

**CITY OF POWDER SPRINGS, GEORGIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

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

**CITY OF POWDER SPRINGS, GEORGIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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## INTRODUCTORY SECTION

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

December 29, 2021

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, 2021. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. 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, 2021 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 of Powder Springs' financial statements for the fiscal year ended June 30, 2021 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 16,000 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. 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.

## **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 unassigned fund balance of the General Fund at June 30, 2021 of \$6,612,011 is currently 85.1% of fiscal year 2021 general fund expenditures or 10.2 months of the current year's operating expenditures. 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 2021 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**

Powder Springs is primarily dependent on residential property values to fund City services. Approximately 78% of the tax digest is derived from residential property and 15% from commercial property with the balance derived from industrial or other property. There was an increase from the total assessed taxable value in FY21 with a net tax digest increasing by 6.91% to a taxable value of \$483,776,269. The 2021 tax digest was approved by the Cobb County Board of Equalization on June 23.

The City issued 138 new residential Building Permits in Fiscal Year 2021 along with 1 new commercial permit and 398 renovation or trade permits, with the investments valued at approximately \$32.1 million.

The value of all permits issued in Fiscal Year 21 resulted in a 58% increase over investment in Fiscal Year 2020. The City annexed 1.5 acres R-20 zoned in FY 21 located on Macedonia Road.

The 2020 pandemic continued to impact operations, our community and the economy throughout FY21 but to a lesser extent. Projects and personnel decisions resumed with increased confidence although budget planning in the spring for the upcoming fiscal year reduced both revenues and expenses. The long-term effects from the pandemic are expected to continue to affect both revenues and expenses in the next few fiscal years.

## **MAJOR INITIATIVES FOR THIS YEAR**

### ***COVID-19 Funding Assistance***

The City received just over \$800,000 to recover costs associated with the COVID19 pandemic through an intergovernmental agreement with Cobb County. The City's allocation came from more than \$10.3 million approved by the county for Cobb's six cities. The City agreed to accept the funds for necessary expenditures incurred due to COVID-19 related to technological and facility programs and projects to support teleworking, remote public meetings and employee health assessments, technological equipment or tools to assist local students with remote learning, small business grants for local businesses, and utility or rent or other public programming assistance for City residents.

### ***Water and Sewer***

The City received the second of ten annual payments of \$550,000 in FY21 resulting from the sale of the City's water and sewer services and infrastructure in FY19. During the fiscal year the City sought and obtained payments of the water and sewer debt outstanding on the date of transfer of the system to the county. At the close of the fiscal year, approximately \$5,000 in outstanding debt net of allowances remained, and the City intends to write off any remaining debt. Unrestricted net position at June 30, 2021 is \$11,588,441, which includes \$4,400,000 receivable from the County, and the cash balance at June 30, 2021 is \$7,182,925.

### ***Redevelopment and Planning***

During this fiscal year the City continued its partnership with the Downtown Development Authority to facilitate redevelopment of the downtown. As part of its focus to revitalize the core of downtown, the City voted in FY21 to exercise the City's urban redevelopment powers and approved an urban redevelopment area and plan. The area is primarily comprised of the historic commercial core in the downtown and the Lewis Road corridor and surrounding properties. The plan enables the city and its DDA to encourage and partner with the private sector to develop mixed use projects within the core area and infill development or redevelopment under a development agreement that would establish desires uses and development standards. Properties on Marietta Street and Murray avenue were proposed for purchase as integral to the redevelopment of the area.

The City worked with the DDA to solicit proposals to purchase, redevelop and revitalize DDA-owned properties within the urban redevelopment area and engaged a planning firm to begin and complete schematic design for the renovation and expansion of the municipal court building as the new municipal complex that will house City Hall, Municipal Court and Community Development under a design-build request for proposal anticipated in FY22.

The City then gave the DDA the go-ahead to issue revenue bonds to pursue acquisition and renovation of several properties, along with renovations to several city-owned buildings to make way for potential new development.

### ***Parks, Recreation and Cultural Affairs***

The City substantially completed construction of its \$4.1 million downtown park in the 1<sup>st</sup> quarter of FY21 but as a result of the pandemic had to postpone the grand opening and cancel all other park events planned for FY21. Located at 4485 Pineveiw Drive, Thurman Springs Park played host to a “soft opening” on September 23, 2020. The park features the Hardy Family Automotive Amphitheater, built-in seating, tables and chairs, a pion-pong table, children’s climbing structure, green space and splash pad. A formal grand opening was held along with the inaugural seafood festival, Bring the Sea to the Springs, in May 2021. Final completion of all park features is anticipated the first quarter of FY22, and a full schedule of concerts and events is planned for FY22.

### ***Road Improvements***

The City approved nearly \$700,000 of resurfacing projects under its SPLOST program as well as began intersection improvements at Sailors Parkway and US 278 for a cost of approximately \$240,000

### ***Technology***

An additional way to reach city officials with questions or concerns was created for the public in FY21. The City partnered with Tyler Technologies to provide its MyCivic program to residents’ mobile devices. The user-friendly app will allow citizens to report issues, connect to city council members, browse a real-time calendar of city meetings and events, and more.

## **INITIATIVES FOR FUTURE YEARS**

### ***Redevelopment***

The City will continue its work with the DDA to sell DDA-owned properties to fulfill its redevelopment plans. The City also intends to engage a design-build firm to begin expansion and renovation of the municipal complex, with construction commencing late FY22 for a final product in the last quarter of FY23. The City will complete a major update to its Comprehensive Plan, including a strategic plan to implement annexation initiatives and an assessment of recommended land uses for existing undeveloped properties.

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

The City will continue its resurfacing program using its road rating system and intends to begin an update to its existing program in fiscal year 2022. In the first quarter of fiscal year 2022, the City will begin receiving the new 2022 SPLOST program proceeds for use in implementation of the public safety improvements approved in that program as well as improvements in Powder Springs Park and the Silver Comet Trail linear park. The City anticipates designing a parking deck and other parking improvements in FY23 to address some of the parking challenges expected in the downtown.

### ***Staffing***

Powder Springs City Council members unanimously approved a fiscal 2022 budget based on maintaining the existing property tax rate of 9.5 mills. Residents would see only a minor increase in fees for light services of 50 cents a month or \$6 annually in the \$12.8 million budget, though the fiscal plan still allows for a gradual expansion of personnel numbers and technology upgrades aimed at improving city



operations. It also maintained six months of reserves via city policy. The budget — which takes effect July 1 and runs until June 30, 2022 — funds 89 authorized positions (including the elected body), which would be a net increase of two positions. An increase in operational expenses of \$25,000 would cover a camera system to aid in public safety investigations. About \$200,000 meanwhile, is included for pay adjustments for all personnel except the city manager. Based upon recommendations in a pay and classification study initiated in FY21, the pay adjustments will average 5%, although a few positions that were already within market rates would be adjusted 3%. A number of positions — mostly in public works and public safety — will see additional increases over 3% with plans for continued adjustments unique to public works and public safety positions.

## **INTERNAL CONTROLS**

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safety of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgements by management. All internal control evaluations occur within the above framework.

## **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. The City rolled over \$1,688,280 of encumbrances in its Capital Projects Funds.

## **AWARDS AND ACKNOWLEDGEMENTS**

### ***Awards***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Powder Springs, Georgia for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020. This was the thirtieth year that the City has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR with contents that conform to program

standards. Such reports must also satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report again meets the requirements of this program, and we are submitting it to GFOA to determine its eligibility for certification again.

***Acknowledgments***

The preparation of the certified annual financial report was completed by Michelle Collings, Deputy Director, and Travis Sims, Director, 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,

A handwritten signature in cursive script that reads "Pamela B Conner".

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

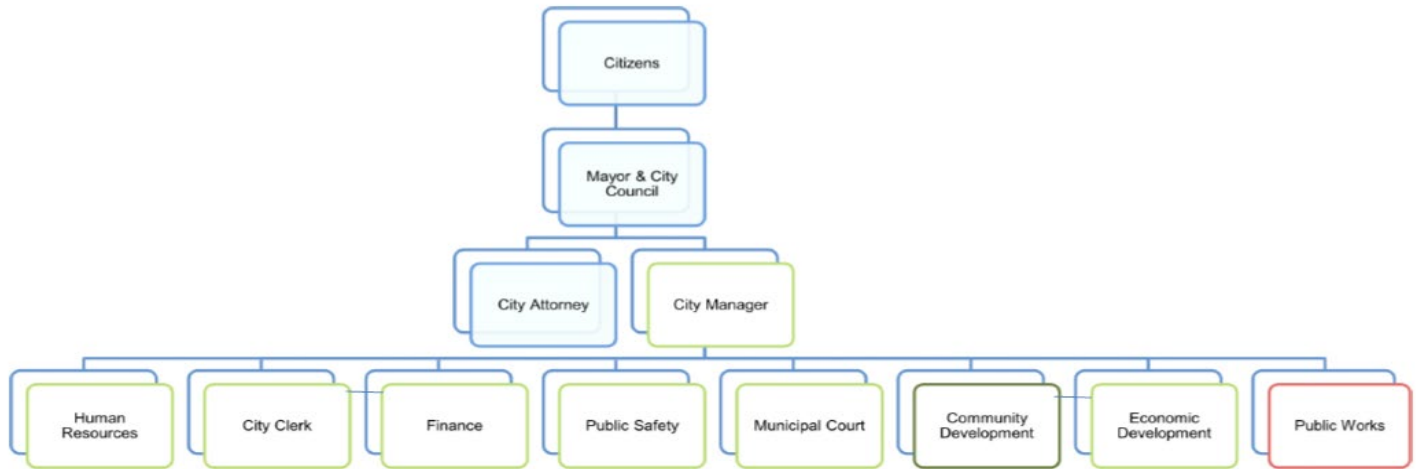
June 30, 2020

*Christopher P. Morill*

Executive Director/CEO



CITY OF POWDER SPRINGS, GEORGIA  
JUNE 30, 2021 ORGANIZATIONAL STRUCTURE



# **CITY OF POWDER SPRINGS, GEORGIA**

## **LIST OF ELECTED AND PRINCIPAL OFFICIALS**

**June 30, 2021**

### **CITY COUNCIL**

Al Thurman	Mayor
Patrick Bordelon	Council Member
Patricia Wisdom	Council Member
Henry Lust	Council Member
Doris Dawkins	Council Member
Nancy Farmer	Council Member

### **CITY ADMINISTRATION**

Pamela Conner	City Manager
Travis Sims	Finance Director (Interim)
Dwayne Eberhart	Public Works Director
Lane Cadwell	Chief of Police (Interim)
Tina Garver	Community Development Director
Joe Wilson	Park & Recreation Director (Interim)
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, 2021, 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. 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, 2021, 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 and related ratios, 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 4-17 and 57-60, 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.

