|  | \$ 26,768,123 |
| <hr/>                                      |               |

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

**Interest rate risk:** The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

**Custodial Credit Risk – Deposits:** State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2019, the financial institution holding all of the City's deposits is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of June 30, 2019, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by State Statutes.

### NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1, which is also the lien date. The taxes are levied by July 31 based on the assessed value of property as listed on the previous January 1 and are due on November 15 of each year. Property taxes are recorded as receivables and unavailable revenues when assessed. Revenues are recognized when available.

Receivables at June 30, 2019, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

|                       | Receivables       |                     |                        |                     |                       |
|-----------------------|-------------------|---------------------|------------------------|---------------------|-----------------------|
|                       | Taxes             | Accounts            | From Other Governments | Less Allowances     | Net Total Receivables |
| General               | \$ 419,698        | \$ 276,419          | \$ 70,828              | \$ (306,741)        | \$ 460,204            |
| SPLOST                | -                 | -                   | 493,551                | -                   | 493,551               |
| Capital Projects      | -                 | -                   | 91,268                 | -                   | 91,268                |
| Water & Sewer         | -                 | 1,292,411           | 5,500,000              | (285,445)           | 6,506,966             |
| Sanitation            | -                 | 251,961             | -                      | (42,544)            | 209,417               |
| Nonmajor - Stormwater | -                 | 79,967              | -                      | (12,000)            | 67,967                |
|                       | <u>\$ 419,698</u> | <u>\$ 1,900,758</u> | <u>\$ 6,155,647</u>    | <u>\$ (646,730)</u> | <u>\$ 7,829,373</u>   |

During the fiscal year ended June 30, 2019 the City of Powder Springs sold the water and sewer system to Cobb County. The sale closed on June 26, 2019 and the City transferred ownership of the existing infrastructure and a portion of the City's on hand inventory in exchange for a \$5,500,000 note to be paid in ten (10) annual installments by the County, beginning July 12, 2019. As of June 30, 2019, the full \$5,500,000 was outstanding. The City retains the existing cash balances and outstanding receivables as of June 26, 2019.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2019 is as follows:

|  | Beginning<br>Balance | Transfers           |                    |                     | Ending<br>Balance                |
|--|----------------------|---------------------|--------------------|---------------------|----------------------------------|
|  |                      | Increases           | from<br>Water Fund | Decreases           |                                  |
| <b>Governmental Activities:</b>              |                      |                     |                    |                     |                                  |
| Nondepreciable capital assets:               |                      |                     |                    |                     |                                  |
| Land and improvements                        | \$ 5,907,823         | \$ 129,230          | \$ 159,077         | \$ -                | \$ 6,196,130                     |
| Construction in progress                     | 260,882              | 1,720,794           | -                  | (118,535)           | (58,978) 1,804,163               |
| Total  | <u>6,168,705</u>     | <u>1,850,024</u>    | <u>159,077</u>     | <u>(118,535)</u>    | <u>(58,978)</u> <u>8,000,293</u> |
| Capital assets, being depreciated:           |                      |                     |                    |                     |                                  |
| Buildings and improvements                   | 18,708,610           | 188,840             | 766,575            | -                   | 58,978 19,723,003                |
| Furniture and fixtures                       | 100,686              | -                   | 46,215             | -                   | - 146,901                        |
| Parks equipment                              | 5,260,343            | -                   | -                  | -                   | - 5,260,343                      |
| Vehicles and equipment                       | 4,526,490            | 145,472             | 569,915            | (90,557)            | - 5,151,320                      |
| Infrastructure - streets                     | 22,701,399           | 1,314,000           | -                  | -                   | - 24,015,399                     |
| Total  | <u>51,297,528</u>    | <u>1,648,312</u>    | <u>1,382,705</u>   | <u>(90,557)</u>     | <u>58,978</u> <u>54,296,966</u>  |
| being depreciated                            |                      |                     |                    |                     |                                  |
| Less accumulated depreciation for:           |                      |                     |                    |                     |                                  |
| Buildings and improvements                   | (6,404,637)          | (668,339)           | (666,603)          | -                   | - (7,739,579)                    |
| Furniture and fixtures                       | (100,686)            | -                   | (46,215)           | -                   | - (146,901)                      |
| Parks equipment                              | (4,414,220)          | (144,947)           | -                  | -                   | - (4,559,167)                    |
| Vehicles and equipment                       | (3,315,913)          | (405,600)           | (510,677)          | 90,557              | - (4,141,633)                    |
| Infrastructure - streets                     | (5,186,489)          | (793,608)           | -                  | -                   | - (5,980,097)                    |
| Total  | <u>(19,421,945)</u>  | <u>(2,012,494)</u>  | <u>(1,223,495)</u> | <u>90,557</u>       | <u>-</u> <u>(22,567,377)</u>     |
| Total capital assets, being depreciated, net | <u>31,875,583</u>    | <u>(364,182)</u>    | <u>159,210</u>     | <u>-</u>            | <u>58,978</u> <u>31,729,589</u>  |
| Governmental activities capital assets, net  | <u>\$ 38,044,288</u> | <u>\$ 1,485,842</u> | <u>\$ 318,287</u>  | <u>\$ (118,535)</u> | <u>\$ -</u> <u>\$ 39,729,882</u> |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. CAPITAL ASSETS (CONTINUED)

|   | Beginning<br>Balance | Increases         | Transfers to<br>Governmental<br>Activities | Decreases             | Transfers        | Ending<br>Balance |
|---|----------------------|-------------------|--|-----------------------|------------------|-------------------|
| <b>Business-type activities:</b>                |                      |                   |  |                       |                  |                   |
| Nondepreciable capital assets                   |                      |                   |  |                       |                  |                   |
| Land  | \$ 159,077           | \$ -              | \$ (159,077)                               | \$ -                  | \$ -             | \$ -              |
| Construction in progress                        | 79,600               | 314,298           | -  | -                     | (366,698)        | 27,200            |
| Total   | <u>238,677</u>       | <u>314,298</u>    | <u>(159,077)</u>                           | <u>-</u>              | <u>(366,698)</u> | <u>27,200</u>     |
| Capital assets,<br>being depreciated            |                      |                   |  |                       |                  |                   |
| Buildings and improvements                      | 819,070              | -                 | (766,575)                                  | (11,162)              | -                | 41,333            |
| Furniture and fixtures                          | 46,215               | -                 | (46,215)                                   | -                     | -                | -                 |
| Utility systems                                 | 19,664,583           | 601,598           | -  | (20,426,085)          | 366,698          | 206,794           |
| Vehicles and equipment                          | 1,602,298            | -                 | (569,915)                                  | (66,934)              | -                | 965,449           |
| Total   | <u>22,132,166</u>    | <u>601,598</u>    | <u>(1,382,705)</u>                         | <u>(20,504,181)</u>   | <u>366,698</u>   | <u>1,213,576</u>  |
| Less accumulated<br>depreciation for:           |                      |                   |  |                       |                  |                   |
| Buildings and improvements                      | (684,863)            | (12,466)          | 666,603                                    | 10,977                | -                | (19,749)          |
| Furniture and fixtures                          | (46,215)             | -                 | 46,215                                     | -                     | -                | -                 |
| Utility systems                                 | (13,568,669)         | (423,484)         | -  | 13,987,121            | -                | (5,032)           |
| Vehicles and equipment                          | (1,177,174)          | (76,762)          | 510,677                                    | 66,934                | -                | (676,325)         |
| Total   | <u>(15,476,921)</u>  | <u>(512,712)</u>  | <u>1,223,495</u>                           | <u>14,065,032</u>     | <u>-</u>         | <u>(701,106)</u>  |
| Total capital assets being<br>depreciated, net  | <u>6,655,245</u>     | <u>88,886</u>     | <u>(159,210)</u>                           | <u>(6,439,149)</u>    | <u>366,698</u>   | <u>512,470</u>    |
| Business-type activities<br>capital assets, net | <u>\$ 6,893,922</u>  | <u>\$ 403,184</u> | <u>\$ (318,287)</u>                        | <u>\$ (6,439,149)</u> | <u>\$ -</u>      | <u>\$ 539,670</u> |

The above decreases include \$6,438,965 of assets which were sold to the County as part of the water and sewer system sale as described in Note 5.

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

|   |                     |
|---|---------------------|
| General government  | \$ 217,447          |
| Public safety   | 468,559             |
| Public works  | 923,393             |
| Health and Welfare  | 17,901              |
| Judicial  | 51,209              |
| Culture and recreation                                      | 331,623             |
| Community development                                       | 2,362               |
| <b>Total depreciation expense - governmental activities</b> | <b>\$ 2,012,494</b> |

Business-type activities:

|  |                   |
|--|-------------------|
| Water & sewer  | \$ 462,730        |
| Stormwater   | 5,031             |
| Sanitation   | 44,951            |
| <b>Total depreciation expense - business-type activities</b> | <b>\$ 512,712</b> |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2019 is as follows:

|                                  | <b>Beginning<br/>Balance</b> |                       | <b>Additions</b>             |                          | <b>Reductions</b>        |  | <b>Ending<br/>Balance</b> |  | <b>Due Within<br/>One Year</b> |
|----------------------------------|------------------------------|-----------------------|------------------------------|--------------------------|--------------------------|--|---------------------------|--|--------------------------------|
| <b>Governmental activities:</b>  |                              |                       |                              |                          |                          |  |                           |  |                                |
| Revenue bonds payable            | \$ 9,315,000                 | \$ -                  | \$ (615,000)                 | \$ 8,700,000             | \$ 696,000               |  |                           |  |                                |
| Capital lease payable            | 131,222                      | -                     | (51,905)                     | 79,317                   | 52,681                   |  |                           |  |                                |
| Compensated absences             | 207,162                      | 211,931               | (215,195)                    | 203,898                  | 116,222                  |  |                           |  |                                |
| Net pension liability            | 572,647                      | 487,452               | (411,664)                    | 648,435                  | -                        |  |                           |  |                                |
| Total OPEB liability             | <u>578,775</u>               | <u>47,683</u>         | <u>(22,465)</u>              | <u>603,993</u>           | <u>-</u>                 |  |                           |  |                                |
| Governmental activity            |                              |                       |                              |                          |                          |  |                           |  |                                |
| Long-term liabilities            | <u><u>10,804,806</u></u>     | <u><u>747,066</u></u> | <u><u>\$ (1,316,229)</u></u> | <u><u>10,235,643</u></u> | <u><u>\$ 864,903</u></u> |  |                           |  |                                |
| <b>Business-type activities:</b> |                              |                       |                              |                          |                          |  |                           |  |                                |
| Loans payable                    | \$ 439,568                   | \$ -                  | \$ (439,568)                 | \$ -                     | \$ -                     |  |                           |  |                                |
| Compensated absences             | 60,672                       | 36,056                | (74,970)                     | 21,758                   | 14,458                   |  |                           |  |                                |
| Net pension liability            | <u>297,455</u>               | <u>127,590</u>        | <u>(325,807)</u>             | <u>99,238</u>            | <u>-</u>                 |  |                           |  |                                |
| Business-type activity           |                              |                       |                              |                          |                          |  |                           |  |                                |
| Long-term liabilities            | <u><u>797,695</u></u>        | <u><u>163,646</u></u> | <u><u>\$ (840,345)</u></u>   | <u><u>120,996</u></u>    | <u><u>\$ 14,458</u></u>  |  |                           |  |                                |

For governmental funds, compensated absences are liquidated by the General Fund. The total OPEB liability and net pension liability are liquidated by the General Fund. The capital lease is liquidated by the SPLOST Fund. The amortization expense on assets financed under capital lease was included in current year depreciation expense.

### Revenue Bonds – Direct Placement

On March 30, 2005, the City of Powder Springs Downtown Development Authority ("DDA"), a blended component unit of the City, issued \$4,895,000 in Series 2005 Revenue Bonds bearing interest at a rate of 3.75% per annum payable each February 1 and September 1 with principal payable annually on September 1. The bonds were issued for the purpose of purchasing the United Community Bank building for the use of administrative offices of the City, renovations of the Ford Center for public recreational and cultural use and acquisition of right-of-way for the Lewis Road improvement project. As of June 30, 2019 the outstanding balance of these bonds is \$2,130,000.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 7. LONG-TERM DEBT (CONTINUED)**

#### **Revenue Bonds – Direct Placement (Continued)**

On March 30, 2005, the City and the DDA entered into an intergovernmental agreement whereby the City is obligated to make lease payments to the DDA for the purpose of paying the principal and interest on the outstanding balance of the 2005 Revenue Bonds issued by the DDA. This agreement enables the City to lease from the DDA the facilities purchased by the DDA. The lease is a direct financing lease in accordance with generally accepted accounting principles. This agreement will not expire until full payment of the bonds is complete. Prior to expiration of the lease upon full payment of the bonds outstanding, the City may purchase the project from the DDA for \$100.