### ***Other Information***

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. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is also presented for purposes of additional analysis and is not a required part of the basic financial statements.



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The individual nonmajor fund financial statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards (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 29, 2021 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 29, 2021



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
***As of and For Year Ended June 30, 2021***

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The Management's Discussion and Analysis of the City of Powder Springs Government's Annual Comprehensive Financial Report (ACFR) provides an overall narrative and analysis of the City's financial statements for the fiscal year ended June 30, 2021. 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 2021 are as follows:

- ◆ The City's combined net position totaled \$65,171,076, an increase of \$1,535,919 over the 2020 net position. Of this amount, unrestricted net position of \$27,414,539 may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ Combined revenue totaled \$17,014,583, of which governmental activities totaled \$15,033,193 and business-type activities totaled \$1,981,390.
- ◆ Overall expenses totaled \$15,478,664 of which governmental activities totaled \$13,855,433 and business-type activities totaled \$1,623,231.
- ◆ At the end of June 30, 2021, governmental activities expenses exceeded program revenues by \$6,461,394. Operating expenses in excess of charges for services and grants & contributions are funded using general revenues (mostly taxes). Governmental activities net position increased by \$1,727,760.
- ◆ Total business-type activities revenues exceeded business-type activities expenses by \$354,097, with miscellaneous revenues and transfers decreasing this amount by \$545,938. The resulting value is a decrease of \$191,841 to business-type net position.
- ◆ The investment in capital assets, net of related debt, for government activities decreased by \$6,645,616 over the 2020 investment amount. The investment in capital assets, net of related debt, for business-type activities increased by \$169,301.
- ◆ At June 30, 2021, the City's General Fund reported an unassigned fund balance of \$6,612,011, an increase of \$1,349,003, over the prior fiscal year's unassigned fund balance.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
***As of and For Year Ended June 30, 2021***

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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, judicial, 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, 2021***

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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 within the nonmajor governmental fund of the primary government itself.

The government-wide financial statements are presented on pages 18 and 19 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 20-22 of this report.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
***As of and For Year Ended June 30, 2021***

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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 23-25 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 26 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 postemployment 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 57 to 60 of this report.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2021**

**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 \$65,171,076 at June 30, 2021. The following table provides a summary of the City's governmental and business-type net position for fiscal years 2021 and 2020:

City of Powder Springs Statement of Net Position							
	Governmental Activities		Business-Type Activities		Total		Percent
	2021	2020	2021	2020	2021	2020	
<b>Assets:</b>							
Current assets	\$ 25,927,554	\$ 16,675,223	\$ 14,837,613	\$ 15,163,717	\$ 40,765,167	\$ 31,838,940	48%
Capital assets - net	43,378,119	44,138,537	838,091	668,790	44,216,210	44,807,327	52%
Total assets	<u>\$ 69,305,673</u>	<u>\$ 60,813,760</u>	<u>\$ 15,675,704</u>	<u>\$ 15,832,507</u>	<u>\$ 84,981,377</u>	<u>\$ 76,646,267</u>	100%
Deferred outflows of resources	386,557	511,292	26,470	31,724	413,027	543,016	100%
<b>Liabilities</b>							
Current liabilities	\$ 3,213,846	\$ 2,972,431	\$ 535,700	\$ 503,463	\$ 3,749,546	\$ 3,475,894	19%
Long-term liabilities (net)	16,088,367	9,756,000	97,694	104,534	16,186,061	9,860,534	81%
Total liabilities	<u>\$ 19,302,213</u>	<u>\$ 12,728,431</u>	<u>\$ 633,394</u>	<u>\$ 607,997</u>	<u>\$ 19,935,607</u>	<u>\$ 13,336,428</u>	100%
Deferred inflows of resources	269,095	203,459	18,626	14,239	287,721	217,698	100%
<b>Net Position</b>							
Invested in capital assets, net of related debt	\$ 30,565,538	\$ 37,211,154	\$ 838,091	\$ 668,790	\$ 31,403,629	\$ 37,879,944	48%
Restricted	6,352,908	5,086,418	-	-	6,352,908	5,086,418	10%
Unrestricted	13,202,476	6,095,590	14,212,063	14,573,205	27,414,539	20,668,795	41%
Total net position	<u>\$ 50,120,922</u>	<u>\$ 48,393,162</u>	<u>\$ 15,050,154</u>	<u>\$ 15,241,995</u>	<u>\$ 65,171,076</u>	<u>\$ 63,635,157</u>	100%

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, and sidewalks) less any related debt used to acquire those assets that is still outstanding comprise 48% of the City's total net assets. Investments in capital assets net of related debt decreased by \$6,645,616 in fiscal year 2021. 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.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2021**

Governmental activities net position increased by \$1,812,207 in fiscal year 2021 over the 2020 position. The net position of business-type activities decreased \$191,841 compared to the 2020 position. The City's overall financial position increased during fiscal year 2021 by \$1,535,919.

The following table indicates the changes in net position for governmental and business-type activities in fiscal year 2021 and fiscal year 2020.

City of Powder Springs Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		
	2021	2020	2021	2020	2021	2020	Percent
<b>Revenues:</b>							
Program Revenues:							
Charges for Services	\$ 2,617,711	\$ 1,818,903	\$ 1,977,328	\$ 1,838,613	\$ 4,595,039	\$ 3,657,516	27.01%
Operating Grants & Contributions	909,662	388,740	-	-	909,662	388,740	5.35%
Capital Grants & Contributions	3,866,666	3,505,536	-	-	3,866,666	3,505,536	22.73%
General Revenues:							
Property Taxes	5,129,620	4,619,219	-	-	5,129,620	4,619,219	30.15%
Ad Valorem	59,392	55,627	-	-	59,392	55,627	0.35%
Business Taxes	157,620	120,305	-	-	157,620	120,305	0.93%
Excise Taxes	271,964	254,168	-	-	271,964	254,168	1.60%
Franchise Taxes	758,375	799,245	-	-	758,375	799,245	4.46%
Other Taxes	1,119,606	1,062,080	-	-	1,119,606	1,062,080	6.58%
Unrestricted Interest	4,529	52,704	3,662	11,531	8,191	64,235	0.05%
Miscellaneous	73,488	130,177	400	-	73,888	130,177	0.43%
Gain on sale of assets	64,560	-	-	-	64,560	-	0.00%
<b>Total Revenues</b>	<b>\$ 15,033,193</b>	<b>\$ 12,806,704</b>	<b>\$ 1,981,390</b>	<b>\$ 1,850,144</b>	<b>\$ 17,014,583</b>	<b>\$ 14,656,848</b>	<b>100.00%</b>
<b>Expenses:</b>							
General Government	\$ 3,540,508	\$ 2,429,658	\$ -	\$ -	\$ 3,540,508	\$ 2,429,658	22.87%
Judicial	439,788	422,072	-	-	439,788	422,072	2.84%
Public Works	4,439,766	4,056,843	-	-	4,439,766	4,056,843	28.68%
Culture and Recreation	854,430	675,255	-	-	854,430	675,255	5.52%
Public Safety	2,904,021	3,047,852	-	-	2,904,021	3,047,852	18.76%
Housing and Development	1,076,986	971,509	-	-	1,076,986	971,509	6.96%
Interest on Long-Term Debt	599,934	263,555	-	-	599,934	263,555	3.88%
Water and Sewer	-	-	-	6,394	-	6,394	0.00%
Sanitation	-	-	1,304,310	1,191,116	1,304,310	1,191,116	8.43%
Stormwater	-	-	318,921	290,451	318,921	290,451	2.06%
<b>Total Expenses:</b>	<b>\$ 13,855,433</b>	<b>\$ 11,866,744</b>	<b>\$ 1,623,231</b>	<b>\$ 1,487,961</b>	<b>\$ 15,478,664</b>	<b>\$ 13,354,705</b>	<b>100.00%</b>
Increase in net position before transfers	\$ 1,177,760	\$ 939,960	\$ 358,159	\$ 362,183	\$ 1,535,919	\$ 1,302,143	
Transfers	550,000	453,420	(550,000)	(453,420)	-	-	
Increase in net position	1,727,760	1,393,380	(191,841)	(91,237)	1,535,919	1,302,143	
Net Position - beginning	48,393,162	46,999,782	15,241,995	15,333,232	63,635,157	62,333,014	
Net Position - ending	<b>\$ 50,120,922</b>	<b>\$ 48,393,162</b>	<b>\$ 15,050,154</b>	<b>\$ 15,241,995</b>	<b>\$ 65,171,076</b>	<b>\$ 63,635,157</b>	