On September 17, 2014, the DDA issued \$3,335,000 in Series 2014 Revenue Bonds bearing interest at 2.40% per annum payable February 1 and August 1 commencing February 1, 2015 with principal payable annually each February 1 commencing on February 1, 2015. The bonds were issued for the purpose of partially refunding the outstanding balance of the Series 2006 Bonds, maturing February 1, 2017 through February 1, 2026 which were paid in full in January 2015. The reacquisition price exceeded the net carrying amount of the old debt by \$204,154. This amount is being amortized over the remaining life of the refunded debt. The refunding was undertaken to reduce the total debt service payments by \$204,481, with a present value of \$177,959. As of June 30, 2019 the outstanding balance of the Series 2014 bonds is \$2,370,000.

Concurrent with the issuance of the Series 2014 Revenue Bonds, the City and the DDA entered into an intergovernmental agreement whereby the City is obligated to make lease payments to the DDA for the purpose of paying the principal and interest payments on the outstanding balance of the 2014 Revenue Bonds issued by the DDA. The lease is a direct financing lease in accordance with generally accepted accounting principles. This agreement will not expire until full payment of the bonds is complete.

On April 19, 2018, the DDA issued \$4,200,000 in Series 2018 Revenue Bonds bearing interest at a rate of 2.77% per annum payable each February 1 and August 1 with principal payable annually on February 1. The bonds were issued for the purpose of financing the costs of acquiring, constructing, and installing a park to be located in the downtown development district of Powder Springs, Georgia and to finance related costs. As of June 30, 2019 the outstanding balance of the Series 2018 bonds is \$4,200,000.

Concurrent with the issuance of the Series 2018 Revenue Bonds, the City and DDA entered into an intergovernmental agreement whereby the City is obligated to make lease payments to the DDA for the purpose of paying the principal and interest payments on the outstanding balance of the 2018 Revenue Bonds issued by the DDA. The lease is a direct financing lease in accordance with generally accepted accounting principles. This agreement will not expire until full payment of the bonds is complete.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### Revenue Bonds – Direct Placement (Continued)

The debt service to maturity on the Series 2005, 2014, and 2018 revenue bonds is as follows:

| Year Ending June 30, | Principal           | Interest            | Total                |
|----------------------|---------------------|---------------------|----------------------|
| 2020                 | \$ 696,000          | \$ 253,095          | \$ 949,095           |
| 2021                 | 717,000             | 231,845             | 948,845              |
| 2022                 | 739,000             | 209,886             | 948,886              |
| 2023                 | 761,000             | 187,207             | 948,207              |
| 2024-2028            | 3,656,000           | 588,510             | 4,244,510            |
| 2029-2031            | 2,131,000           | 116,368             | 2,247,368            |
| Total                | <u>\$ 8,700,000</u> | <u>\$ 1,586,911</u> | <u>\$ 10,286,911</u> |

#### Capital Lease – Direct Borrowing

In March 2016, the City entered into a capital lease agreement with Cobb County for the purchase of \$267,500 of radio and weather response equipment. The lease term is sixty months ending February of 2021. The lease bears interest at 1.43% with monthly payments due \$4,458. As of June 30, 2019 the City has \$257,663 of assets held under capital lease, with associated accumulated depreciation of \$77,228 included in the capital assets. The annual amortization of the leased assets is included as a component of depreciation expense.

The capital lease debt service requirements are as follows:

| Year Ending June 30,  | Payment          |
|-----------------------|------------------|
| 2020                  | \$ 53,500        |
| 2021                  | 26,750           |
| Total payments        | <u>80,250</u>    |
| Less interest expense | (933)            |
| Total principal       | <u>\$ 79,317</u> |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2019 is as follows:

Due to/from other funds:

| <b>Receivable Fund</b> | <b>Payable Fund</b>   | <b>Amount</b> |
|------------------------|-----------------------|---------------|
| SPLOST Fund            | Capital Projects Fund | \$ 104,778    |

The receivable relates to project funding which was incorrectly charged to the SPLOST Fund. However, subsequent to the close of the fiscal year, management identified the error and reimbursed the SPLOST Fund in the fiscal year 2020.

Interfund transfers:

| <b>Transfers In</b>            | <b>Transfers Out</b> | <b>Amount</b>       |
|--------------------------------|----------------------|---------------------|
| Water & Sewer Fund             | General Fund         | \$ 1,527            |
| Water & Sewer Fund             | Storm Water Fund     | 15,961              |
|                                |                      | <u>\$ 17,488</u>    |
| Sanitation Fund                | General Fund         | \$ 1,607            |
| Capital Project Fund           | General Fund         | \$ 842,566          |
| Storm Water Fund               | Water & Sewer Fund   | \$ 9,687            |
| Storm Water Fund               | General Fund         | 63,456              |
|                                |                      | <u>\$ 73,143</u>    |
| Downtown Development Authority | General Fund         | \$ 750,700          |
| Downtown Development Authority | Capital Project Fund | 599,914             |
|                                |                      | <u>\$ 1,350,614</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) to move capital assets and a share of the net pension liability between proprietary funds due to the sale of the Water & Sewer Fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN

#### Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Powder Springs Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established and amended by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials who are immediately eligible, who work forty hours per week are eligible to participate after one year. Benefits vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 1.75% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$30 for each year of service after reaching normal retirement age.

#### Plan Membership

At January 1, 2019, the date of the most recent actuarial valuation, there were 147 participants consisting of the following:

|   |            |
|---|------------|
| Retirees and beneficiaries currently receiving benefits   | 31         |
| Terminated vested participants not yet receiving benefits | 38         |
| Active employees - vested                                 | 34         |
| Active employees - nonvested                              | 44         |
| Total   | <u>147</u> |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN (CONTINUED)

#### Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2019, the actuarially determined contribution rate was 7.05% of covered payroll. The City makes all contributions to the Plan. For 2019, the City's contribution to the Plan was \$266,352.

#### **Net Pension Liability of the City**

The City's net pension liability was measured as of September 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2018.

#### Actuarial Assumptions

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |       |
|---------------------------|-------|
| Inflation                 | 2.75% |
| Salary increases          | 2.75% |
| Investment rate of return | 7.50% |

Mortality rates for the January 1, 2018 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

##### Actuarial Assumptions (Continued)

Cost of living adjustments were assumed to be 0.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the table below:

| Asset class           | Target allocation | Long-term expected real rate of return* |
|-----------------------|-------------------|---|
| Domestic equity       | 45%               | 6.71%                                   |
| International equity  | 20%               | 7.71                                    |
| Global fixed income   | 5%                | 3.36                                    |
| Domestic fixed income | 20%               | 2.11                                    |
| Real estate           | 10%               | 5.21                                    |
| Cash                  | —%                |   |
| Total                 | <u>100%</u>       |   |

\* Rates shown are net of the 2.75% assumed rate of inflation

##### Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN (CONTINUED)

#### **Net Pension Liability of the City (Continued)**

##### **Changes in the Net Pension Liability of the City**

The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2019 were as follows:

|   | <b>Total Pension<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net Pension<br/>Liability<br/>(a) - (b)</b> |
|---|--|--|--|
| <b>Balances at 6/30/18</b>                                    | <b>\$ 4,631,856</b>                        | <b>\$ 3,761,754</b>                            | <b>\$ 870,102</b>                              |
| <b>Changes for the year:</b>                                  |  |  |  |
| Service cost  | 188,813                                    | -  | 188,813  |
| Interest  | 355,633                                    | -  | 355,633  |
| Differences between expected and actual experience            | (95,223)                                   | -  | (95,223)                                       |
| Contributions—employer  | -  | 214,744  | (214,744)                                      |
| Net investment income   | -  | 374,496  | (374,496)                                      |
| Benefit payments, including refunds of employee contributions | (157,782)                                  | (157,782)                                      | -  |
| Administrative expense  | -  | (17,588)                                       | 17,588   |
| Other   | -  | -  | -  |
| <b>Net changes</b>  | <b>291,441</b>                             | <b>413,870</b>                                 | <b>(122,429)</b>                               |
| <b>Balances at 6/30/19</b>                                    | <b>\$ 4,923,297</b>                        | <b>\$ 4,175,624</b>                            | <b>\$ 747,673</b>                              |

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

##### **Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

|                              | <b>1% Decrease<br/>(6.50%)</b> | <b>Discount Rate<br/>(7.50%)</b> | <b>1% Increase<br/>(8.50%)</b> |
|------------------------------|--------------------------------|----------------------------------|--------------------------------|
| City's net pension liability | \$ 1,443,643                   | \$ 747,673                       | \$ 172,578                     |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

#### Sensitivity of the net pension liability to changes in the discount rate (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2018 and the current sharing pattern of costs between employer and employee.

#### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$216,991. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                               | \$ 76,661                            | \$ 116,641                          |
| Changes in assumptions   | 39,930                               | 3,999                               |
| Net difference between projected and actual earnings on pension plan investments | -                                    | 217,511                             |
| City contributions subsequent to the measurement date                            | 199,763                              | -                                   |
| <b>Total</b>   | <b>\$ 316,354</b>                    | <b>\$ 338,151</b>                   |

City contributions subsequent to the measurement date of \$199,763 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

|              |                     |
|--------------|---------------------|
| 2020         | \$ (43,838)         |
| 2021         | (78,771)            |
| 2022         | (61,728)            |
| 2023         | (37,223)            |
| <b>Total</b> | <b>\$ (221,560)</b> |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

#### Plan Description and Benefits Provided

The City of Powder Spring's OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Powder Springs. The City provides certain healthcare insurance benefits to retirees. Substantially all of the City's employees may become eligible for those benefits if they retire under the rule of 75 with a minimum retirement age of 50. The City pays full premium for retirees prior to 65 minus the amount paid by employees for coverage; after age 65, the City provides an explicit subsidy equal to 70% of the premium for single coverage up to a maximum of \$150 per month. Additionally, the City offers an implicit subsidy allowing retirees to purchase insurance at active employee rates. As of July 1, 2018, the most recent valuation, there are fourteen retirees eligible for the benefits and 57 active employees. The City has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the plan.

The following schedule reflects membership for the OPEB Plan as of July 1, 2018, the most recent actuarial valuation:

|   |           |
|---|-----------|
| Active participants                                     | 57        |
| Retirees and beneficiaries currently receiving benefits | 14        |
| Total   | <u>71</u> |

#### Contributions

The City Council has elected to fund the Plan on a "pay as you go" basis. Per the Council resolution, retirees are able to continue to receive health insurance at active employee rates, subsidized by City contributions. For the fiscal year ended June 30, 2019, the City contributed \$28,183 for the pay as you go benefits for the Plan.

#### Total OPEB Liability

The City's total OPEB liability of \$603,993 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2016, with the actuary using standard techniques to roll forward the liability to the measurement date.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

|                           |                                       |
|---------------------------|---------------------------------------|
| Inflation rate            | 2.00%                                 |
| Real wage growth          | 1.00%                                 |
| Wage inflation            | 3.00%                                 |
| Municipal bond index rate |                                       |
| Current Measurement date  | 2.98%                                 |
| Prior Measurement date    | 3.13%                                 |
| Health care cost trends   |                                       |
| Pre-medicare              | 8.00% - 5.00%, Ultimate Trend in 2023 |
| Medicare                  | 5.50% - 5.00%, Ultimate Trend in 2020 |

The current mortality rates were based on the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB.

#### Discount rate

The discount rate used to measure the total OPEB liability was 2.98%. The discount rate is based on the S&P Municipal Bond 20-year Municipal Bond High Grade Index.

#### Changes in the Total OPEB Liability

The changes in the total OPEB liability for the City for the fiscal year ended June 30, 2019 were as follows:

|                          | <b>Total OPEB<br/>Liability</b> |
|--------------------------|---------------------------------|
| Balance at June 30, 2017 | \$ 578,775                      |
| Service Cost             | 18,012                          |
| Interest                 | 17,452                          |
| Benefit payments         | (22,465)                        |
| Assumption changes       | 12,219                          |
| Balance at June 30, 2018 | <u><u>\$ 603,993</u></u>        |

The required schedule of changes in the City's total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (3.98 percent) than the current discount rate:

|                      | <b>1% Decrease<br/>(2.98%)</b> | <b>Current<br/>(2.98%)</b> | <b>1% Increase<br/>(3.98%)</b> |
|----------------------|--------------------------------|----------------------------|--------------------------------|
| Total OPEB liability | \$ 673,844                     | \$ 603,993                 | \$ 542,644                     |

#### Sensitivity of the Total OPEB Liability to Changes in the Trend Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

|                      | <b>1% Decrease<br/>(7.00% to 4.00%)</b> | <b>Current<br/>(8.00% to 5.00%)</b> | <b>1% Increase<br/>(9.00% to 6.00%)</b> |
|----------------------|---|-------------------------------------|---|
| Total OPEB liability | \$ 536,274                              | \$ 603,993                          | \$ 685,214                              |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2019 and the current sharing pattern of costs between employer and inactive employees.

#### OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2019 the City recognized OPEB expense of \$21,817. At June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

|   |                  |
|---|------------------|
| City contributions subsequent to the measurement date | \$ 28,183        |
| Assumption changes                                    | 11,132           |
|   | <b>\$ 39,315</b> |

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The City contributions made subsequent to the measurement date of \$28,183 are reported as deferred outflows of resources and will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to the OPEB will be recognized into OPEB expenses as follows:

| <b>Fiscal Year Ending June 30:</b> | <b>Amount</b> |
|------------------------------------|---------------|
| 2020                               | \$ 1,087      |
| 2021                               | 1,087         |
| 2022                               | 1,087         |
| 2023                               | 1,087         |
| 2024                               | 1,087         |
| Thereafter                         | 5,697         |
|                                    | <hr/>         |
|                                    | \$ 11,132     |

### NOTE 11. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which Cobb County, Georgia pays on behalf of the City of Powder Springs, Georgia. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

### NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. RISK MANAGEMENT (CONTINUED)

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded the coverage in the past three years.