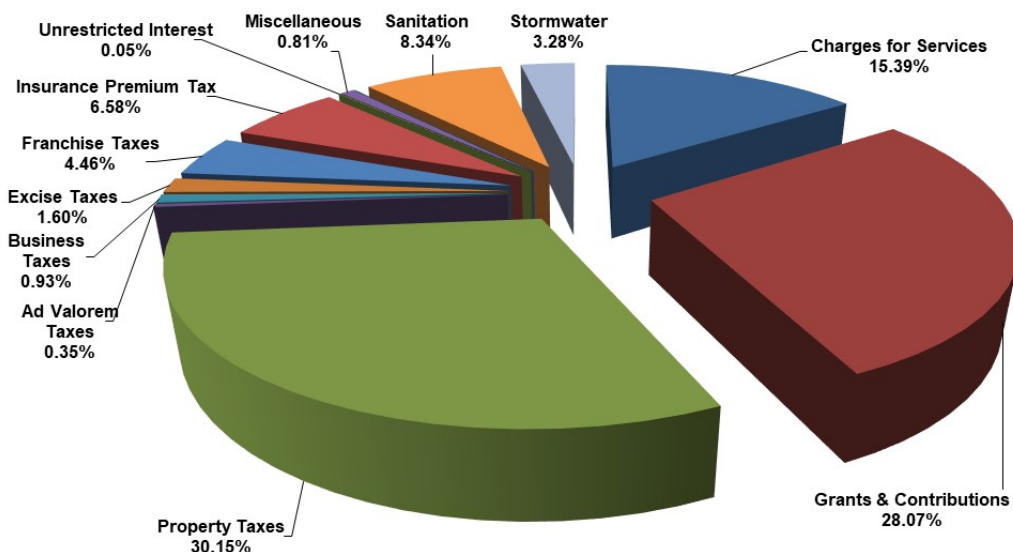
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
***As of and For Year Ended June 30, 2021***

**Changes in Overall Net Position from Operating Results**

**Revenues**

Total governmental activities revenues increased by \$2,442,182. This decrease is partially attributed to increases in programming revenues such as Charges for Services. This increase accounts for \$798,808 (over prior year revenue). The Charges for Services revenue sources include fees for services such as building permits and municipal court fines. Grants & Contributions revenues increased by \$966,499. This is mainly due to the City receiving the CARES Grant which to was to aid the City, it's residents and businesses deal with the impact of COVID. Another notable change in governmental activities revenues includes an increase in property taxes revenue of \$514,166 due to a slight increase in property values. The City is heavily reliant on tax revenues to support governmental operations. Taxes provided \$7,496,577 or 44% of the City's governmental revenue. Charges for services provided \$2,617,711 or 15% of operating revenues. Accordingly, the City's taxpayers and purchases of City services fund 60% 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. Sanitation revenue increased by \$197,756 or 16.19%. This is due to an increase in the customer base and to the collection of past due accounts. In fiscal year 2013, the City established the Storm Water Fund with a Storm Water utility fee rate billed annually with property taxes. The Storm Water Fund billed a total \$557,914 for the utility fees in 2021, an increase of \$86,492 from fiscal year 2020. This increase is attributed to an increase in new homes and commercial development.





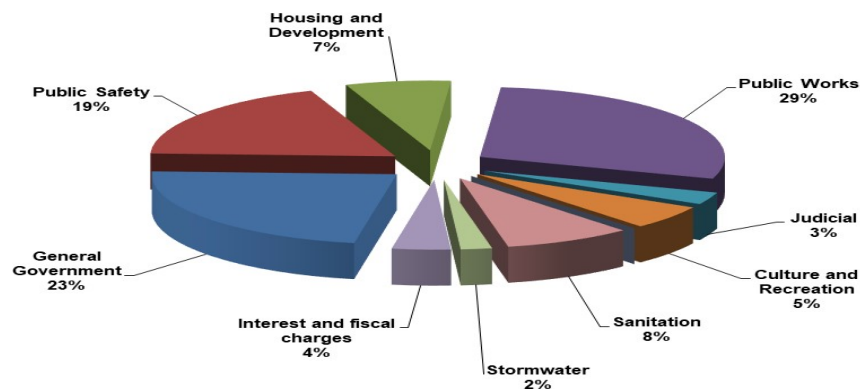
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
***As of and For Year Ended June 30, 2021***

## 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	\$ 3,540,508	22.9%	\$ (731,037)	12.0%
Public safety	2,904,021	18.8%	(2,818,814)	46.1%
Housing and development	1,076,986	7.0%	(1,076,986)	17.6%
Public works	4,439,766	28.7%	(671,804)	11.0%
Judicial	439,788	2.8%	227,177	-3.7%
Culture and recreation	854,430	5.5%	(796,509)	13.0%
Water & Sewer	-	0.0%	-	0.0%
Sanitation	1,304,310	8.4%	115,104	-1.9%
Storm Water	318,921	2.1%	238,993	-3.9%
Interest and fiscal charges	599,934	3.9%	(599,934)	9.8%
Total	\$ 15,478,664	100.0%	\$ (6,113,810)	100.0%

The City's total expenses increased by \$2,123,959 or by 16%. Governmental activities' expenses increased by \$1,988,689 in fiscal year 2021 over expenses incurred in fiscal year 2020. Business-type operating expense increased \$135,270 during the current fiscal year. The primary increase in governmental activities is due to an increase in expenses associated with capital projects and expenditures related to the CARES Grant. The primary increase in business-type operating expense is due to the purchase of new capital equipment 2021.





MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
***As of and For Year Ended June 30, 2021***

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**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 2021, the City's governmental funds reported combined ending fund balances of \$23,663,535, an increase of \$10,191,229 or 75.6% from the prior year. The change in fund balance is comprised of the following:

- *General Fund* fund balance increase by \$905,620 to an ending balance of \$7,336,114, primarily due to an increase in tax revenues and an increase in charges for services.
- *Capital Projects Fund* fund balance increased by \$5,158,726 to an ending balance of \$6,869,204 primarily due to the issuance of bonds for a new municipal complex.
- *SPLOST Fund* fund balance increased by \$821,379 to an ending fund balance of \$4,528,146. The change in the fund balance for the SPLOST Fund is due strong revenues outpacing spending for the fund in FY 2021 projects.

The ending unassigned governmental fund balance is \$6,612,011, 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:**
  - \$ 10,439 for inventories
  - \$ 281,664 for prepaid expenses
  - \$ 2,384,741 for land held for resale
- **Restricted balance:**
  - \$ 5,521,556 for capital projects
  - \$ 228,871 for law enforcement
  - \$ 602,249 for debt service
  - \$ 232 for tourism
- **Assigned balance:**
  - \$ 5,505,962 for capital projects
  - \$ 2,083,810 for economic development
  - \$ 432,000 for subsequent year expenditures

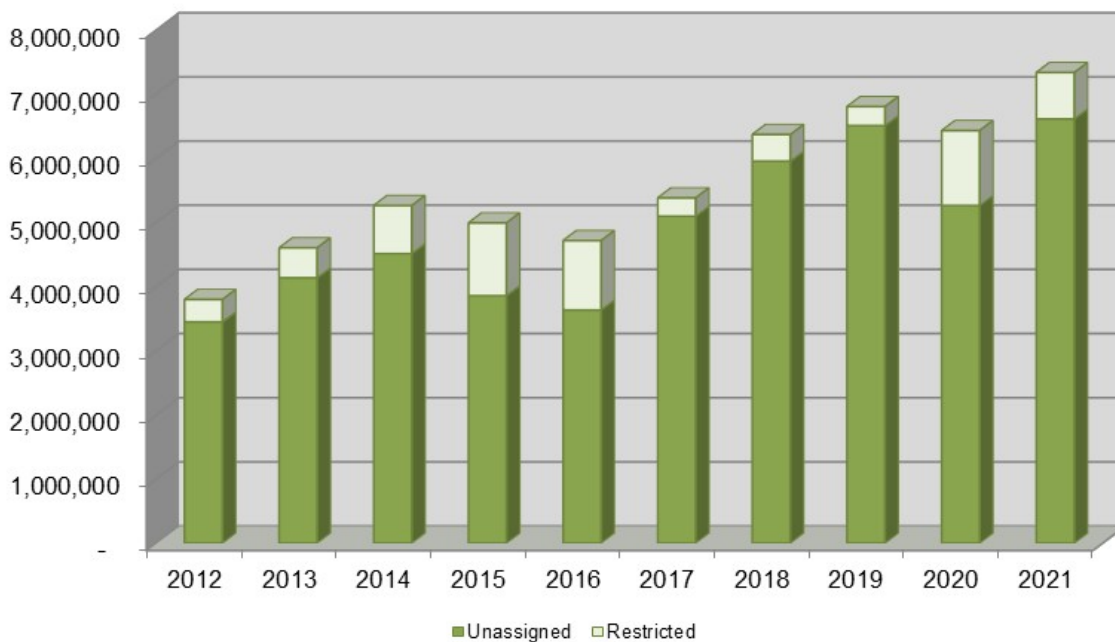
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2021**

**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, 2021 of \$6,612,011 is considered sufficient, representing the equivalent of 85.1% of fiscal year 2021 general fund expenditures or 10.2 months of the current year's operating expenditures.

General Fund revenues in the current year increased by \$1,294,326 from fiscal year 2020 revenues. Expenditures increased by \$189,892 from fiscal year 2020 expenditures and net operating transfers in and out of the General Fund decreased by \$75,396.

The following chart reports general fund balances from fiscal year 2012-2021.



**Capital Projects Fund** – The Capital Projects Fund of the City reflects expenditures for capital projects as approved by the governing body. In fiscal year 2021, it is considered a major fund. The fund balance of the Capital Projects Fund increased \$5,158,726 primarily due to bond proceeds. Collection of impact fees increased by \$151,182 due to more residential housing starts and transfers in from the General Fund increased by \$72,061. Expenditures during the current fiscal year decreased by \$3,710,696 as prior work on the downtown park had been completed.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
***As of and For Year Ended June 30, 2021***

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**SPLOST Fund** - The SPLOST Fund, a major fund, is used to account for 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 \$821,379 or 22.1% is due to strong revenues and a slight slowdown in spending as remaining major projects require coordination with State or County agencies. SPLOST project expenditures were \$2,730,402 during the year as compared to expenditures of \$3,267,345 in fiscal year 2020. Revenues are received uniformly from Cobb County based on Cobb's budgeted allocation to the City.

**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 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 to the City or the Storm Water Fund. The City retained all cash and accounts receivable at June 30, 2019. The net loss on the sale of the water system in FY 2019 was \$841,120 and due primarily to the transfer of the infrastructure. Apart from the transfer of the Cobb County annual payment of \$550,000 to the General Fund, the Water and Sewer Fund had minimal activity in FY 2021. The net change in position during the fiscal year was a decrease of \$546,387.

The Sanitation Fund net position at the end of the year was \$2,115,915, an increase of \$115,553.

The Storm Water net position at the end of the year was \$1,345,798, an increase of \$238,993.

**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 2020, the City adopted a General Fund Budget for operations for fiscal year 2021 of \$9,435,076. At the end of the fiscal year, the final amended budgeted expenditures and transfers out were \$10,874,717, an increase of \$1,439,641. Actual General Fund revenue was \$1,004,750 more than final budgeted revenues for fiscal year 2021. Actual expenditures were \$917,196 less than final budgeted expenditures, resulting in a favorable budget variance before other financing sources and uses of \$1,921,946.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
***As of and For Year Ended June 30, 2021***

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

- Transfers to the Capital Projects Fund to replace police vehicles that were wrecked during the year for \$79,156.
- The City received additional permitting revenue in the fiscal year and amended the revenue and expenditure budgets by \$50,000 to allocate these funds to permitting as well as the corresponding contract labor for building inspections.
- The City increased the revenue budget to recognize developer bonds for work that was not completed and a corresponding expenditure increase for a transfer to the Capital Projects Fund to complete the projects for \$133,207.
- Transfers to the DDA for bond payments of \$855,094.

**Capital Assets and Debt Administration**

**Capital Assets**

The City's investment in capital assets, net of related debt for its governmental activities amounts to \$30,565,538 and in the business-type activities the balance was \$838,091, as of June 30, 2021. 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.

<b>2020 Capital Assets (Net of depreciation)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Construction in Progress	\$ 7,688,619	\$ 6,843,740	\$ -	\$ -	\$ 7,688,619	\$ 6,843,740
Land & Improvements	6,323,664	6,323,664	-	-	6,323,664	6,323,664
Buildings and Improvements	11,077,407	11,785,552	18,828	20,206	11,096,235	11,805,758
Parks Equipment	695,665	747,773	-	-	695,665	747,773
Vehicles and Equipment	1,025,952	1,047,233	426,126	241,356	1,452,078	1,288,589
Infrastructure	16,566,812	17,390,575	-	-	16,566,812	17,390,575
Utility Systems	-	-	393,137	407,228	393,137	407,228
<b>Total</b>	<b>\$ 43,378,119</b>	<b>\$ 44,138,537</b>	<b>\$ 838,091</b>	<b>\$ 668,790</b>	<b>\$ 44,216,210</b>	<b>\$ 44,807,327</b>

At June 30, 2021, the depreciable capital assets for governmental activities were 47% depreciated. Conversely, the depreciable capital assets of business-type activities were 50% depreciated.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
***As of and For Year Ended June 30, 2021***

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

- Police Department vehicles of \$242,803.
- Touchless restroom fixtures of \$21,262.
- Computer equipment upgrades of \$35,393.
- Halo HVAC system of \$27,030.
- Gates for park trails of \$21,467.

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

- New Sanitation truck of \$253,328.

Costs added to construction in progress during the fiscal year consist of the following:

- Downtown park \$250,148.
- Brownsville Road intersection improvements \$125,414.
- Powder Springs/Sailors/Flint intersection improvements \$41,384.
- Sailors/CH James intersection improvements \$234,675.
- Powder Springs/Deercreek/Pinegrove intersection improvements \$77,555.
- Florence/CH James intersection improvements \$65,563.
- Senior Center renovations \$121,826.
- Cameron Springs improvements \$3,600.

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, 2020, the City's total outstanding long-term debt (principal portion) totaled \$14,777,000 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.	\$1,475,000
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.	\$4,077,000
Series 2021A issued to refund the remaining balance of Series 2014, expanding existing City properties, acquire additional properties, and finance related costs.	\$5,560,000
Series 2021B issued to refund the remaining balance of Series 2014, expanding existing City properties, acquire additional properties, and finance related costs.	\$3,665,000



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
***As of and For Year Ended June 30, 2021***

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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 \$48,377,627.

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

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

The Mayor and Council consider many factors when adopting the fiscal year 2022 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 \$10,408,014 and transfers out to the Capital Projects Fund of \$432,000. The expected unassigned fund balance for the General Fund at the end of the fiscal year 2020 is \$6,612,011.
- The millage rate is adopted in July of each year for the operations and maintenance in General Fund. The millage rate for the 2021 tax digest is 9.50 (for fiscal year 2022).
- The 2020 tax digest (fiscal year 2021) was \$483,776,269; which was \$31,296,319 or 6.9% 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, 2021**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,338,495	\$ 10,352,798	\$ 27,691,293
Receivables, net of allowance for uncollectibles	50,102	41,617	91,719
Taxes receivable, net of allowance for uncollectibles	71,322	-	71,322
Inventories	10,439	-	10,439
Prepaid items	281,664	43,198	324,862
Restricted cash and cash equivalents	5,073,488	-	5,073,488
Due from other governments	717,303	4,400,000	5,117,303
Land held for resale	2,384,741	-	2,384,741
Capital assets:			
Non-depreciable	14,012,283	-	14,012,283
Depreciable, net of accumulated depreciation	29,365,836	838,091	30,203,927
Total assets	<u>69,305,673</u>	<u>15,675,704</u>	<u>84,981,377</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refundings	92,800	-	92,800
Pension related items	242,504	26,470	268,974
OPEB related items	51,253	-	51,253
Total deferred outflows of resources	<u>386,557</u>	<u>26,470</u>	<u>413,027</u>
<b>LIABILITIES</b>			
Accounts payable	1,442,464	111,530	1,553,994
Accrued liabilities	777,362	11,460	788,822
Customer deposits	-	397,634	397,634
Interest payable	154,496	-	154,496
Bonds payable, due within one year	724,000	-	724,000
Bonds payable, due in more than one year	14,053,000	-	14,053,000
Premium on bonds payable	628,318	-	628,318
Compensated absences, due within one year	115,524	15,076	130,600
Compensated absences, due in more than one year	87,149	11,375	98,524
Net pension liability, due in more than one year	790,789	86,319	877,108
Total OPEB liability, due in more than one year	529,111	-	529,111
Total liabilities	<u>19,302,213</u>	<u>633,394</u>	<u>19,935,607</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	170,633	18,626	189,259
OPEB related items	98,462	-	98,462
Total deferred inflows of resources	<u>269,095</u>	<u>18,626</u>	<u>287,721</u>
<b>NET POSITION</b>			
Net investment in capital assets	30,565,538	4,688,091	35,253,629
Restricted for:			
Tourism	232	-	232
Law enforcement	228,871	-	228,871
Debt Service	602,249	-	602,249
Capital projects	5,521,556	-	5,521,556
Unrestricted	13,202,476	10,362,063	23,564,539
Total net position	<u>\$ 50,120,922</u>	<u>\$ 15,050,154</u>	<u>\$ 65,171,076</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, 2021

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
Governmental activities:							
General government	\$ 3,540,508	\$ 1,604,855	\$ 909,626	\$ 294,990	\$ (731,037)	\$ -	\$ (731,037)
Judicial	439,788	673,478	-	-	233,690	-	233,690
Public safety	2,904,021	22,985	36	62,186	(2,818,814)	-	(2,818,814)
Public works	4,439,766	316,393	-	3,451,569	(671,804)	-	(671,804)
Community development	31,999	-	-	-	(31,999)	-	(31,999)
Planning and zoning	717,400	-	-	-	(717,400)	-	(717,400)
Economic development	327,587	-	-	-	(327,587)	-	(327,587)
Culture and recreation	854,430	-	-	57,921	(796,509)	-	(796,509)
Interest on long-term debt	599,934	-	-	-	(599,934)	-	(599,934)
Total governmental activities	13,855,433	2,617,711	909,662	3,866,666	(6,461,394)	-	(6,461,394)
Business-type activities:							
Water & Sewer	-	-	-	-	-	-	-
Solid waste	1,304,310	1,419,414	-	-	-	115,104	115,104
Stormwater	318,921	557,914	-	-	-	238,993	238,993
Total business-type activities	1,623,231	1,977,328	-	-	-	354,097	354,097
Total primary government	\$ 15,478,664	\$ 4,595,039	\$ 909,662	\$ 3,866,666	(6,461,394)	354,097	(6,107,297)
General revenues:							
Property taxes					5,129,620	-	5,129,620
Ad valorem taxes					59,392	-	59,392
Franchise taxes					758,375	-	758,375
Excise taxes					271,964	-	271,964
Business and occupational taxes					157,620	-	157,620
Insurance premium taxes					1,119,606	-	1,119,606
Unrestricted investment earnings					4,529	3,662	8,191
Gain on sale of capital assets					64,560	-	64,560
Miscellaneous					73,488	400	73,888
Transfers					550,000	(550,000)	-
Total general revenues and transfers					8,189,154	(545,938)	7,643,216
Change in net position					1,727,760	(191,841)	1,535,919
Net position, beginning of year					48,393,162	15,241,995	63,635,157
Net position, end of year					\$ 50,120,922	\$ 15,050,154	\$ 65,171,076