The City is also exposed to risk of loss related to job-related illnesses or injuries to employees for which the City has transferred its risk through participation in a public entity risk pool managed by the Georgia Municipal Association Workers' Compensation Self Insurance Fund whereby the risk is pooled with other entities. The retention of the pool is \$500,000. Yearly premiums are paid by the City which will pay for lost time exceeding the first seven days the employee is absent, and the first seven days if the employee is absent at least 21 days.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent.

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES**

#### **Litigation:**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

#### **Grant Contingencies:**

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

#### **Construction Commitments:**

The City has active construction projects as of June 30, 2019. The projects include street construction, sidewalks and pedestrian pathways in areas previously void of such amenities, park improvements, and the construction of general administration facilities. At year end, the City's commitments with contractors was \$4,744,404. The projects are being financed primarily through the Capital Project and SPLOST funds, using pay-as-you-go funding sources.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF POWDER SPRINGS, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OPEB HEALTHCARE BENEFIT PLAN**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**  
**AND RELATED RATIOS**

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|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| Total OPEB liability  |                   |                   |
| Service cost  | \$ 18,012         | \$ 29,625         |
| Interest on total OPEB liability  | 17,452            | 17,867            |
| Benefit payments  | (22,465)          | (31,905)          |
| Assumption changes  | 12,219            | -                 |
| <b>Net change in total OPEB liability</b>                                   | <b>25,218</b>     | <b>15,587</b>     |
| <br>  |                   |                   |
| <b>Total OPEB liability - beginning</b>                                     | <b>578,775</b>    | <b>563,188</b>    |
| <b>Total OPEB liability - ending</b>  | <b>\$ 603,993</b> | <b>\$ 578,775</b> |
| <br>  |                   |                   |
| Covered-employee payroll  | \$ 2,636,891      | \$ 2,636,891      |
| <br>  |                   |                   |
| <b>Total OPEB liability as a percentage of<br/>covered-employee payroll</b> | <b>22.9%</b>      | <b>21.9%</b>      |

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

The City is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

**CITY OF POWDER SPRINGS, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**RETIREMENT PLAN**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY**  
**AND RELATED RATIOS**

|   | <b>2019</b>         | <b>2018</b>         | <b>2017</b>         | <b>2016</b>         | <b>2015</b>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total pension liability</b>  |                     |                     |                     |                     |                     |
| Service cost  | \$ 188,813          | \$ 160,240          | \$ 129,174          | \$ 152,063          | \$ 147,966          |
| Interest on total pension liability   | 355,633             | 299,730             | 268,392             | 241,997             | 221,191             |
| Differences between expected and actual experience                                    | (95,223)            | (67,433)            | 140,185             | 17,435              | 4,544               |
| Changes of assumptions  | -                   | 66,551              | -                   | -                   | (23,991)            |
| Changes of benefit terms  | -                   | 375,624             | -                   | -                   | -                   |
| Benefit payments, including refunds of employee contributions                         | (157,782)           | (140,718)           | (126,016)           | (87,044)            | (75,427)            |
| Other changes   | -                   | -                   | -                   | 35,607              | -                   |
| <b>Net change in total pension liability</b>  | <b>291,441</b>      | <b>693,994</b>      | <b>411,735</b>      | <b>360,058</b>      | <b>274,283</b>      |
| <b>Total pension liability - beginning</b>  | <b>4,631,856</b>    | <b>3,937,862</b>    | <b>3,526,127</b>    | <b>3,166,069</b>    | <b>2,891,786</b>    |
| <b>Total pension liability - ending (a)</b>   | <b>\$ 4,923,297</b> | <b>\$ 4,631,856</b> | <b>\$ 3,937,862</b> | <b>\$ 3,526,127</b> | <b>\$ 3,166,069</b> |
| <br><b>Plan fiduciary net position</b>  |                     |                     |                     |                     |                     |
| Contributions - employer  | \$ 214,744          | \$ 173,207          | \$ 168,902          | \$ 189,890          | \$ 187,392          |
| Net investment income   | 374,496             | 491,420             | 325,721             | 28,135              | 277,971             |
| Benefit payments, including refunds of member contributions                           | (157,782)           | (140,718)           | (126,016)           | (87,044)            | (75,427)            |
| Administrative expenses   | (17,588)            | (19,834)            | (10,567)            | (11,753)            | (9,403)             |
| <b>Net change in plan fiduciary net position</b>                                      | <b>413,870</b>      | <b>504,075</b>      | <b>358,040</b>      | <b>119,228</b>      | <b>380,533</b>      |
| <br><b>Plan fiduciary net position - beginning</b>                                    | <b>3,761,754</b>    | <b>3,257,679</b>    | <b>2,899,639</b>    | <b>2,780,411</b>    | <b>2,399,878</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                                       | <b>\$ 4,175,624</b> | <b>\$ 3,761,754</b> | <b>\$ 3,257,679</b> | <b>\$ 2,899,639</b> | <b>\$ 2,780,411</b> |
| <br><b>City's net pension liability - ending (a) - (b)</b>                            | <b>\$ 747,673</b>   | <b>\$ 870,102</b>   | <b>\$ 680,183</b>   | <b>\$ 626,488</b>   | <b>\$ 385,658</b>   |
| <br><b>Plan fiduciary net position as a percentage of the total pension liability</b> | 84.81%              | 81.21%              | 82.73%              | 82.23%              | 87.82%              |
| <br><b>Covered payroll</b>  | <b>\$ 3,521,104</b> | <b>\$ 3,727,954</b> | <b>\$ 3,500,149</b> | <b>\$ 2,934,029</b> | <b>\$ 3,353,477</b> |
| <br><b>City's net pension liability as a percentage of covered payroll</b>            | 21.23%              | 23.34%              | 19.43%              | 21.35%              | 11.50%              |

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

# CITY OF POWDER SPRINGS, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION RETIREMENT PLAN SCHEDULE OF CITY CONTRIBUTIONS

|  | 2019               | 2018               | 2017               | 2016               | 2015               |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution                                  | \$ 266,352         | \$ 197,541         | \$ 162,562         | \$ 171,015         | \$ 176,564         |
| Contributions in relation to the actuarially determined contribution | <u>266,352</u>     | <u>197,541</u>     | <u>162,562</u>     | <u>171,015</u>     | <u>176,564</u>     |
| Contribution deficiency (excess)                                     | <u><u>\$ -</u></u> |
| Covered payroll  | \$ 3,778,043       | \$ 3,500,149       | \$ 2,982,789       | \$ 3,406,673       | \$ 2,931,666       |
| Contributions as a percentage of covered payroll                     | 7.05%              | 5.64%              | 5.45%              | 5.02%              | 6.02%              |

(1) The schedule will present 10 years of information once it is accumulated.

# CITY OF POWDER SPRINGS, GEORGIA

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2019

|  | Budget              |                     | Actual              | Variance With<br>Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
|  | Original            | Final               |                     |                               |
| <b>Revenues</b>                        |                     |                     |                     |                               |
| Taxes                                  | \$ 6,073,415        | \$ 6,074,415        | \$ 6,562,710        | \$ 488,295                    |
| Licenses and permits                   | 621,550             | 621,550             | 664,765             | 43,215                        |
| Intergovernmental                      | 189,275             | 376,725             | 330,868             | (45,857)                      |
| Fines and forfeitures                  | 513,525             | 513,525             | 594,236             | 80,711                        |
| Charges for services                   | 1,149,000           | 1,149,000           | 1,166,648           | 17,648                        |
| Interest                               | 38,000              | 38,000              | 80,583              | 42,583                        |
| Miscellaneous                          | 34,720              | 34,720              | 48,816              | 14,096                        |
| Total revenues                         | <u>8,619,485</u>    | <u>8,807,935</u>    | <u>9,448,626</u>    | <u>640,691</u>                |
| <b>Expenditures</b>                    |                     |                     |                     |                               |
| <b>Current:</b>                        |                     |                     |                     |                               |
| <b>General government:</b>             |                     |                     |                     |                               |
| City Council                           | 132,463             | 132,463             | 119,031             | 13,432                        |
| Mayor                                  | 61,563              | 61,563              | 54,837              | 6,726                         |
| City clerk                             | 162,538             | 176,898             | 157,883             | 19,015                        |
| General administration fees            | 631,563             | 677,154             | 569,547             | 107,607                       |
| Elections                              | 5,000               | 5,000               | 1,221               | 3,779                         |
| Financial administration               | 369,660             | 385,449             | 383,912             | 1,537                         |
| Data processing                        | 230,000             | 230,000             | 227,635             | 2,365                         |
| Human resources                        | 166,658             | 166,888             | 156,909             | 9,979                         |
| Buildings and plant                    | 341,163             | 364,083             | 289,229             | 74,854                        |
| Total general government               | <u>2,100,608</u>    | <u>2,199,498</u>    | <u>1,960,204</u>    | <u>239,294</u>                |
| <b>Judicial</b>                        | 410,221             | 410,839             | 407,789             | 3,050                         |
| <b>Public safety</b>                   | 2,621,638           | 2,803,575           | 2,753,660           | 49,915                        |
| <b>Public works</b>                    |                     |                     |                     |                               |
| Highways and streets                   | 433,918             | 439,628             | 342,462             | 97,166                        |
| Fleet maintenance                      | 450,201             | 450,431             | 301,954             | 148,477                       |
| Street lighting                        | 379,000             | 379,000             | 331,959             | 47,041                        |
| Traffic engineering                    | 11,000              | 11,000              | 5,908               | 5,092                         |
| Total public works                     | <u>1,274,119</u>    | <u>1,280,059</u>    | <u>982,283</u>      | <u>297,776</u>                |
| <b>Community development</b>           | 395,470             | 396,159             | 366,723             | 29,436                        |
| <b>Planning and zoning</b>             | 420,736             | 350,705             | 341,543             | 9,162                         |
| <b>Economic development</b>            | 191,524             | 191,524             | 109,837             | 81,687                        |
| <b>Culture and recreation</b>          | 414,968             | 553,088             | 441,104             | 111,984                       |
| Total expenditures                     | <u>7,829,284</u>    | <u>8,185,447</u>    | <u>7,363,143</u>    | <u>822,304</u>                |
| Excess of revenues over expenditures   | 790,201             | 622,488             | 2,085,483           | 1,462,995                     |
| <b>Other financing sources (uses)</b>  |                     |                     |                     |                               |
| Sales of general capital assets        | -                   | -                   | 9,763               | 9,763                         |
| Transfers in                           | 4,000               | 4,000               | -                   | (4,000)                       |
| Transfers out                          | (888,926)           | (1,634,855)         | (1,659,856)         | (25,001)                      |
| Total other financing sources (uses)   | <u>(884,926)</u>    | <u>(1,630,855)</u>  | <u>(1,650,093)</u>  | <u>(19,238)</u>               |
| Net change in fund balances            | (94,725)            | (1,008,367)         | 435,390             | 1,443,757                     |
| <b>Fund balance, beginning of year</b> | <u>6,369,522</u>    | <u>6,369,522</u>    | <u>6,369,522</u>    | <u>-</u>                      |
| <b>Fund balance, end of year</b>       | <u>\$ 6,274,797</u> | <u>\$ 5,361,155</u> | <u>\$ 6,804,912</u> | <u>\$ 1,443,757</u>           |

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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In the General Fund, accounting principles used in developing budgets on a budgetary basis differ from those used in preparing financial statements in conformity with generally accepted accounting principles (GAAP). The City budgets charges for service revenues and department expenditures for indirect cost allocations which are offset in the Statement of Revenues, Expenditures and Changes in Fund Balances. Thus, there is an accounting basis difference between the budget and actual Statement of Revenues, Expenditures and Changes in Fund Balances in the General Fund that is reconciled as follows:

|  |                     |
|--|---------------------|
| Revenues GAAP Basis                                      | \$ 8,673,626        |
| Indirect Cost Revenues                                   | <u>775,000</u>      |
| Revenues, Budgetary Basis                                | 9,448,626           |
| Expenditures GAAP Basis                                  | 6,588,143           |
| Indirect Cost Expenditures                               | <u>775,000</u>      |
| Expenditures, Budgetary Basis                            | <u>7,363,143</u>    |
| Excess of revenues Over Expenditures,<br>Budgetary Basis | <u>\$ 2,085,483</u> |