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

**CITY OF POWDER SPRINGS, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	General Fund	SPLOST Fund	Capital Projects Fund	Downtown Development Authority	Total Nonmajor Special Revenue Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 7,954,827	\$ 4,661,245	\$ 2,094,260	2,316,227	\$ 311,936	\$ 17,338,495
Taxes receivable, net of allowance	71,322	-	-	-	-	71,322
Accounts receivable, net of allowance	50,063	-	-	-	39	50,102
Due from other governments	94,444	622,859	-	-	-	717,303
Restricted cash and cash equivalents	-	-	5,073,488	-	-	5,073,488
Due from other funds	44,986	-	-	-	-	44,986
Inventory	10,439	-	-	-	-	10,439
Prepaid items	281,664	-	-	-	-	281,664
Land held for resale	-	-	-	2,384,741	-	2,384,741
Total assets	<u>\$ 8,507,745</u>	<u>\$ 5,284,104</u>	<u>\$ 7,167,748</u>	<u>\$ 4,700,968</u>	<u>\$ 311,975</u>	<u>\$ 25,972,540</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 350,576	\$ 755,958	\$ 298,044	\$ -	\$ 37,886	\$ 1,442,464
Accrued liabilities	776,862	-	500	-	-	777,362
Due to other funds	-	-	-	-	44,986	44,986
Total liabilities	<u>1,127,438</u>	<u>755,958</u>	<u>298,544</u>	<u>-</u>	<u>82,872</u>	<u>2,264,812</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	44,193	-	-	-	-	44,193
Total deferred inflows of resources	<u>44,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,193</u>
<b>FUND BALANCES</b>						
Fund balances:						
Nonspendable:						
Prepaid items	281,664	-	-	-	-	281,664
Inventory	10,439	-	-	-	-	10,439
Land held for resale	-	-	-	2,384,741	-	2,384,741
Restricted:						
Tourism	-	-	-	-	232	232
Law enforcement	-	-	-	-	228,871	228,871
Capital projects	-	4,528,146	993,410	-	-	5,521,556
Debt service	-	-	369,832	232,417	-	602,249
Assigned for:						
Economic development	-	-	-	2,083,810	-	2,083,810
Capital projects	-	-	5,505,962	-	-	5,505,962
Subsequent year expenditures	432,000	-	-	-	-	432,000
Unassigned	6,612,011	-	-	-	-	6,612,011
Total fund balances	<u>7,336,114</u>	<u>4,528,146</u>	<u>6,869,204</u>	<u>4,700,968</u>	<u>229,103</u>	<u>23,663,535</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,507,745</u>	<u>\$ 5,284,104</u>	<u>\$ 7,167,748</u>	<u>\$ 4,700,968</u>	<u>\$ 311,975</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.	43,378,119
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	44,193
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.	(1,295,238)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(15,669,687)

Net position of governmental activities	<u>\$ 50,120,922</u>
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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, 2021**

	General Fund	SPLOST Fund	Capital Projects Fund	Downtown Development Authority	Total Nonmajor Special Revenue Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 7,581,638	\$ -	\$ -	\$ -	\$ 618	\$ 7,582,256
Licenses and permits	749,083	-	-	-	-	749,083
Intergovernmental	301,804	3,551,347	315,319	-	805,038	4,973,508
Fines and forfeitures	673,478	-	-	-	22,985	696,463
Charges for services	855,772	-	316,393	-	-	1,172,165
Interest income	3,065	434	527	392	111	4,529
Contributions	536	-	-	-	-	536
Miscellaneous	47,557	-	15,140	10,291	-	72,988
Total revenues	10,212,933	3,551,781	647,379	10,683	828,752	15,251,528
<b>Expenditures</b>						
Current:						
General government	2,356,990	44,406	102,263	-	805,038	3,308,697
Judicial	450,028	-	-	-	-	450,028
Public safety	2,226,493	21,061	211,591	-	85,975	2,545,120
Public works	1,365,113	2,059,257	285,945	-	-	3,710,315
Community development	-	-	41,507	-	-	41,507
Planning and zoning	716,909	-	-	-	-	716,909
Economic development	210,359	-	-	116,842	386	327,587
Culture and recreation	436,722	-	121,826	-	-	558,548
Capital outlay	-	578,928	353,645	-	-	932,573
Debt service:						
Principal retirements	-	26,636	-	2,452,000	-	2,478,636
Interest	-	114	-	235,123	-	235,237
Debt issuance costs	-	-	157,263	130,981	-	288,244
Total expenditures	7,762,614	2,730,402	1,274,040	2,934,946	891,399	15,593,401
Excess (deficiency) of revenues over expenditures	2,450,319	821,379	(626,661)	(2,924,263)	(62,647)	(341,873)
<b>Other financing sources (uses):</b>						
Proceeds from bonds issued	-	-	4,448,923	4,776,077	-	9,225,000
Premium on bonds issued	-	-	-	628,318	-	628,318
Proceeds from sales of capital assets	100,208	-	29,576	-	-	129,784
Transfers in	550,000	-	1,392,888	941,094	-	2,883,982
Transfers out	(2,194,907)	-	(86,000)	-	(53,075)	(2,333,982)
Total other financing sources (uses)	(1,544,699)	-	5,785,387	6,345,489	(53,075)	10,533,102
Net change in fund balances	905,620	821,379	5,158,726	3,421,226	(115,722)	10,191,229
<b>Fund balances, beginning of year</b>	6,430,494	3,706,767	1,710,478	1,279,742	344,825	13,472,306
<b>Fund balances, end of year</b>	\$ 7,336,114	\$ 4,528,146	\$ 6,869,204	\$ 4,700,968	\$ 229,103	\$ 23,663,535

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, 2021**

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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	\$ 10,191,229
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 depreciation exceeded capital outlays in the current period.	(695,194)
Governmental funds report the proceeds from the sale of capital assets; however, the statement of activities reports the gain or loss on disposal. Therefore, the change in net position will differ from the change in fund balance by the net book value of the capital assets disposed.	(65,224)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(282,895)
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 the issuance and repayment of long-term debt:	(7,374,682)
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.	(45,474)
Change in net position - governmental activities	<u>\$ 1,727,760</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, 2021**

ASSETS	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 7,182,925	\$ 2,197,577	\$ 972,296	\$ 10,352,798
Accounts receivable, net of allowances	5,516	15,942	20,159	41,617
Prepaid items	-	34,636	8,562	43,198
Due from other governments	550,000	-	-	550,000
Total current assets	<u>7,738,441</u>	<u>2,248,155</u>	<u>1,001,017</u>	<u>10,987,613</u>
<b>NONCURRENT ASSETS</b>				
Due from other governments	3,850,000	-	-	3,850,000
Depreciable capital assets, net of accumulated depreciation	-	439,463	398,628	838,091
Total noncurrent assets	<u>3,850,000</u>	<u>439,463</u>	<u>398,628</u>	<u>4,688,091</u>
Total assets	<u>11,588,441</u>	<u>2,687,618</u>	<u>1,399,645</u>	<u>15,675,704</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	-	19,879	6,591	26,470
Total deferred outflows of resources	<u>-</u>	<u>19,879</u>	<u>6,591</u>	<u>26,470</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	-	84,029	27,501	111,530
Accrued liabilities	-	10,114	1,346	11,460
Customer deposits	-	397,634	-	397,634
Compensated absences payable, current	-	11,965	3,111	15,076
Total current liabilities	<u>-</u>	<u>503,742</u>	<u>31,958</u>	<u>535,700</u>
<b>NONCURRENT LIABILITIES</b>				
Compensated absences payable	-	9,027	2,348	11,375
Net pension liability	-	64,825	21,494	86,319
Total noncurrent liabilities	<u>-</u>	<u>73,852</u>	<u>23,842</u>	<u>97,694</u>
Total liabilities	<u>-</u>	<u>577,594</u>	<u>55,800</u>	<u>633,394</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	-	13,988	4,638	18,626
Total deferred inflows of resources	<u>-</u>	<u>13,988</u>	<u>4,638</u>	<u>18,626</u>
<b>NET POSITION</b>				
Investment in capital assets	3,850,000	439,463	398,628	4,688,091
Unrestricted	7,738,441	1,676,452	947,170	10,362,063
Total net position	<u>\$ 11,588,441</u>	<u>\$ 2,115,915</u>	<u>\$ 1,345,798</u>	<u>\$ 15,050,154</u>

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, 2021**

	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ -	\$ 1,389,006	\$ 557,914	\$ 1,946,920
Other operating income	-	30,408	-	30,408
Total operating revenues	-	1,419,414	557,914	1,977,328
<b>OPERATING EXPENSES</b>				
Salaries and benefits	-	409,101	86,341	495,442
General operating expenses	-	825,273	218,489	1,043,762
Depreciation	-	69,936	14,091	84,027
Total operating expenses	-	1,304,310	318,921	1,623,231
Operating income	-	115,104	238,993	354,097
<b>NON-OPERATING REVENUES</b>				
Interest income	3,213	449	-	3,662
Other miscellaneous revenue	400	-	-	400
Total non-operating revenues	3,613	449	-	4,062
Change in net position before transfers	3,613	115,553	238,993	358,159
Transfers out	(550,000)	-	-	(550,000)
Total transfers	(550,000)	-	-	(550,000)
Change in net position	(546,387)	115,553	238,993	(191,841)
<b>Net position, beginning of year</b>	12,134,828	2,000,362	1,106,805	15,241,995
<b>Net position, end of year</b>	<u>\$ 11,588,441</u>	<u>\$ 2,115,915</u>	<u>\$ 1,345,798</u>	<u>\$ 15,050,154</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, 2021**