## **SUPPLEMENTARY INFORMATION**

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**CITY OF POWDER SPRINGS, GEORGIA**  
**POLICE SEIZURE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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|  | <b>Budget</b>    |                  |                  | <b>Variance With<br/>Final Budget</b> |
|--|------------------|------------------|------------------|---------------------------------------|
|  | <b>Original</b>  | <b>Final</b>     | <b>Actual</b>    |                                       |
| <b>REVENUES</b>                        |                  |                  |                  |                                       |
| Fines & forfeitures                    | \$ -             | \$ -             | \$ 65,059        | \$ 65,059                             |
| Interest                               | <u>-</u>         | <u>-</u>         | <u>44</u>        | <u>44</u>                             |
| Total revenues                         | <u>-</u>         | <u>-</u>         | <u>65,103</u>    | <u>65,103</u>                         |
| <b>REVENUES</b>                        |                  |                  |                  |                                       |
| Public safety                          | <u>14,600</u>    | <u>14,600</u>    | <u>-</u>         | <u>14,600</u>                         |
| Net change in fund balances            | (14,600)         | (14,600)         | 65,103           | 79,703                                |
| <b>FUND BALANCE, beginning of year</b> | <u>26,951</u>    | <u>26,951</u>    | <u>26,951</u>    | <u>-</u>                              |
| <b>FUND BALANCE, end of year</b>       | <u>\$ 12,351</u> | <u>\$ 12,351</u> | <u>\$ 92,054</u> | <u>\$ 79,703</u>                      |

**CITY OF POWDER SPRINGS, GEORGIA**  
**DOWNTOWN DEVELOPMENT AUTHORITY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2019**

|  | <b>Budget</b>     |                   | <b>Actual</b>       | <b>Variance With<br/>Final Budget</b> |
|--|-------------------|-------------------|---------------------|---------------------------------------|
|  | <b>Original</b>   | <b>Final</b>      |                     |                                       |
| <b>REVENUES</b>                          |                   |                   |                     |                                       |
| Interest earnings                        | \$ -              | \$ -              | \$ 18               | \$ 18                                 |
| Miscellaneous                            | - -               | - -               | 26,080              | 26,080                                |
| Total revenues                           | <u>- -</u>        | <u>- -</u>        | <u>26,098</u>       | <u>26,098</u>                         |
| <b>EXPENDITURES</b>                      |                   |                   |                     |                                       |
| Current:                                 |                   |                   |                     |                                       |
| Economic development                     | - -               | - -               | 349,211             | (349,211)                             |
| Debt service:                            |                   |                   |                     |                                       |
| Principal                                | 615,000           | 615,000           | 615,000             | - -                                   |
| Interest                                 | <u>247,833</u>    | <u>247,833</u>    | <u>246,714</u>      | <u>1,119</u>                          |
| Total expenditures                       | <u>862,833</u>    | <u>862,833</u>    | <u>1,210,925</u>    | <u>(348,092)</u>                      |
| Deficiency of revenues over expenditures | (862,833)         | (862,833)         | (1,184,827)         | (321,994)                             |
| <b>OTHER FINANCING SOURCES</b>           |                   |                   |                     |                                       |
| Transfers in                             | 862,833           | 862,833           | 1,350,614           | 487,781                               |
| Total other financing sources            | <u>862,833</u>    | <u>862,833</u>    | <u>1,350,614</u>    | <u>487,781</u>                        |
| Net change in fund balances              | - -               | - -               | 165,787             | 165,787                               |
| <b>FUND BALANCE, beginning of year</b>   | <u>990,368</u>    | <u>990,368</u>    | <u>990,368</u>      | <u>- -</u>                            |
| <b>FUND BALANCE, end of year</b>         | <u>\$ 990,368</u> | <u>\$ 990,368</u> | <u>\$ 1,156,155</u> | <u>\$ 165,787</u>                     |

**CITY OF POWDER SPRINGS, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE**  
**LOCAL OPTION SALES TAX**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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| <u>Project</u>                    | Original<br>Estimated<br>Cost | Current<br>Estimated<br>Cost | Prior<br>Years      | Current<br>Year     | Total               |
|-----------------------------------|-------------------------------|------------------------------|---------------------|---------------------|---------------------|
| <b>2016 SPLOST Program:</b>       |                               |                              |                     |                     |                     |
| General Street Improvements       | \$ 804,120                    | \$ 704,120                   | \$ 14,553           | \$ 68,013           | \$ 82,566           |
| Resurfacing                       | 6,000,000                     | 4,058,489                    | 681,824             | 636,751             | 1,318,575           |
| Parks and Recreation Improvements | 750,000                       | 2,500,000                    | 2,050,183           | 417,640             | 2,467,823           |
| Streetscapes                      | 1,327,600                     | 656,189                      | 146,710             | 37,040              | 183,750             |
| Facilities Improvements           | 750,000                       | 650,000                      | 198,826             | 118,780             | 317,606             |
| Public Safety Improvements        | 750,000                       | 750,000                      | 500,094             | 73,153              | 573,247             |
| Intersection Improvements         | 3,850,000                     | 5,507,886                    | 231,109             | 783,620             | 1,014,729           |
| <b>Total</b>                      | <b>\$ 14,231,720</b>          | <b>\$ 14,826,684</b>         | <b>\$ 3,823,299</b> | <b>\$ 2,134,997</b> | <b>\$ 5,958,296</b> |

## **STATISTICAL SECTION**

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## STATISTICAL SECTION

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This part of the City of Powder Springs' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

|  | <u>Page</u> |
|--|-------------|
| <b>Financial Trends</b> .....  | <b>67</b>   |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.  |             |
| <b>Revenue Capacity</b> .....  | <b>73</b>   |
| These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.  |             |
| <b>Debt Capacity</b> .....   | <b>77</b>   |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.                    |             |
| <b>Demographic and Economic Information</b> .....  | <b>80</b>   |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.   |             |
| <b>Operating Information</b> .....   | <b>82</b>   |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. |             |

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**CITY OF POWDER SPRINGS, GEORGIA**  
**NET POSITION BY COMPONENT**  
**LAST TEN YEARS**  
**(accrual basis of accounting)**

|  | <b>2019</b>                        | <b>2018</b>                        | <b>2017 - Restated</b>             | <b>2016</b>                        | <b>2015</b>                        | <b>2014 (1)</b>                    | <b>2013</b>                        | <b>2012</b>                        | <b>2011</b>                        | <b>2010</b>                        |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Governmental activities</b>                     |                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| Net investment in capital assets                   | \$ 34,673,659                      | \$ 32,842,258                      | \$ 30,752,959                      | \$ 30,834,381                      | \$ 28,730,880                      | \$ 26,057,109                      | \$ 23,297,545                      | \$ 19,796,418                      | \$ 19,063,683                      | \$ 18,465,318                      |
| Restricted   | 4,619,305                          | 3,400,830                          | 3,106,338                          | 2,191,896                          | 2,501,319                          | 2,109,402                          | 2,651,150                          | 5,281,299                          | 4,053,179                          | 3,427,514                          |
| Unrestricted                                       | <u><u>\$ 7,706,818</u></u>         | <u><u>\$ 7,741,430</u></u>         | <u><u>\$ 7,193,630</u></u>         | <u><u>\$ 5,930,220</u></u>         | <u><u>\$ 5,247,724</u></u>         | <u><u>\$ 4,850,088</u></u>         | <u><u>\$ 4,497,623</u></u>         | <u><u>\$ 3,340,628</u></u>         | <u><u>\$ 2,640,321</u></u>         | <u><u>2,697,337</u></u>            |
| <b>Total governmental activities net position</b>  | <u><u><u>\$ 46,999,732</u></u></u> | <u><u><u>\$ 43,984,518</u></u></u> | <u><u><u>\$ 41,052,927</u></u></u> | <u><u><u>\$ 38,956,497</u></u></u> | <u><u><u>\$ 36,478,923</u></u></u> | <u><u><u>\$ 33,016,599</u></u></u> | <u><u><u>\$ 30,446,318</u></u></u> | <u><u><u>\$ 28,418,345</u></u></u> | <u><u><u>\$ 25,757,183</u></u></u> | <u><u><u>\$ 24,590,669</u></u></u> |
| <b>Business-type activities</b>                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| Net investment in capital assets                   | \$ 539,670 (3)                     | \$ 6,454,354                       | \$ 5,722,445                       | \$ 5,556,927                       | \$ 5,264,412                       | \$ 5,236,028                       | \$ 5,529,606                       | \$ 5,676,728                       | \$ 6,100,821                       | \$ 6,449,371                       |
| Restricted   | -                                  | -                                  | -                                  | -                                  | -                                  | -                                  | -                                  | -                                  | -                                  | -                                  |
| Unrestricted                                       | <u><u>\$ 14,793,552</u></u>        | <u><u>\$ 8,314,028</u></u>         | <u><u>\$ 7,676,687</u></u>         | <u><u>\$ 7,371,928</u></u>         | <u><u>\$ 6,684,373</u></u>         | <u><u>\$ 5,734,790</u></u>         | <u><u>\$ 4,831,985</u></u>         | <u><u>\$ 3,644,991</u></u>         | <u><u>\$ 3,397,765</u></u>         | <u><u>\$ 3,296,448</u></u>         |
| <b>Total business-type activities net position</b> | <u><u><u>\$ 15,333,232</u></u></u> | <u><u><u>\$ 14,768,382</u></u></u> | <u><u><u>\$ 13,399,132</u></u></u> | <u><u><u>\$ 12,958,855</u></u></u> | <u><u><u>\$ 11,932,185</u></u></u> | <u><u><u>\$ 10,970,818</u></u></u> | <u><u><u>\$ 10,361,591</u></u></u> | <u><u><u>\$ 9,321,719</u></u></u>  | <u><u><u>\$ 9,438,566</u></u></u>  | <u><u><u>\$ 9,745,819</u></u></u>  |
| <b>Primary government</b>                          |                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |                                    |
| Net investment in capital assets                   | \$ 35,213,329                      | \$ 39,296,612                      | \$ 36,475,404                      | \$ 36,391,308                      | \$ 33,985,292                      | \$ 31,233,137                      | \$ 28,827,151                      | \$ 25,473,146                      | \$ 25,164,504                      | \$ 24,914,689                      |
| Restricted   | 4,619,305                          | 3,400,830                          | 3,106,338                          | 2,191,896                          | 2,501,319                          | 2,109,402                          | 2,651,150                          | 5,281,299                          | 4,053,179                          | 3,427,514                          |
| Unrestricted                                       | <u><u>\$ 22,560,380</u></u>        | <u><u>\$ 16,055,458</u></u>        | <u><u>\$ 14,870,317</u></u>        | <u><u>\$ 13,302,148</u></u>        | <u><u>\$ 11,916,097</u></u>        | <u><u>\$ 10,584,878</u></u>        | <u><u>\$ 9,329,608</u></u>         | <u><u>\$ 6,985,619</u></u>         | <u><u>\$ 5,978,086</u></u>         | <u><u>\$ 5,994,285</u></u>         |
| <b>Total primary government net position</b>       | <u><u><u>\$ 62,333,014</u></u></u> | <u><u><u>\$ 58,752,900</u></u></u> | <u><u><u>\$ 54,452,059</u></u></u> | <u><u><u>\$ 51,885,352</u></u></u> | <u><u><u>\$ 48,412,088</u></u></u> | <u><u><u>\$ 43,987,417</u></u></u> | <u><u><u>\$ 40,807,909</u></u></u> | <u><u><u>\$ 37,740,064</u></u></u> | <u><u><u>\$ 35,195,769</u></u></u> | <u><u><u>\$ 34,336,488</u></u></u> |

(1) - 2014 balances were restated for the implementation of GASB Statements No. 68 and 71, which were effective July 1, 2014.

(2) - 2017 balances were restated for the implementation of GASB Statement No. 75, which was effective July 1, 2017.

(3) - In 2019 the City sold the water and sewer system to Cobb County. The County will make payments for ten (10) years on the acquisition.