	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ -	\$ 1,545,906	\$ 576,286	\$ 2,122,192
Payments to suppliers and customers	(5,502)	(813,861)	(229,434)	(1,048,797)
Payments to employees	-	(414,084)	(77,497)	(491,581)
Net cash provided by (used in) operating activities	(5,502)	317,961	269,355	581,814
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Receipt of long-term receivable	4,400,000	-	-	4,400,000
Receipt of other non-operating revenue	400	-	-	400
Transfers out to other funds	(550,000)	-	-	(550,000)
Net cash provided by non-capital financing activities	3,850,400	-	-	3,850,400
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	-	(253,328)	-	(253,328)
Net cash used in capital and related financing activities	-	(253,328)	-	(253,328)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	3,213	449	-	3,662
Net cash provided by investing activities	3,213	449	-	3,662
Net increase (decrease) in cash and cash equivalents	3,848,111	65,082	269,355	4,182,548
Cash and cash equivalents, beginning of year	7,184,814	2,132,495	702,941	10,020,250
Cash and cash equivalents, end of year	\$ 11,032,925	\$ 2,197,577	\$ 972,296	\$ 14,202,798
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income	\$ -	\$ 115,104	\$ 238,993	\$ 354,097
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	-	69,936	14,091	84,027
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(4,627)	126,492	18,372	140,237
Increase in prepaid items	-	(25,200)	(6,385)	(31,585)
Decrease in deferred outflows of resources - pension related items	-	5,232	22	5,254
Increase (decrease) in accounts payable	-	47,803	(4,560)	43,243
Decrease in accrued liabilities	-	(13,063)	(953)	(14,016)
Decrease in customer deposits	(875)	(11,191)	-	(12,066)
Increase (decrease) in compensated absences payable	-	(1,080)	3,364	2,284
Increase in net pension liability	-	1,211	4,741	5,952
Increase in deferred inflows of resources - pension related items	-	2,717	1,670	4,387
Net cash provided by (used in) operating activities	\$ (5,502)	\$ 317,961	\$ 269,355	\$ 581,814

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

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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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.

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



## NOTES TO FINANCIAL STATEMENTS

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

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

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.

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

## 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 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 **Downtown Development Authority** (Debt Service Fund) 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 property for development purposes.

The City reports the following major enterprise funds:

The **Water and Sewer Fund** accounted for the operation, maintenance and development of the City's water and sewer system and services. The system was sold to Cobb County, Georgia at the end of the fiscal year ended June 30, 2019. Continued activity in the fund is related to the sale of the system, and to subsequent activity related to customer deposits and accounts receivable.

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 **Special Revenue funds** are used to account for revenue sources that are legally restricted to expenditures for specific purposes such as hotel/motel and police seizure revenues, as well as various grants and contributions.

The **Stormwater fund**, an **enterprise fund**, accounts for the collection of fees for upgrades to stormwater drains and related expenses.

## 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)

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.

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, 2021, 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### **D. Budgets (Continued)**

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 \$1,280,713 and \$407,568, respectively, as of June 30, 2021.

#### **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.

#### **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.

## NOTES TO FINANCIAL STATEMENTS

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

#### I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

#### 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 several 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 lower of historical acquisition cost or market. Other costs such as those incurred for maintaining the property until it is sold, legal costs, and other expenditures also contribute to the basis in the properties.

## NOTES TO FINANCIAL STATEMENTS

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

#### 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 below.

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, 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### **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.

#### **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.

## NOTES TO FINANCIAL STATEMENTS

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

#### 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.

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.



## NOTES TO FINANCIAL STATEMENTS

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

#### P. Fund Equity (Continued)

**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.

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.

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$15,669,687 difference are as follows:

Bonds payable	\$ (14,777,000)
Premium on bonds payable	(628,318)
Deferred charges on refunding	92,800
Accrued interest payable	(154,496)
Compensated absences (i.e., vacation)	(202,673)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (15,669,687)</u>

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 \$1,295,238 difference are as follows:

Net pension liability	\$ (790,789)
Deferred outflows of resources - pension related items	242,504
Deferred inflows of resources - pension related items	(170,633)
Total OPEB liability	(529,111)
Deferred outflows of resources - OPEB related items	51,253
Deferred inflows of resources - OPEB related items	(98,462)
Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (1,295,238)</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

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 \$695,194 difference are as follows:

Capital outlay	\$ 1,268,120
Depreciation expense	<u>(1,963,314)</u>
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>\$ (695,194)</u>

Another element of the reconciliation states that “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.” The details of this \$7,374,682 difference are as follows:

Principal repayments	\$ 2,478,636
Issuance of bonds	(9,225,000)
Bond premium	<u>(628,318)</u>
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>\$ (7,374,682)</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 \$45,474 difference are as follows:

Compensated absences (i.e., vacation)	\$ 35,214
Accrued interest	(57,894)
Amortization of deferred charges	(18,559)
Pension expense	(4,734)
OPEB expense	<u>499</u>
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>\$ (45,474)</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 excess of appropriations by \$211,457. The excesses were funded with transfers in from other funds.

### NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2021 are summarized as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 27,691,293
Restricted cash and cash equivalents	5,073,488
	<u>\$ 32,764,781</u>
Cash deposited with financial institutions	\$ 10,610,955
Cash deposited with Georgia fund 1	22,153,826
	<u>\$ 32,764,781</u>

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

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

The Georgia Fund 1 is an investment pool, rated AAAF by Standard & Poor's, with a Weighted Average Maturity of 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, 2021, 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, 2021, 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, 2021, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<b>Receivables</b>				
	<b>Taxes</b>	<b>Accounts</b>	<b>From Other Governments</b>	<b>Less Allowances</b>	<b>Net Total Receivables</b>
General	\$ 266,001	\$ 73,044	\$ 94,444	\$ (217,660)	\$ 215,829
SPLOST	-	-	622,859	-	622,859
Nonmajor					
Governmental Funds	-	39	-	-	39
Water & Sewer	-	157,735	4,400,000	(152,219)	4,405,516
Sanitation	-	55,056	-	(39,114)	15,942
Nonmajor - Stormwater	-	48,478	-	(28,319)	20,159
	<u>\$ 266,001</u>	<u>\$ 334,352</u>	<u>\$ 5,117,303</u>	<u>\$ (437,312)</u>	<u>\$ 5,280,344</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES (CONTINUED)

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 other assets 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, 2021, the outstanding balance was \$4,400,000.

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Nondepreciable capital assets:					
Land and improvements	\$ 6,323,664	\$ -	\$ -	\$ -	\$ 6,323,664
Construction in progress	<u>6,843,740</u>	<u>920,165</u>	<u>-</u>	<u>(75,286)</u>	<u>7,688,619</u>
Total	<u>13,167,404</u>	<u>920,165</u>	<u>-</u>	<u>(75,286)</u>	<u>14,012,283</u>
Capital assets, being depreciated:					
Buildings and improvements	20,223,110	-	-	-	20,223,110
Furniture and fixtures	146,901	21,262	-	-	168,163
Parks equipment	5,457,802	21,467	-	-	5,479,269
Vehicles and equipment	5,617,318	305,226	(267,452)	75,286	5,730,378
Infrastructure - streets	<u>24,191,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,191,619</u>
Total	<u>55,636,750</u>	<u>347,955</u>	<u>(267,452)</u>	<u>75,286</u>	<u>55,792,539</u>
being depreciated					
Less accumulated depreciation for:					
Buildings and improvements	(8,437,558)	(708,145)	-	-	(9,145,703)
Furniture and fixtures	(146,901)	(2,097)	-	-	(148,998)
Parks equipment	(4,710,029)	(73,575)	-	-	(4,783,604)
Vehicles and equipment	(4,570,085)	(355,734)	202,228	-	(4,723,591)
Infrastructure - streets	<u>(6,801,044)</u>	<u>(823,763)</u>	<u>-</u>	<u>-</u>	<u>(7,624,807)</u>
Total	<u>(24,665,617)</u>	<u>(1,963,314)</u>	<u>202,228</u>	<u>-</u>	<u>(26,426,703)</u>
Total capital assets, being depreciated, net	<u>30,971,133</u>	<u>(1,615,359)</u>	<u>(65,224)</u>	<u>75,286</u>	<u>29,365,836</u>
Governmental activities capital assets, net	<u>\$ 44,138,537</u>	<u>\$ (695,194)</u>	<u>\$ (65,224)</u>	<u>\$ -</u>	<u>\$ 43,378,119</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets,				
being depreciated				
Buildings and improvements	\$ 41,333	\$ -	\$ -	\$ 41,333
Utility systems	422,722	-	-	422,722
Vehicles and equipment	965,449	253,328	-	1,218,777
Total	<u>1,429,504</u>	<u>253,328</u>	<u>-</u>	<u>1,682,832</u>
Less accumulated				
depreciation for:				
Buildings and improvements	(21,127)	(1,378)	-	(22,505)
Utility systems	(15,494)	(14,091)	-	(29,585)
Vehicles and equipment	(724,093)	(68,558)	-	(792,651)
Total	<u>(760,714)</u>	<u>(84,027)</u>	<u>-</u>	<u>(844,741)</u>
Total capital assets being				
depreciated, net	<u>668,790</u>	<u>169,301</u>	<u>-</u>	<u>838,091</u>
Business-type activities				
capital assets, net	<u>\$ 668,790</u>	<u>\$ 169,301</u>	<u>\$ -</u>	<u>\$ 838,091</u>

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

General government	\$ 241,743
Public safety	437,790
Public works	879,047
Culture and recreation	400,641
Community development	<u>4,093</u>
Total depreciation expense - governmental activities	<u>\$ 1,963,314</u>
Business-type activities:	
Stormwater	\$ 14,091
Sanitation	<u>69,936</u>
Total depreciation expense - business-type activities	<u>\$ 84,027</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds payable	\$ 8,004,000	\$ 9,225,000	\$ (2,452,000)	\$ 14,777,000	\$ 724,000
Capital lease payable	26,636	-	(26,636)	-	-
Compensated absences	237,887	145,913	(181,127)	202,673	115,524
Net pension liability	912,753	531,275	(653,239)	790,789	-
Total OPEB liability	<u>574,724</u>	<u>45,466</u>	<u>(91,079)</u>	<u>529,111</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 9,756,000</u>	<u>\$ 9,947,654</u>	<u>\$ (3,404,081)</u>	<u>\$ 16,299,573</u>	<u>\$ 839,524</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 24,167	\$ 26,401	\$ (24,117)	\$ 26,451	\$ 15,076
Net pension liability	<u>80,367</u>	<u>57,991</u>	<u>(52,039)</u>	<u>86,319</u>	<u>-</u>
Business-type activity					
Long-term liabilities	<u>\$ 104,534</u>	<u>\$ 84,392</u>	<u>\$ (76,156)</u>	<u>\$ 112,770</u>	<u>\$ 15,076</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 was 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, 2021 the outstanding balance of these bonds is \$1,475,000.

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.



## NOTES TO FINANCIAL STATEMENTS

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

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

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. The Series 2014 Bonds were refunded with a portion of the issuance of the Series 2021A Bonds described on the following page.

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 has expired as the Series 2014 Bonds have been fully repaid as of June 30, 2021.

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, 2021 the outstanding balance of the Series 2018 bonds is \$4,077,000.

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

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

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

On March 2, 2021, the DDA issued \$5,560,000 in Series 2021A Revenue Bonds bearing interest at variable rates of 3.00% to 4.00% per annum payable each February 1 and August 1 with principal payable annually beginning February 1, 2022; the DDA issued \$3,665,000 Series 2021B Revenue Bonds bearing interest at variable rates of 2.00% to 2.45% per annum payable each February 1 and August 1 with principal payable annually beginning February 1, 2032. The bonds were issued for the purpose of refunding the remaining balance on the Series 2014 Revenue Bonds and to finance the costs of renovating and expanding existing City properties, to acquire additional properties, and to finance related costs. As of June 30, 2021 the outstanding balance of the Series 2021A bonds is \$5,560,000, and the outstanding balance of the Series 2021B bonds is \$3,665,000.

The debt service to maturity on the City's bonds payable is as follows:

	Principal	Interest	Total
Year Ending June 30,			
2022	\$ 724,000	\$ 212,496	\$ 936,496
2023	741,000	200,392	941,392
2024	770,000	187,997	957,997
2025	734,000	166,153	900,153
2026	660,000	159,667	819,667
2027-2031	3,523,000	1,139,657	4,662,657
2032-2036	3,565,000	849,238	4,414,238
2037-2041	4,060,000	371,900	4,431,900
Total	<u>\$ 14,777,000</u>	<u>\$ 3,287,500</u>	<u>\$ 18,064,500</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, 2021 the City has \$257,663 of assets held under capital lease, with associated accumulated depreciation of \$128,761 included in the capital assets. The annual amortization of the leased assets is included as a component of depreciation expense. The capital lease was paid in full as of June 30, 2021.

The City's general obligation debt is limited to 10% of the annual assessed value of the taxable property in the City. There is no general obligation debt outstanding as of June 30, 2021.

## NOTES TO FINANCIAL STATEMENTS

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

The composition of interfund balances as of June 30, 2021 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Multiple Grants Fund	\$ 44,986

Interfund receivables are the result of expenditures paid by the General Fund on behalf of other funds. These balances were repaid subsequent to year-end.

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 550,000
Capital Projects Fund	General Fund	\$ 1,339,813
Capital Projects Fund	Nonmajor Governmental Funds	53,075
		<u>\$ 1,392,888</u>
Downtown Development Authority	General Fund	\$ 855,094
Downtown Development Authority	Capital Projects Fund	86,000
		<u>\$ 941,094</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 proceeds from the sale of the Water and Sewer system to the General Fund.

## NOTES TO FINANCIAL STATEMENTS

### 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, 2021, the date of the most recent actuarial valuation, there were 159 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	36
Terminated vested participants not yet receiving benefits	48
Active employees - vested	30
Active employees - nonvested	45
Total	<u>159</u>

#### 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 2021, the actuarially determined contribution rate was 7.08% of covered payroll. The City makes all contributions to the Plan. For 2021, the City's contribution to the Plan was \$255,786.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN (CONTINUED)

#### Actuarial Assumptions

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

The City's net pension liability was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020.

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25%
Investment rate of return	7.375%

Mortality rates for the January 1, 2020 valuation were based on the Sex-distinct Pri-2012 head-count weighted Mortality Tables with rates multiplied by 1.25 and projected generationally from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019 conducted by Segal in November and December of 2019.

Cost of living adjustments were assumed to be 0.00%.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

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

##### Actuarial Assumptions (Continued)

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, 2020 are summarized in the table below:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Domestic equity	45%	6.40%
International equity	20%	7.05
Global fixed income	5%	1.25
Domestic fixed income	20%	1.15
Real estate	10%	4.50
Cash	0%	
Total	100%	

\* Rates shown are net of the 2.25% assumed rate of inflation

##### Discount rate

The discount rate used to measure the total pension liability was 7.375%. 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

### 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, 2021 were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at 6/30/20</b>	<u>\$ 5,353,612</u>	<u>\$ 4,360,492</u>	<u>\$ 993,120</u>
<b>Changes for the year:</b>			
Service cost	171,330	-	171,330
Interest	399,459	-	399,459
Differences between expected and actual experience	(49,575)	-	(49,575)
Assumption changes	-	-	-
Contributions—employer	-	233,185	(233,185)
Net investment income	-	422,518	(422,518)
Benefit payments, including refunds of employee contributions	(217,106)	(217,106)	-
Administrative expense	-	(18,477)	18,477
<b>Net changes</b>	<u>304,108</u>	<u>420,120</u>	<u>(116,012)</u>
<b>Balances at 6/30/21</b>	<u><u>\$ 5,657,720</u></u>	<u><u>\$ 4,780,612</u></u>	<u><u>\$ 877,108</u></u>

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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

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

##### 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 7.375%, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	<u>1% Decrease (6.375%)</u>	<u>Discount Rate (7.375%)</u>	<u>1% Increase (8.375%)</u>
City's net pension liability	\$ 1,682,555	\$ 877,108	\$ 216,195

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, 2020 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, 2021, the City recognized pension expense of \$212,165. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,364	\$ 135,631
Changes in assumptions	97,554	-
Net difference between projected and actual earnings on	-	53,628
City contributions subsequent to the measurement date	<u>148,056</u>	<u>-</u>
Total	<u>\$ 268,974</u>	<u>\$ 189,259</u>



## NOTES TO FINANCIAL STATEMENTS

### 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)

City contributions subsequent to the measurement date of \$148,056 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal year. 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:	
2022	\$ (38,561)
2023	(14,056)
2024	4,481
2025	(20,205)
Total	<u>\$ (68,341)</u>

### 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, 2020, the most recent valuation, there are twelve (12) retirees eligible for the benefits and 55 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, 2020, the most recent actuarial valuation:

Active participants	55
Retirees and beneficiaries currently receiving benefits	<u>12</u>
Total	<u>67</u>

## NOTES TO FINANCIAL STATEMENTS

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

#### 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, 2021, the City contributed \$26,291 for the pay as you go benefits for the Plan.

#### Total OPEB Liability

The City's total OPEB liability of \$529,111 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2018, with the actuary using standard techniques to roll forward the liability to the measurement date.

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Wage inflation	3.00%
Municipal bond index rate	
Current Measurement date	2.66%
Prior Measurement date	2.79%
Health care cost trends	
Pre-medicare	6.50% - 5.00%, Ultimate Trend in 2024
Medicare	5.50% - 5.00%, Ultimate Trend in 2021

The current mortality rates were based on the Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2017.

#### Discount rate

The discount rate used to measure the total OPEB liability was 2.66%. The discount rate is based on the S&P Municipal Bond 20-year Municipal Bond High Grade Index.

## NOTES TO FINANCIAL STATEMENTS

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

#### Changes in the Total OPEB Liability

The changes in the total OPEB liability for the City for the fiscal year ended June 30, 2021 were as follows:

	<b>Total OPEB Liability</b>
Balance at June 30, 2019	\$ 574,724
Service Cost	15,415
Interest	17,181
Demographic changes	(66,143)
Benefit payments	(24,936)
Assumption changes	12,870
Balance at June 30, 2020	<u>\$ 529,111</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.