**CITY OF POWDER SPRINGS, GEORGIA**  
**CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
**(accrual basis of accounting)**

|   | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 | 2013                 | 2012                | 2011                | 2010                |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| <b>Expenses</b>                                 |                      |                      |                      |                      |                      |                      |                      |                     |                     |                     |
| Governmental activities:                        |                      |                      |                      |                      |                      |                      |                      |                     |                     |                     |
| General government                              | \$ 1,591,101         | \$ 1,289,401         | \$ 1,015,287         | \$ 1,241,193         | \$ 881,610           | \$ 900,533           | \$ 760,497           | \$ 1,113,494        | \$ 1,045,622        | \$ 1,420,608        |
| Judicial  | 463,785              | 483,164              | 352,753              | 241,622              | 154,306              | 151,596              | 428,709              | -                   | -                   | -                   |
| Public safety                                   | 3,213,726            | 3,216,589            | 3,231,902            | 3,324,112            | 2,888,898            | 2,482,731            | 3,072,667            | 2,499,557           | 2,801,692           | 3,077,897           |
| Public works                                    | 2,259,247            | 1,947,785            | 2,094,427            | 1,950,695            | 1,499,231            | 1,742,675            | 2,055,730            | 1,228,591           | 1,87,778            | 1,611,057           |
| Community development                           | 379,668              | 514,7730             | 923,634              | 757,122              | 735,300              | 590,648              | 485,271              | 633,252             | 655,434             | 785,004             |
| Planning and zoning                             | 341,543              | 228,083              | -                    | -                    | -                    | -                    | -                    | -                   | -                   | -                   |
| Economic development                            | 459,048              | 125,451              | -                    | -                    | -                    | -                    | -                    | -                   | -                   | -                   |
| Culture and recreation                          | 785,444              | 754,486              | -                    | -                    | -                    | -                    | -                    | -                   | -                   | -                   |
| Health and welfare                              | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                   | -                   | -                   |
| Interest on long-term debt                      | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                   | -                   | -                   |
| Total governmental activities expenses          | <u>\$ 9,778,067</u>  | <u>8,787,281</u>     | <u>8,375,056</u>     | <u>8,095,386</u>     | <u>6,772,636</u>     | <u>6,582,465</u>     | <u>7,398,255</u>     | <u>5,922,674</u>    | <u>7,176,173</u>    | <u>7,828,574</u>    |
| Business-type activities:                       |                      |                      |                      |                      |                      |                      |                      |                     |                     |                     |
| Water & Sewer                                   | 5,356,781            | 5,387,584            | 5,453,734            | 5,154,505            | 5,089,822            | 5,113,633            | 4,838,532            | 4,579,748           | 4,268,528           | 4,116,665           |
| Solid waste                                     | 1,205,936            | 1,271,079            | 1,215,260            | 1,037,995            | 904,705              | 977,570              | 974,543              | 1,111,782           | 1,101,621           | 1,155,465           |
| Storm Water                                     | 148,104              | 181,641              | 238,174              | 468,945              | 415,465              | 306,187              | 155,966              | -                   | -                   | -                   |
| Total business-type activities expenses         | <u>\$ 6,710,821</u>  | <u>6,840,304</u>     | <u>6,907,168</u>     | <u>6,661,445</u>     | <u>6,409,992</u>     | <u>6,397,390</u>     | <u>5,969,041</u>     | <u>5,691,530</u>    | <u>5,370,149</u>    | <u>5,272,130</u>    |
| <b>Program Revenues</b>                         |                      |                      |                      |                      |                      |                      |                      |                     |                     |                     |
| Governmental activities:                        |                      |                      |                      |                      |                      |                      |                      |                     |                     |                     |
| Charges for services:                           |                      |                      |                      |                      |                      |                      |                      |                     |                     |                     |
| General government                              | \$ 1,064,087         | \$ 1,405,279         | \$ 1,142,915         | \$ 1,029,994         | \$ 906,669           | \$ 218,981           | \$ 236,510           | \$ 286,222          | \$ 332,228          | \$ 342,706          |
| Judicial  | 651,086              | 632,463              | 719,897              | 411,287              | 288,380              | 346,764              | 438,947              | -                   | -                   | -                   |
| Public safety                                   | 149,068              | 143,251              | 140,997              | 104,588              | 76,391               | 109,080              | 84,753               | 383,850             | 585,064             | 733,208             |
| Public works                                    | -                    | -                    | -                    | -                    | -                    | 336,907              | 345,445              | 341,509             | 316,589             | 300,523             |
| Community development                           | -                    | -                    | -                    | -                    | -                    | 46,559               | 44,705               | 125,018             | 142,654             | 133,811             |
| Culture and recreation                          | 173,883              | 284,169              | 269,535              | 82,599               | 162,300              | 62,312               | -                    | 29,024              | 16,942              | 20,050              |
| Operating grants and contributions              | 329,669              | 387,891              | 420,132              | 313,340              | 454,788              | 331,244              | 452,090              | 11,163              | 45,363              | -                   |
| Capital grants and contributions                | 3,393,553            | 3,048,093            | 3,022,374            | 3,279,674            | 3,128,731            | 2,817,525            | 2,700,194            | 2,576,001           | 2,133,255           | 2,211,708           |
| Total governmental activities program revenues  | <u>\$ 5,761,356</u>  | <u>5,921,146</u>     | <u>5,715,850</u>     | <u>5,221,482</u>     | <u>5,017,259</u>     | <u>4,268,472</u>     | <u>4,302,644</u>     | <u>3,752,787</u>    | <u>3,572,095</u>    | <u>3,742,006</u>    |
| Business-type activities:                       |                      |                      |                      |                      |                      |                      |                      |                     |                     |                     |
| Charges for services:                           |                      |                      |                      |                      |                      |                      |                      |                     |                     |                     |
| Water & Sewer                                   | 6,557,889            | 6,432,081            | 6,486,799            | 5,926,231            | 5,766,750            | 5,627,573            | 5,436,361            | 4,445,915           | 3,967,475           | 3,972,066           |
| Solid waste                                     | 1,413,221            | 1,353,180            | 1,322,697            | 1,277,369            | 1,251,714            | 1,131,910            | 1,145,663            | 1,123,017           | 1,089,226           | 1,134,707           |
| Storm Water                                     | 381,995              | 390,037              | 395,637              | 452,213              | 352,539              | 357,708              | -                    | -                   | -                   | -                   |
| Capital grants and contributions                | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                   | -                   | -                   |
| Total business-type activities program revenues | <u>\$ 8,353,105</u>  | <u>8,175,298</u>     | <u>8,205,133</u>     | <u>7,655,813</u>     | <u>7,371,003</u>     | <u>7,112,062</u>     | <u>6,938,732</u>     | <u>5,568,032</u>    | <u>5,056,701</u>    | <u>5,106,773</u>    |
| Total primary government program revenues       | <u>\$ 14,114,461</u> | <u>\$ 14,096,444</u> | <u>\$ 13,920,983</u> | <u>\$ 12,877,295</u> | <u>\$ 12,398,262</u> | <u>\$ 11,380,534</u> | <u>\$ 11,242,376</u> | <u>\$ 9,321,719</u> | <u>\$ 8,628,796</u> | <u>\$ 8,848,779</u> |

**CITY OF POWDER SPRINGS, GEORGIA**  
**CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
**(accrual basis of accounting)**

|   | 2019                       | 2018                       | 2017                       | 2016                       | 2015                       | 2014                       | 2013                       | 2012                       | 2011                       | 2010                       |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Net (expense)/revenue</b>                              |                            |                            |                            |                            |                            |                            |                            |                            |                            |                            |
| Governmental activities                                   | \$ (4,016,711)             | \$ (2,866,135)             | \$ (2,659,206)             | \$ (2,873,904)             | \$ (1,755,377)             | \$ (2,313,993)             | \$ (3,095,611)             | \$ (2,169,887)             | \$ (3,604,078)             | \$ (4,086,568)             |
| Business-type activities                                  | 1,642,234                  | 1,334,994                  | 1,297,985                  | 994,368                    | 961,011                    | 714,672                    | 970,691                    | (122,598)                  | (313,448)                  | (165,357)                  |
| Total primary government net (expense) revenue            | <u>\$ (2,374,427)</u>      | <u>\$ (1,361,241)</u>      | <u>\$ (1,361,241)</u>      | <u>\$ (1,879,536)</u>      | <u>\$ (794,366)</u>        | <u>\$ (1,593,221)</u>      | <u>\$ (2,124,920)</u>      | <u>\$ (2,292,185)</u>      | <u>\$ (3,917,326)</u>      | <u>\$ (4,231,929)</u>      |
| <b>General Revenues and Other Changes in Net Position</b> |                            |                            |                            |                            |                            |                            |                            |                            |                            |                            |
| Governmental activities:                                  |                            |                            |                            |                            |                            |                            |                            |                            |                            |                            |
| Property taxes  | \$ 4,480,979               | \$ 3,679,765               | \$ 3,497,167               | \$ 3,311,349               | \$ 3,200,350               | \$ 3,093,482               | \$ 2,803,697               | \$ 3,006,646               | \$ 2,982,111               | \$ 3,457,004               |
| Insurance premium taxes                                   | 999,006                    | 926,333                    | 870,066                    | 803,212                    | 751,797                    | 719,081                    | 694,492                    | 653,845                    | 671,875                    | 691,986                    |
| Excise taxes  | 240,628                    | 228,815                    | 235,393                    | 241,608                    | 249,618                    | 238,301                    | 244,182                    | 301,161                    | 241,680                    | 249,451                    |
| Franchise taxes   | 760,817                    | 700,293                    | 693,494                    | 721,082                    | 729,939                    | 675,157                    | 760,074                    | 722,554                    | 739,619                    | 705,119                    |
| Other taxes   | 142,950                    | 132,112                    | 109,088                    | 174,617                    | 78,788                     | 355,407                    | 344,639 (1)                | -                          | -                          | -                          |
| Gain on sale of capital assets                            | -                          | -                          | -                          | -                          | -                          | -                          | -                          | -                          | -                          | 28,830                     |
| Operating Grants  | -                          | -                          | -                          | -                          | -                          | -                          | -                          | -                          | 128,522                    | 143,736                    |
| Unrestricted Investment Earnings                          | 80,669                     | 46,813                     | 19,814                     | 9,548                      | 5,588                      | 4,648                      | 7,158                      | 2,828                      | 3,490                      | 51,494                     |
| Settlement Proceeds                                       | -                          | -                          | -                          | -                          | -                          | -                          | -                          | -                          | -                          | -                          |
| Miscellaneous   | 75,229                     | 78,866                     | 104,489                    | 89,062                     | 202,621                    | 25,893                     | 24,820                     | -                          | -                          | -                          |
| Transfers   | 251,697                    | 4,729                      | 1,000,000                  | -                          | -                          | -                          | 798                        | -                          | -                          | -                          |
| Total governmental activities                             | <u>\$ 7,031,975</u>        | <u>\$ 5,797,726</u>        | <u>\$ 6,529,511</u>        | <u>\$ 5,350,478</u>        | <u>\$ 5,218,701</u>        | <u>\$ 5,111,869</u>        | <u>\$ 4,879,860</u>        | <u>\$ 4,831,049</u>        | <u>\$ 4,770,592</u>        | <u>\$ 5,327,620</u>        |
| Business-type activities:                                 |                            |                            |                            |                            |                            |                            |                            |                            |                            |                            |
| Unrestricted investment earnings                          |                            |                            |                            |                            |                            |                            |                            |                            |                            |                            |
| Gain on sale of capital assets                            |                            |                            |                            |                            |                            |                            |                            |                            |                            |                            |
| Miscellaneous   | -                          | 15,383                     | 8,462                      | 3,576                      | 1,702                      | 956                        | 802                        | 5,718                      | 2,731                      | 17,999                     |
| Special items   | (841,120) (2)              | -                          | 30,523                     | -                          | -                          | -                          | 6,101                      | -                          | -                          | 20,734                     |
| Transfers   | (251,697)                  | (4,729)                    | (1,000,000)                | (980,724)                  | 1,702                      | 956                        | (798)                      | -                          | -                          | -                          |
| Total business-type activities                            | <u>\$ 1,077,434</u>        | <u>\$ 34,256</u>           | <u>\$ 5,831,982</u>        | <u>\$ 5,538,787</u>        | <u>\$ 5,362,180</u>        | <u>\$ 5,219,657</u>        | <u>\$ 5,112,771</u>        | <u>\$ 4,890,881</u>        | <u>\$ 4,833,780</u>        | <u>\$ 38,733</u>           |
| Total primary government                                  | <u><u>\$ 5,954,541</u></u> | <u><u>\$ 5,797,726</u></u> | <u><u>\$ 6,529,511</u></u> | <u><u>\$ 5,350,478</u></u> | <u><u>\$ 5,218,701</u></u> | <u><u>\$ 5,111,869</u></u> | <u><u>\$ 4,879,860</u></u> | <u><u>\$ 4,831,049</u></u> | <u><u>\$ 4,770,592</u></u> | <u><u>\$ 5,327,620</u></u> |
| <b>Change in Net Position</b>                             |                            |                            |                            |                            |                            |                            |                            |                            |                            |                            |
| Governmental activities                                   | \$ 3,015,264               | \$ 2,931,591               | \$ 3,870,305               | \$ 2,476,574               | \$ 3,463,324               | \$ 2,797,976               | \$ 1,784,249               | \$ 2,661,162               | \$ 1,166,514               | \$ 1,241,052               |
| Business-type activities                                  | 564,850                    | 1,369,250                  | 307,241                    | 986,070                    | 961,967                    | 715,374                    | 981,712                    | (119,867)                  | (307,233)                  | (126,624)                  |
| Total primary government                                  | <u>\$ 3,580,114</u>        | <u>\$ 4,300,841</u>        | <u>\$ 4,177,546</u>        | <u>\$ 3,472,644</u>        | <u>\$ 4,425,291</u>        | <u>\$ 3,513,350</u>        | <u>\$ 2,765,961</u>        | <u>\$ 2,541,295</u>        | <u>\$ 859,281</u>          | <u>\$ 1,114,428</u>        |

(1) In 2013 the City has reported the occupational taxes as a separate line called other taxes.  
(2) - In 2019 the City sold the water and sewer system to Cobb County. The County will make payments for ten (10) years on the acquisition.

**CITY OF POWDER SPRINGS, GEORGIA**

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN YEARS**  
 (accrual basis of accounting)

| <b>Fiscal Year</b>                 | <b>Property</b> |         | <b>Ad Valorem</b> |         | <b>Insurance Premium</b> |         | <b>Alcoholic Beverage</b> |         | <b>Intangible</b> |         | <b>Franchise</b> |         | <b>Total</b> |
|------------------------------------|-----------------|---------|-------------------|---------|--------------------------|---------|---------------------------|---------|-------------------|---------|------------------|---------|--------------|
|                                    | <b>Tax</b>      | <b></b> | <b></b>           | <b></b> | <b></b>                  | <b></b> | <b></b>                   | <b></b> | <b></b>           | <b></b> | <b></b>          | <b></b> |              |
| 2010                               | \$ 3,257,226    |         | \$ 238,734        |         | \$ 691,986               |         | \$ 249,451                |         | \$ 20,547         |         | \$ 705,119       |         | \$ 5,163,063 |
| 2011                               | 2,869,474       |         | 289,745           |         | 671,875                  |         | 241,680                   |         | 15,263            |         | 739,619          |         | 4,827,656    |
| 2012                               | 2,659,592       |         | 314,751           |         | 653,845                  |         | 259,376                   |         | 23,048            |         | 722,554          |         | 4,633,166    |
| 2013                               | 2,581,510       |         | 260,683           |         | 694,492                  |         | 244,182                   |         | 25,139            |         | 760,074          |         | 4,566,080    |
| 2014                               | 2,937,673       |         | 202,159           |         | 719,081                  |         | 238,301                   |         | 25,316            |         | 675,156          |         | 4,797,686    |
| 2015                               | 3,102,941       |         | 144,857           |         | 751,797                  |         | 249,618                   |         | 31,340            |         | 729,939          |         | 5,010,492    |
| 2016                               | 3,253,714       |         | 107,784           |         | 803,212                  |         | 241,608                   |         | 124,468           |         | 721,082          |         | 5,251,868    |
| 2017                               | 3,451,159       |         | 76,301            |         | 870,066                  |         | 235,393                   |         | 78,795            |         | 693,494          |         | 5,405,208    |
| 2018                               | 3,679,765       |         | 51,319            |         | 926,333                  |         | 228,815                   |         | 80,793            |         | 700,293          |         | 5,667,318    |
| 2019                               | 4,480,979       |         | 54,734            |         | 999,006                  |         | 240,628                   |         | 88,216            |         | 760,817          |         | 6,624,380    |
| Percentage change<br>over 10 years | 37.6%           |         | -77.1%            |         | 44.4%                    |         | -3.5%                     |         | 329.3%            |         | 7.9%             |         | 28.3%        |

**CITY OF POWDER SPRINGS, GEORGIA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**(modified accrual basis of accounting)**

|                                    | <b>2019</b>   | <b>2018</b>   | <b>2017</b>  | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  | <b>2013</b>  | <b>2012</b>  | <b>2011</b>  | <b>2010</b>  |
|------------------------------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <hr/>                              |               |               |              |              |              |              |              |              |              |              |
| General Fund                       |               |               |              |              |              |              |              |              |              |              |
| Reserved                           | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ 403,884   |
| Unreserved                         | -             | 280,524       | 282,927      | 261,093      | 249,482      | 250,533      | 212,744      | -            | -            | 2,193,849    |
| Nonspendable                       | 295,311       | 1,348         | 1,330        | 1,323        | 190,052      | -            | -            | -            | -            | -            |
| Restricted                         | 1,379         | 133,799       | -            | 818,583      | 700,365      | 497,932      | 254,500      | 170,727      | 317,155      | -            |
| Assigned                           | -             | 5,953,851     | 5,097,439    | 3,634,638    | 3,851,796    | 4,513,986    | 4,136,152    | 5,115        | 149,431      | -            |
| Unassigned                         | 6,508,222     | \$ 6,804,912  | \$ 6,369,522 | \$ 5,381,696 | \$ 4,715,637 | \$ 4,991,695 | \$ 5,262,451 | \$ 4,603,396 | \$ 3,798,812 | \$ 2,718,530 |
| Total General Fund                 |               |               |              |              |              |              |              |              |              | \$ 3,190,433 |
| <hr/>                              |               |               |              |              |              |              |              |              |              | \$ 2,597,733 |
| All other governmental funds       |               |               |              |              |              |              |              |              |              |              |
| Reserved                           | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ 1,251,628 |
| Unreserved, reported in:           |               |               |              |              |              |              |              |              |              |              |
| SPLOST Fund                        | -             | -             | -            | -            | -            | -            | -            | -            | -            | \$ 1,423,120 |
| Capital projects funds             | -             | -             | -            | -            | -            | -            | -            | -            | -            | \$ 3,162,798 |
| Nonspendable                       | 340,416       | 173,942       | 102,655      | 1,128,692    | 1,169,848    | 882,428      | 562,500      | -            | -            | -            |
| Assigned                           | 2,225,426     | 2,646,811     | 2,582,509    | 1,125,497    | 395,254      | -            | -            | -            | -            | -            |
| Restricted                         | 7,870,686     | 7,321,256     | 3,105,008    | 2,190,573    | 2,311,267    | 1,936,40     | 2,651,150    | 5,465,544    | \$ 4,399,248 | \$ 5,837,546 |
| Total all other governmental funds | \$ 10,436,528 | \$ 10,142,008 | \$ 5,790,172 | \$ 4,444,762 | \$ 3,876,369 | \$ 2,818,898 | \$ 3,213,650 | \$ 5,465,544 | \$ 4,399,248 | \$ 5,837,546 |

(1) The City adopted GASB 54 Reporting for Fund Balance in fiscal year 2011.

**CITY OF POWDER SPRINGS, GEORGIA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**(modified accrual basis of accounting)**

|   | 2019               | 2018                | 2017                | 2016               | 2015               | 2014               | 2013                  | 2012                | 2011                | 2010                |
|---|--------------------|---------------------|---------------------|--------------------|--------------------|--------------------|-----------------------|---------------------|---------------------|---------------------|
| <b>Revenues</b>   |                    |                     |                     |                    |                    |                    |                       |                     |                     |                     |
| Taxes   | \$ 6,562,710       | \$ 5,771,994        | \$ 5,431,213        | \$ 5,239,485       | \$ 5,001,233       | \$ 5,116,613       | \$ 4,828,780          | \$ 4,633,166        | \$ 4,827,656        | \$ 5,163,063        |
| Licenses and permits                                    | 664,765            | 1,013,010           | 760,908             | 655,629            | 546,563            | 176,870            | 168,420               | 426,421             | 423,361             | 370,705             |
| Intergovernmental                                       | 3,724,421          | 3,469,806           | 3,408,684           | 3,583,014          | 3,583,519          | 3,341,900          | 2,837,235             | 2,701,083           | 2,357,274           | 2,294,309           |
| Fines and forfeitures                                   | 659,295            | 597,287             | 725,856             | 443,825            | 299,037            | 375,698            | 444,098               | 371,840             | 567,361             | 648,872             |
| Charges for services                                    | 657,224            | 822,952             | 790,289             | 500,927            | 597,374            | 433,822            | 402,314               | 337,106             | 307,382             | 300,523             |
| Interest income   | 80,668             | 46,813              | 19,814              | 9,548              | 5,588              | 5,006              | 10,100                | 7,283               | 12,769              | 51,494              |
| Miscellaneous   | 75,229             | 78,866              | 124,489             | 89,062             | 50,233             | 165,794            | 163,144               | 90,437              | 89,864              | 215,709             |
| Total revenues  | <u>12,424,312</u>  | <u>11,800,728</u>   | <u>11,261,253</u>   | <u>10,521,490</u>  | <u>10,083,547</u>  | <u>9,651,703</u>   | <u>8,954,091</u>      | <u>8,567,336</u>    | <u>8,585,667</u>    | <u>9,044,675</u>    |
| <b>Expenditures</b>                                     |                    |                     |                     |                    |                    |                    |                       |                     |                     |                     |
| General government                                      | 1,329,154          | 993,843             | 909,670             | 883,035            | 803,433            | 702,491            | 582,917               | 758,824             | 809,992             | 974,018             |
| Judicial  | 407,789            | 397,133             | 309,790             | 192,925            | 145,070            | 147,080            | 435,750               | -                   | -                   | -                   |
| Public safety   | 2,773,223          | 2,884,070           | 3,256,480           | 3,314,595          | 2,930,581          | 2,466,416          | 2,907,462             | 2,469,425           | 2,526,163           | 2,947,027           |
| Public works  | 2,271,940          | 1,763,655           | 2,423,869           | 2,632,913          | 2,137,294          | 3,014,287          | 2,314,446             | 580,883             | 892,172             | 929,855             |
| Community development                                   | 1,158,873          | 511,985             | 903,150             | 725,680            | 719,860            | 567,966            | 595,807               | 620,910             | 640,822             | 692,356             |
| Planning and zoning                                     | 341,543            | 294,944             | -                   | -                  | -                  | -                  | -                     | -                   | -                   | -                   |
| Economic development                                    | 459,048            | 125,451             | -                   | -                  | -                  | -                  | -                     | -                   | -                   | -                   |
| Culture and recreation                                  | 441,104            | 391,325             | 218,999             | 153,103            | 134,372            | 246,712            | 159,354               | 79,266              | 90,956              | 86,028              |
| Health and welfare                                      | -                  | -                   | -                   | -                  | -                  | -                  | -                     | 43,497              | 55,995              | 21,319              |
| Capital outlay  | 1,539,687          | 2,468,369           | 1,400,596           | 1,798,729          | 1,811,370          | 1,463,530          | 2,942,810             | 1,530,733           | 3,518,574           | 2,723,606           |
| Debt service  | -                  | -                   | -                   | -                  | -                  | -                  | -                     | -                   | -                   | -                   |
| Principal retirements                                   | 666,905            | 646,141             | 630,387             | 584,914            | 515,000            | 475,000            | 455,000               | 476,553             | 530,802             | 582,469             |
| Interest and fiscal charges                             | 248,309            | 190,717             | 194,843             | 218,174            | 328,086            | 313,332            | 343,872               | 348,063             | 366,489             | 386,549             |
| and cost of issuance                                    | <u>11,637,575</u>  | <u>10,667,533</u>   | <u>10,249,784</u>   | <u>10,504,068</u>  | <u>9,525,066</u>   | <u>9,356,814</u>   | <u>10,737,418</u>     | <u>6,908,154</u>    | <u>9,431,065</u>    | <u>9,343,227</u>    |
| Total expenditures                                      |                    |                     |                     |                    |                    |                    |                       |                     |                     |                     |
| Excess (deficiency) of revenues over expenditures       | 786,737            | 1,133,195           | 1,011,469           | 17,422             | 558,481            | 258,889            | (1,783,327)           | 1,659,182           | (845,598)           | (298,552)           |
| <b>Other financing sources (uses)</b>                   |                    |                     |                     |                    |                    |                    |                       |                     |                     |                     |
| Issuance of long-term debt                              | -                  | 4,200,000           | -                   | 257,664            | 3,335,000          | -                  | -                     | -                   | -                   | -                   |
| Proceeds from sale of capital assets                    | 9,763              | 1,738               | -                   | 17,249             | 152,388            | 5,414              | 146,898               | 15,493              | -                   | 28,830              |
| Settlement Proceeds                                     | -                  | -                   | -                   | -                  | -                  | -                  | -                     | -                   | -                   | -                   |
| Payment to refunding bond escrow agent                  | -                  | -                   | -                   | -                  | (3,259,154)        | -                  | -                     | -                   | -                   | -                   |
| Transfers in  | 2,193,180          | 2,037,261           | 2,390,496           | 1,509,412          | 1,767,220          | 1,227,302          | 1,041,151             | -                   | -                   | 4,227,694           |
| Transfers out   | <u>(2,259,770)</u> | <u>(2,032,532)</u>  | <u>(1,390,496)</u>  | <u>(1,509,412)</u> | <u>(1,767,220)</u> | <u>(1,227,302)</u> | <u>(1,040,353)</u>    | <u>147,636</u>      | <u>15,493</u>       | <u>(4,227,694)</u>  |
| Total other financing sources (uses)                    | <u>(56,827)</u>    | <u>4,206,467</u>    | <u>1,000,000</u>    | <u>274,913</u>     | <u>228,234</u>     | <u>5,414</u>       | <u>-</u>              | <u>-</u>            | <u>-</u>            | <u>28,830</u>       |
| Net change in fund balances                             | <u>\$ 729,910</u>  | <u>\$ 5,339,862</u> | <u>\$ 2,011,469</u> | <u>\$ 292,335</u>  | <u>\$ 786,715</u>  | <u>\$ 264,303</u>  | <u>\$ (1,635,631)</u> | <u>\$ 1,674,675</u> | <u>\$ (845,598)</u> | <u>\$ (269,722)</u> |
| Debt service as a percentage of noncapital expenditures | 11.2%              | 12.1%               | 11.6%               | 11.7%              | 14.4%              | 20.0%              | 12.1%                 | 15.3%               | 15.2%               | 14.6%               |

**CITY OF POWDER SPRINGS, GEORGIA**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS**

| <b>Fiscal Year</b> | <b>Residential Property</b> | <b>Commercial Property</b> | <b>Industrial Property</b> | <b>Other Property (1)</b> | <b>Less:</b>                    |                          | <b>Total Taxable Assessed Value</b> | <b>Total Direct Tax Rate</b> | <b>Estimated Actual Taxable Value</b> | <b>Assessed Value as a Percentage of Actual Value</b> |
|--------------------|-----------------------------|----------------------------|----------------------------|---------------------------|---------------------------------|--------------------------|-------------------------------------|------------------------------|---------------------------------------|---|
|                    |                             |                            |                            |                           | <b>Tax Exempt Real Property</b> | <b>Tax Real Property</b> |                                     |                              |                                       |   |
| 2010               | \$ 315,044,514              | \$ 103,267,839             | \$ 7,587,030               | \$ 40,176,132             | \$ 3,542,181                    | \$ 462,553,334           | 8,500                               | \$ 1,156,333,335             | 40.00%                                |   |
| 2011               | 251,879,253                 | 99,113,782                 | 7,319,072                  | 34,141,569                | 3,024,103                       | 389,429,573              | 8,500                               | 973,573,933                  | 40.00%                                |   |
| 2012               | 228,758,892                 | 91,789,641                 | 7,153,550                  | 33,963,415                | 3,044,034                       | 358,621,464              | 8,500                               | 896,553,660                  | 40.00%                                |   |
| 2013               | 193,035,041                 | 97,654,149                 | 6,579,762                  | 33,982,178                | 6,784,956                       | 324,486,174              | 8,500                               | 811,215,435                  | 40.00%                                |   |
| 2014               | 185,387,966                 | 100,020,754                | 6,339,141                  | 36,385,060                | 12,540,943                      | 315,551,978              | 8,500                               | 788,979,945                  | 40.00%                                |   |
| 2015               | 205,395,323                 | 100,319,231                | 6,236,947                  | 33,113,218                | 23,397,864                      | 321,666,855              | 8,500                               | 804,167,138                  | 40.00%                                |   |
| 2016               | 236,181,400                 | 95,825,169                 | 5,698,954                  | 25,796,959                | 17,595,379                      | 345,907,103              | 8,500                               | 864,767,758                  | 40.00%                                |   |
| 2017               | 264,306,391                 | 97,012,606                 | 5,288,598                  | 21,183,422                | 16,256,543                      | 371,334,474              | 8,500                               | 928,836,185                  | 40.00%                                |   |
| 2018               | 305,999,834                 | 100,550,692                | 5,668,619                  | 16,655,698                | 30,249,724                      | 398,625,119              | 8,500                               | 996,562,798                  | 40.00%                                |   |
| 2019               | 344,080,062                 | 102,732,721                | 6,126,758                  | 14,201,291                | 45,471,641                      | 421,669,191              | 9,500                               | 1,054,172,978                | 40.00%                                |   |

Source: Cobb County, Georgia Tax Assessors Office

Note: Property in the City is reassessed periodically. Property is assessed at 40% of the fair market value; therefore, the assessed values are equal to 40% of the estimated actual value. Tax rates are per \$1,000 of assessed value.

(1) Other property consists of historic, agricultural, conservation use, utility, motor vehicle and mobile homes.

## CITY OF POWDER SPRINGS, GEORGIA

### PROPERTY TAX RATES - DIRECT AND OVERLAPPING<sup>1</sup> GOVERNMENTS (Per \$1,000 of Assessed Value) LAST TEN YEARS

| Fiscal Year | City Direct Rate (1) | Overlapping Rates |                 |       | Total Direct & Overlapping Rates |
|-------------|----------------------|-------------------|-----------------|-------|----------------------------------|
|             |                      | County            | School District | State |                                  |
| 2010        | 8.500                | 9.600             | 18.900          | 0.25  | 37.250                           |
| 2011        | 8.500                | 11.110            | 18.900          | 0.25  | 38.760                           |
| 2012        | 8.500                | 11.110            | 18.900          | 0.25  | 38.760                           |
| 2013        | 8.500                | 11.110            | 18.900          | 0.20  | 38.710                           |
| 2014        | 8.500                | 10.910            | 18.900          | 0.20  | 38.510                           |
| 2015        | 8.500                | 10.710            | 18.900          | 0.10  | 38.210                           |
| 2016        | 8.500                | 9.850             | 18.900          | -     | 37.250                           |
| 2017        | 8.500                | 9.850             | 18.900          | -     | 37.250                           |
| 2018        | 8.500                | 9.850             | 18.900          | -     | 37.250                           |
| 2019        | 9.500                | 11.450            | 18.900          | -     | 39.850                           |

Source: Cobb County Tax Commissioner's Office

<sup>1</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Powder Springs.

(1) The City does not levy a debt service millage rate and thus the full 8.5 is maintenance and operation.

**CITY OF POWDER SPRINGS, GEORGIA**

**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT AND NINE YEARS AGO**  
**(amounts expressed in thousands)**

| <b>Taxpayer</b>                   | <b>2019</b>                   |             |   | <b>2010</b>                   |             |                  | <b>Percentage of Taxable Assessed Value</b> |
|-----------------------------------|-------------------------------|-------------|---|-------------------------------|-------------|------------------|---|
|                                   | <b>Taxable Assessed Value</b> | <b>Rank</b> | <b>Percentage of Taxable Assessed Value</b> | <b>Taxable Assessed Value</b> | <b>Rank</b> |                  |   |
| Powder Springs Macland Retail LLC | \$ 4,121,196                  | 1           | 0.977 %                                     | \$ -                          | -           | -                | %   |
| HD Development of Maryland Inc.   | 3,202,280                     | 2           | 0.759                                       | -                             | -           | -                |   |
| Powder Springs Abbington Trail LP | 2,815,120                     | 3           | 0.668                                       | -                             | -           | -                |   |
| Kroger Company                    | 2,810,880                     | 4           | 0.667                                       | 3,497,303                     | 3           | 0.756            |   |
| Foster W M                        | 2,254,456                     | 5           | 0.535                                       | 2,814,068                     | 5           | 0.608            |   |
| Hussman Services Corporation      | 2,157,637                     | 6           | 0.512                                       | -                             | -           | -                |   |
| Weingarten Realty Investors       | 1,995,480                     | 7           | 0.473                                       | -                             | -           | -                |   |
| MM&A LLC                          | 1,876,200                     | 8           | 0.445                                       | -                             | -           | -                |   |
| Home Depot #6940                  | 1,682,583                     | 9           | 0.399                                       | 6,538,204                     | 1           | 1.414            |   |
| US Business Park LLC              | 1,539,220                     | 10          | 0.365                                       | -                             | -           | -                |   |
| Sembler Family Partnership        | -                             | -           | -   | 4,991,240                     | 2           | 1.079            |   |
| McNeel Buildiers, Inc.            | -                             | -           | -   | 3,280,404                     | 4           | 0.709            |   |
| Weingarten Realty Investors       | -                             | -           | -   | 2,778,640                     | 6           | 0.601            |   |
| Florence Road LLC                 | -                             | -           | -   | 2,704,800                     | 7           | 0.585            |   |
| Priske Jones                      | -                             | -           | -   | 1,600,800                     | 8           | 0.346            |   |
| Powder Springs Holdings, LLC      | -                             | -           | -   | 1,574,164                     | 9           | 0.340            |   |
| Standex Air Distribution Products | -                             | -           | -   | 1,558,600                     | 10          | 0.337            |   |
| Total Principal Taxpayers         | 24,455,052                    |             | 5.800                                       | 31,338,223                    |             | 6.775            |   |
| All Other Taxpayers               | 397,214,139                   |             | 94.200                                      | 431,195,111                   |             | 93.22            |   |
|                                   | <u>\$ 421,669,191</u>         |             | <u>100.000 %</u>                            | <u>\$ 462,533,334</u>         |             | <u>100.000 %</u> |   |

Source: City of Powder Springs Finance Department

## CITY OF POWDER SPRINGS, GEORGIA

### PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

| Fiscal Year | Total Tax Levy | Collected within the Fiscal Year of the Levy |                    | Collections in Subsequent Years | (1) Total Collections to Date |                    |
|-------------|----------------|--|--------------------|---------------------------------|-------------------------------|--------------------|
|             |                | Amount                                       | Percentage of Levy |                                 | Amount                        | Percentage of Levy |
| 2010        | \$ 3,221,287   | \$ 2,932,944                                 | 91.05 %            | \$ 270,742                      | \$ 3,203,686                  | 99.45 %            |
| 2011        | 2,910,203      | 2,599,174                                    | 89.31              | 294,754                         | 2,893,928                     | 99.44              |
| 2012        | 2,615,610      | 2,405,060                                    | 91.95              | 193,819                         | 2,598,879                     | 99.36              |
| 2013        | 2,333,938      | 2,286,170                                    | 97.95              | 34,813                          | 2,320,983                     | 99.44              |
| 2014        | 2,350,888      | 2,257,954                                    | 96.05              | 77,784                          | 2,335,738                     | 99.36              |
| 2015        | 2,478,591      | 2,379,309                                    | 95.99              | 84,169                          | 2,463,478                     | 99.39              |
| 2016        | 2,882,928      | 2,682,434                                    | 93.05              | 182,576                         | 2,865,010                     | 99.38              |
| 2017        | 2,971,544      | 2,931,952                                    | 98.67              | 14,819                          | 2,946,771                     | 99.17              |
| 2018        | 3,221,549      | 3,146,370                                    | 97.67              | 32,729                          | 3,179,099                     | 98.68              |
| 2019        | 3,873,541      | 3,736,408                                    | 96.46              | -                               | 3,736,408                     | 96.46              |

Source: City of Powder Springs Finance Department

(1) Includes assessment adjustments

**CITY OF POWDER SPRINGS, GEORGIA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN YEARS**

| Fiscal Year | Governmental Activities |              |                | Business-type Activities |       |                |                             | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1)  |
|-------------|-------------------------|--------------|----------------|--------------------------|-------|----------------|-----------------------------|--------------------------|-----------------------------------|-----------------|
|             | Revenue Bonds (2)       |              | Capital Leases | Revenue Bonds            |       | Capital Leases | Intergovernmental Contracts |                          |                                   |                 |
|             | Revenue                 | Bonds (2)    | Capital Leases | Revenue                  | Bonds | Capital Leases | Intergovernmental Contracts | Loans Payable            |                                   |                 |
| 2010        | \$ 8,969,014            | \$ 8,472,895 | \$ 17,342      | \$ 52,024                | \$ -  | \$ 160,049     | \$ -                        | \$ 999,990               | \$ 10,181,077                     | 3.73 % \$ 902.8 |
| 2011        |                         |              |                |                          |       |                |                             |                          | 9,508,670                         | 2.81 730.4      |
| 2012        | 8,015,000               | -            | -              | -                        | -     | 76,761         | -                           | 941,672                  | 8,920,775                         | 2.62 682.1      |
| 2013        | 7,560,000               | -            | -              | -                        | -     | 24,134         | -                           | 881,641                  | 757,464                           | 8,385,148 639.9 |
| 2014        | 7,085,000               | -            | -              | -                        | -     | 2,625          | 65,059                      | -                        | 7,841,854                         | 2.31 601.5      |
| 2015        | 6,850,000               | -            | -              | -                        | -     | -              | 58,046                      | 698,808                  | 7,543,023                         | 2.16 562.5      |
| 2016        | 6,290,000               | 232,750      | -              | -                        | -     | -              | 55,251                      | 637,772                  | 574,328                           | 7,097,078 541.1 |
| 2017        | 5,710,000               | 182,363      | -              | -                        | -     | -              | -                           | 508,266                  | 6,400,629                         | 1.96 459.2      |
| 2018        | 9,315,000               | 131,222      | -              | -                        | -     | -              | -                           | 439,568                  | 9,885,790                         | 2.73 709.2      |
| 2019        | 8,700,000               | 79,317       | -              | -                        | -     | -              | -                           | -                        | 8,779,317                         | 2.42 629.8      |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) The calculation for Percentage of Personal Income and Per Capita is based on the most recent data available from the Demographic and Economic Statistics table (ie. 2014 Total Primary Government Debt is divided by 2010 Census data).

(2) The Revenue Bonds are issued by the Downtown Development Authority, a blended component unit of the City of Powder Springs.

## CITY OF POWDER SPRINGS, GEORGIA

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JUNE 30, 2019

| Governmental Unit   | Debt<br>Outstanding | Estimated<br>Percentage<br>Applicable (1) | Estimated<br>Share of<br>Direct and<br>Overlapping<br>Debt |
|---|---------------------|---|--|
| <b>Debt repaid with property taxes</b>                                    |                     |   |  |
| Cobb County General Obligation Debt<br>(including Tax Anticipation Notes) | \$ 17,290,000       | 1.11%                                     | \$ 191,919   |
| <b>Other debt</b>   |                     |   |  |
| Cobb County Parking Debt Certificates                                     | 7,490,000           | 1.11%                                     | 83,139   |
| Cobb County Revenue Anticipation Certificates                             | 5,565,000           | 1.11%                                     | 61,772   |
| Subtotal overlapping debt   | <u>30,345,000</u>   |   | <u>336,830</u>   |
| <b>City debt</b>  |                     |   |  |
| Total direct and overlapping debt   |                     |   | <u>8,779,317</u>   |
|   |                     |   | <u>\$ 9,116,147</u>  |

**Source:** Assessed value data used to estimate applicable percentages and debt outstanding obtained from Cobb County's Board of Equalization and Assessment. Debt outstanding data provided by each governmental unit.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

**CITY OF POWDER SPRINGS, GEORGIA**  
**LEGAL DEBT MARGIN**  
**LAST TEN FISCAL YEARS**

|  | <b>2010</b>           | <b>2011</b>           | <b>2012</b>           | <b>2013</b>           | <b>2014</b>           | <b>2015</b>           | <b>2016</b>           | <b>2017</b>           | <b>2018</b>           | <b>2019</b>           |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Assessed value</b>  | <b>\$ 462,533,334</b> | <b>\$ 389,429,573</b> | <b>\$ 358,621,464</b> | <b>\$ 324,486,174</b> | <b>\$ 315,591,978</b> | <b>\$ 321,666,855</b> | <b>\$ 345,907,103</b> | <b>\$ 371,534,474</b> | <b>\$ 398,625,119</b> | <b>\$ 421,669,191</b> |
| <b>Legal Debt Margin</b>                                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Debt Limit (10% of assessed value)                             | 46,253,333            | 38,942,957            | 35,862,146            | 32,448,617            | 31,559,198            | 32,166,886            | 34,590,710            | 37,153,447            | 39,862,512            | 42,166,919            |
| Debt applicable to limit:                                      |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General obligation bonds                                       | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Less: Amount reserved for repayment of general obligation debt | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Total debt applicable to limit                                 | <u>46,253,333</u>     | <u>38,942,957</u>     | <u>35,862,146</u>     | <u>32,448,617</u>     | <u>31,559,198</u>     | <u>32,166,886</u>     | <u>34,590,710</u>     | <u>37,153,447</u>     | <u>39,862,512</u>     | <u>42,166,919</u>     |
| Legal debt margin  | <u>100%</u>           |
| As a percentage of debt limit                                  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |

Note: Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the City's outstanding general obligation debt should not exceed 10% of the assessed value of taxable property within the City.  
Source: Tax digest provided by the Cobb County Tax Commissioner's Office.

## CITY OF POWDER SPRINGS, GEORGIA

### DEMOGRAPHIC AND ECONOMIC STATISTICS JUNE 30, 2019

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| Year     | Population | Personal<br>Income*<br>(in thousands) | Per Capita<br>Personal<br>Income | Median<br>Age | Unemployment<br>Rate |
|----------|------------|---------------------------------------|----------------------------------|---------------|----------------------|
| 1950     | 619        | \$ -                                  | \$ -                             | N/A           | N/A %                |
| 1960     | 746        | 1,802                                 | 2,416                            | N/A           | N/A                  |
| 1970     | 2,559      | 7,332                                 | 2,865                            | 25.4          | N/A                  |
| 1980     | 3,381      | 23,143                                | 6,845                            | 29.5          | N/A                  |
| 1990     | 6,893      | 104,401                               | 15,146                           | 29.5          | 1.9                  |
| 2000     | 12,481     | 302,040                               | 24,200                           | 32.0          | 2.9                  |
| 2010     | 13,940     | 362,607                               | 26,012                           | 36.2          | 10.2                 |
| 2018 (1) | 15,052     | N/A                                   | N/A                              | N/A           | N/A                  |

Source: U.S. Census Bureau and the GA Department of Labor

(1) 2018 figures are estimates

N/A - information is not readily available

## CITY OF POWDER SPRINGS, GEORGIA

### PRINCIPAL EMPLOYERS CURRENT AND NINE YEARS AGO

| Employer                      | 2019                    |      |                                     | 2010                    |      |                                     |
|-------------------------------|-------------------------|------|-------------------------------------|-------------------------|------|-------------------------------------|
|                               | Number of Employees (1) | Rank | Percentage of Total City Employment | Number of Employees (1) | Rank | Percentage of Total City Employment |
|                               |                         |      |                                     |                         |      |                                     |
| PS Transitional Care & Rehab  | 224                     | 1    | 6.0 %                               | 250                     | 1    | 10.9 %                              |
| Hussmann Services Corporation | 146                     | 2    | 3.9                                 |                         |      | -                                   |
| Kroger                        | 140                     | 3    | 3.7                                 | 125                     | 2    | 5.4                                 |
| The Home Depot                | 129                     | 4    | 3.4                                 | 102                     | 4    | 4.4                                 |
| Caldwell Insulation, Inc      | 121                     | 5    | 3.2                                 | 75                      | 10   | 3.3                                 |
| Powder Springs Elementary     | 103                     | 6    | 2.7                                 | 120                     | 3    | 5.2                                 |
| Compton Elementary            | 98                      | 7    | 2.6                                 | 90                      | 8    | 3.9                                 |
| Publix Supermarkets           | 96                      | 8    | 2.6                                 | 98                      | 7    | 4.3                                 |
| Mid South Flor Systems, Inc.  | 94                      | 9    | 2.5                                 |                         |      | -                                   |
| Tapp Middle School            | 88                      | 10   | 2.3                                 | 100                     | 5    | 4.3                                 |
| City of Powder Springs        |                         |      |                                     | 99                      | 6    | 4.3                                 |
| Star Acquisitions             |                         |      |                                     | 80                      | 9    | 3.5                                 |
| Top ten total                 | <u>1,239</u>            |      | <u>32.9 %</u>                       | <u>1,139</u>            |      | <u>49.5 %</u>                       |
| Other employers               | 2,524                   |      | 67.1 %                              | 1,161                   |      | 50.5 %                              |
| Total employees (3)           | <u><u>3,763</u></u>     |      | <u><u>100.0 %</u></u>               | <u><u>2,300</u></u>     |      | <u><u>100.0 %</u></u>               |

Source: City Department of Economic Development

Notes: 1 - Full-time equivalent employees

2 - Formally known as Brian Center Nursing Care

3 - Estimated

4 - Other employees are those holding OTC/license, less private employers shown above.

**CITY OF POWDER SPRINGS, GEORGIA**  
**FULL TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

| Function / Program                   | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>General administration</b>        |             |             |             |             |             |             |             |             |             |             |
| Council                              | 5.0         | 5.0         | 5.0         | 5.0         | 5.0         | 5.0         | 5.0         | 5.0         | 5.0         | 5.0         |
| Mayor                                | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         |
| Elections                            | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Administration                       | 7.5         | 8.0         | 6.3         | 7.3         | 8.3         | 8.3         | 8.0         | 8.5         | 8.0         | 6.0         |
| Information technology               | 1.0         | 1.0         | 1.0         | -           | -           | -           | -           | -           | -           | -           |
| Purchasing                           | 1.0         | 1.0         | -           | -           | -           | -           | -           | -           | -           | -           |
| Municipal court                      | 3.0         | 2.0         | 2.0         | 1.0         | 1.0         | 1.0         | 2.0         | 2.0         | 2.0         | 2.0         |
| <b>Total general administration</b>  | <b>18.5</b> | <b>18.0</b> | <b>15.3</b> | <b>14.3</b> | <b>15.3</b> | <b>15.3</b> | <b>16.0</b> | <b>16.5</b> | <b>16.0</b> | <b>14.0</b> |
| <b>Health and welfare</b>            |             |             |             |             |             |             |             |             |             |             |
| Senior center                        | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | -           |
| <b>Culture and recreation</b>        |             |             |             |             |             |             |             |             |             |             |
| Parks and recreation                 | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Senior center                        | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Museum                               | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| <b>Total culture and recreation</b>  | <b>0.5</b>  |
| <b>Housing and development</b>       |             |             |             |             |             |             |             |             |             |             |
| Building inspections                 | 0.5         | 0.5         | 0.5         | 4.0         | 4.0         | 3.0         | 4.0         | 5.0         | 5.0         | -           |
| Community development                | 5.0         | 5.0         | 5.0         | -           | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 5.0         |
| Economic development                 | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Code enforcement                     | 2.0         | 2.0         | 2.0         | 4.0         | 5.0         | 4.0         | 5.0         | 2.0         | 2.0         | 2.0         |
| <b>Total housing and development</b> | <b>7.5</b>  | <b>8.0</b>  | <b>8.0</b>  | <b>8.0</b>  |
| <b>Public safety</b>                 |             |             |             |             |             |             |             |             |             |             |
| Police                               | 41.5        | 36.0        | 33.0        | 29.0        | 31.0        | 30.0        | 32.0        | 34.0        | 33.5        | 32.5        |
| <b>Public works</b>                  |             |             |             |             |             |             |             |             |             |             |
| Buildings and maintenance            | -           | -           | -           | -           | -           | -           | -           | -           | 2.0         | 2.5         |
| Fleet maintenance                    | -           | -           | -           | -           | -           | -           | -           | -           | 2.0         | 2.5         |
| Streets                              | 4.0         | 3.0         | 3.0         | 3.0         | 3.0         | 3.0         | 3.0         | 3.0         | 3.0         | 2.0         |
| <b>Total public works</b>            | <b>4.0</b>  | <b>3.0</b>  | <b>2.0</b>  |
| <b>Water &amp; sewer</b>             |             |             |             |             |             |             |             |             |             |             |
| Water                                | 11.0        | 11.0        | 11.8        | 11.7        | 11.7        | 11.7        | 13.0        | 13.0        | 12.0        | 7.0         |
| Sewer                                | 5.0         | 5.0         | 5.0         | 6.0         | 6.0         | 6.0         | 5.0         | 5.0         | 5.0         | 5.0         |
| <b>Total water &amp; sewer</b>       | <b>16.0</b> | <b>16.0</b> | <b>16.8</b> | <b>17.7</b> | <b>17.7</b> | <b>17.7</b> | <b>18.0</b> | <b>18.0</b> | <b>17.0</b> | <b>12.0</b> |
| <b>Sanitation</b>                    |             |             |             |             |             |             |             |             |             |             |
| Sanitation                           | 11.0        | 11.0        | 9.0         | 9.0         | 7.0         | 8.0         | 8.0         | 10.0        | 9.0         | 8.0         |
| <b>Stormwater</b>                    |             |             |             |             |             |             |             |             |             |             |
| Stormwater                           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Total</b>                         | <b>99.5</b> | <b>92.5</b> | <b>85.6</b> | <b>78.0</b> | <b>81.0</b> | <b>80.0</b> | <b>84.0</b> | <b>91.5</b> | <b>92.5</b> | <b>88.5</b> |

Source: City Finance Office

**CITY OF POWDER SPRINGS, GEORGIA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

| <b>Function/Program</b>                              | <b>2010</b>  | <b>2011</b>  | <b>2012</b>  | <b>2013</b>  | <b>2014</b>  | <b>2015</b>  | <b>2016</b>  | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General government<br>Building permits issued        | 517          | 251          | 309          | 315          | 294          | 372          | 396          | 403          | 498          | 407          |
| Police<br>Physical arrests                           | 437<br>7,563 | 317<br>5,878 | 372<br>4,325 | 411<br>4,626 | 384<br>3,088 | 423<br>3,432 | 756<br>5,927 | 832<br>5,858 | 492<br>5,342 | 928<br>5,210 |
| Citations issued                                     |              |              |              |              |              |              |              |              |              |              |
| Refuse collection<br>Refuse collected (tons per day) | 42.00        | 28.00        | 24.61        | 24.06        | 23.86        | 23.95        | 24.81        | 25.58        | 27.78        | 29.16        |

N/A - information not available

Source - City Community Development Department, Police Department, Sanitation Department, Utility Billing Department.

**CITY OF POWDER SPRINGS, GEORGIA**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

| <b>Function/Program</b> | <b>2010</b>                     | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> |
|-------------------------|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police Stations         | 1                               | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Patrol units            | 14                              | 14          | 14          | 17          | 17          | 21          | 28          | 43          | 43          | 43          |
| Refuse collection       |                                 |             |             |             |             |             |             |             |             |             |
| Collection trucks       | 4                               | 4           | 4           | 3           | 3           | 3           | 3           | 4           | 4           | 4           |
| Other public works      |                                 |             |             |             |             |             |             |             |             |             |
| Streets (miles)         | 62                              | 85          | 85          | 87          | 87          | 87          | 87          | 88          | 88          | 94          |
| Streetlights            | 2,112                           | 2,112       | 2,112       | 2,112       | 2,112       | 2,112       | 2,112       | 2,144       | 2,144       | 2,240       |
| Water                   | Water mains (miles)             | 70          | 70          | 70          | 70          | 70          | 70          | 153         | 153         | 153         |
| Wastewater              | Sanitary sewers (miles)         | 70          | 70          | 70          | 70          | 70          | 82          | 82          | 82          | 82          |
|                         | N/A - Information not available |             |             |             |             |             |             |             |             |             |

Source: City Police Department, Sanitation Department, Public Works Department, Water & Sewer Department

## **COMPLIANCE SECTION**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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**To the Honorable Mayor and Members  
of City Council  
City of Powder Springs, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Powder Springs, Georgia ("the City") as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 27, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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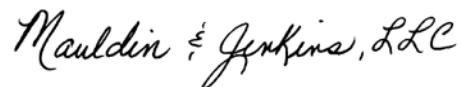
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is fluid and cursive, with "Mauldin" and "Jenkins" connected by a horizontal line, and "LLC" written in a smaller, separate area.

Atlanta, Georgia  
December 27, 2019

# CITY OF POWDER SPRINGS, GEORGIA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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### SECTION I SUMMARY OF AUDITOR'S RESULTS

#### **Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?  yes  no

Significant deficiencies identified?

yes  no  none reported

Noncompliance material to financial statements noted?

yes  no

#### **Federal Awards**

There was not an audit of major federal award programs for the year ended June 30, 2019 due to the total amount expended being less than \$750,000.