#### 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 (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current discount rate:

	<b>1% Decrease (1.66%)</b>	<b>Current (2.66%)</b>	<b>1% Increase (3.66%)</b>
Total OPEB liability	\$ 593,261	\$ 529,111	\$ 474,869

#### 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 (5.50% to 4.00%)</b>	<b>Current (6.50% to 5.00%)</b>	<b>1% Increase (7.50% to 6.00%)</b>
Total OPEB liability	\$ 476,511	\$ 529,111	\$ 591,158

## NOTES TO FINANCIAL STATEMENTS

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

#### Sensitivity of the Total OPEB Liability to Changes in the Trend 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 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, 2020 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, 2021 the City recognized OPEB expense of \$856. At June 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in demographics	\$ -	\$ 98,462
Changes in assumptions	24,962	-
City contributions subsequent to the measurement date	26,291	-
	<u>\$ 51,253</u>	<u>\$ 98,462</u>

The City contributions made subsequent to the measurement date of \$26,291 are reported as deferred outflows and inflows of resources and will be recognized as a decrease of the total OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows and inflows of resources related to the OPEB will be recognized into OPEB expenses as follows:

<u>Year ending June 30,</u>	
2022	\$ (6,804)
2023	(6,804)
2024	(6,804)
2025	(6,804)
Thereafter	(53,088)
	<u>\$ (73,500)</u>

## NOTES TO FINANCIAL STATEMENTS

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### **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 Atlanta Regional Commission, 229 Peachtree St #100, Atlanta, GA 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.

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.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 12. RISK MANAGEMENT (CONTINUED)**

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.

### **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, 2021. 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 \$955,367. 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**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 15,415	\$ 22,242	\$ 18,012	\$ 29,625
Interest on total OPEB liability	17,181	17,082	17,452	17,867
Demographic changes	(66,143)	(45,483)	-	-
Benefit payments	(24,936)	(28,183)	(22,465)	(31,905)
Assumption changes	12,870	5,073	12,219	-
<b>Net change in total OPEB liability</b>	<b>(45,613)</b>	<b>(29,269)</b>	<b>25,218</b>	<b>15,587</b>
<b>Total OPEB liability - beginning</b>	<b>574,724</b>	<b>603,993</b>	<b>578,775</b>	<b>563,188</b>
<b>Total OPEB liability - ending</b>	<b>\$ 529,111</b>	<b>\$ 574,724</b>	<b>\$ 603,993</b>	<b>\$ 578,775</b>
 <b>Covered-employee payroll</b>	 \$ 2,545,181	 \$ 2,634,327	 \$ 2,636,891	 \$ 2,636,891
 <b>Total OPEB liability as a percentage of covered-employee payroll</b>	 20.79%	 21.82%	 22.91%	 21.95%

**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**

	2021	2020	2019	2018
<b>Total pension liability</b>				
Service cost	\$ 171,330	\$ 171,751	\$ 188,813	\$ 160,240
Interest on total pension liability	399,459	374,961	355,633	299,730
Differences between expected and actual experience	(49,575)	(93,742)	(95,223)	(67,433)
Changes of assumptions	-	168,489	-	66,551
Changes of benefit terms	-	-	-	375,624
Benefit payments, including refunds of employee contributions	(217,106)	(191,144)	(157,782)	(140,718)
<b>Net change in total pension liability</b>	<b>304,108</b>	<b>430,315</b>	<b>291,441</b>	<b>693,994</b>
<b>Total pension liability - beginning</b>	<b>5,353,612</b>	<b>4,923,297</b>	<b>4,631,856</b>	<b>3,937,862</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 5,657,720</b>	<b>\$ 5,353,612</b>	<b>\$ 4,923,297</b>	<b>\$ 4,631,856</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 233,185	\$ 262,899	\$ 214,744	\$ 173,207
Net investment income	422,518	129,838	374,496	491,420
Benefit payments, including refunds of member contributions	(217,106)	(191,144)	(157,782)	(140,718)
Administrative expenses	(18,477)	(16,725)	(17,588)	(19,834)
<b>Net change in plan fiduciary net position</b>	<b>420,120</b>	<b>184,868</b>	<b>413,870</b>	<b>504,075</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,360,492</b>	<b>4,175,624</b>	<b>3,761,754</b>	<b>3,257,679</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,780,612</b>	<b>\$ 4,360,492</b>	<b>\$ 4,175,624</b>	<b>\$ 3,761,754</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 877,108</b>	<b>\$ 993,120</b>	<b>\$ 747,673</b>	<b>\$ 870,102</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>84.50%</b>	<b>81.45%</b>	<b>84.81%</b>	<b>81.21%</b>
<b>Covered payroll</b>	<b>\$ 3,430,513</b>	<b>\$ 3,582,394</b>	<b>\$ 3,521,104</b>	<b>\$ 3,727,954</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>25.57%</b>	<b>27.72%</b>	<b>21.23%</b>	<b>23.34%</b>

	2017	2016	2015
<b>Total pension liability</b>			
Service cost	\$ 129,174	\$ 152,063	\$ 147,966
Interest on total pension liability	268,392	241,997	221,191
Differences between expected and actual experience	140,185	17,435	4,544
Changes of assumptions	-	-	(23,991)
Benefit payments, including refunds of employee contributions	(126,016)	(87,044)	(75,427)
Other changes	-	35,607	-
<b>Net change in total pension liability</b>	<b>411,735</b>	<b>360,058</b>	<b>274,283</b>
<b>Total pension liability - beginning</b>	<b>3,526,127</b>	<b>3,166,069</b>	<b>2,891,786</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 3,937,862</b>	<b>\$ 3,526,127</b>	<b>\$ 3,166,069</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 168,902	\$ 189,890	\$ 187,392
Net investment income	325,721	28,135	277,971
Benefit payments, including refunds of member contributions	(126,016)	(87,044)	(75,427)
Administrative expenses	(10,567)	(11,753)	(9,403)
<b>Net change in plan fiduciary net position</b>	<b>358,040</b>	<b>119,228</b>	<b>380,533</b>
<b>Plan fiduciary net position - beginning</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>\$ 3,257,679</b>	<b>\$ 2,899,639</b>	<b>\$ 2,780,411</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 680,183</b>	<b>\$ 626,488</b>	<b>\$ 385,658</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>82.73%</b>	<b>82.23%</b>	<b>87.82%</b>
<b>Covered payroll</b>	<b>\$ 3,500,149</b>	<b>\$ 2,934,029</b>	<b>\$ 3,353,477</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>19.43%</b>	<b>21.35%</b>	<b>11.50%</b>

**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**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 255,786	\$ 252,538	\$ 266,352	\$ 197,541
Contributions in relation to the actuarially determined contribution	<u>255,786</u>	<u>252,538</u>	<u>266,352</u>	<u>197,541</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,623,031	\$ 3,566,921	\$ 3,778,043	\$ 3,500,149
Contributions as a percentage of covered payroll	7.06%	7.08%	7.05%	5.64%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Actuarially determined contribution	\$ 162,562	\$ 171,015	\$ 176,564	
Contributions in relation to the actuarially determined contribution	<u>162,562</u>	<u>171,015</u>	<u>176,564</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 2,982,789	\$ 3,406,673	\$ 2,931,666	
Contributions as a percentage of covered payroll	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, 2021**

	Budget			Variance With
	Original	Final	Actual	Final Budget
<b>Revenues</b>				
Taxes	\$ 6,905,405	\$ 6,905,405	\$ 7,581,638	\$ 676,233
Licenses and permits	538,889	588,889	749,083	160,194
Intergovernmental	237,500	248,996	301,804	52,808
Fines and forfeitures	533,032	533,032	673,478	140,446
Charges for services	603,750	778,209	855,772	77,563
Interest	45,000	45,000	3,065	(41,935)
Contributions	4,500	4,500	536	(3,964)
Miscellaneous	17,000	104,152	47,557	(56,595)
Total revenues	8,885,076	9,208,183	10,212,933	1,004,750
<b>Expenditures</b>				
<b>Current:</b>				
<b>General government:</b>				
City Council	118,292	118,292	88,037	30,255
Mayor	56,694	56,694	42,550	14,144
City manager	406,713	406,713	402,974	3,739
City clerk	351,727	351,727	285,641	66,086
General administration fees	933,898	945,394	781,608	163,786
Financial administration	483,544	483,544	418,024	65,520
Data processing	245,000	245,000	230,046	14,954
Human resources	119,429	119,429	108,110	11,319
Total general government	2,715,297	2,726,793	2,356,990	369,803
<b>Judicial</b>	380,082	380,082	450,028	(69,946)
<b>Public safety</b>	2,592,245	2,538,845	2,226,493	312,352
<b>Public works</b>	1,503,755	1,514,674	1,365,113	149,561
<b>Planning and zoning</b>	676,599	782,699	716,909	65,790
<b>Economic development</b>	282,452	247,452	210,359	37,093
<b>Culture and recreation</b>	464,552	489,265	436,722	52,543
Total expenditures	8,614,982	8,679,810	7,762,614	917,196
Excess of revenues over expenditures	270,094	528,373	2,450,319	1,921,946
<b>Other financing sources (uses)</b>				
Proceeds of sales of capital assets	-	87,152	100,208	13,056
Transfers in	550,000	550,000	550,000	-
Transfers out	(820,094)	(2,194,907)	(2,194,907)	-
Total other financing sources (uses)	(270,094)	(1,557,755)	(1,544,699)	13,056
Net change in fund balances	-	(1,029,382)	905,620	1,935,002
<b>Fund balance, beginning of year</b>	6,430,494	6,430,494	6,430,494	-
<b>Fund balance, end of year</b>	\$ 6,430,494	\$ 5,401,112	\$ 7,336,114	\$ 1,935,002

## 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	\$ 10,212,933	
Indirect Cost Revenues	<u>250,000</u>	
Revenues, Budgetary Basis		10,462,933
Expenditures GAAP Basis	7,762,614	
Indirect Cost Expenditures	<u>250,000</u>	
Expenditures, Budgetary Basis		<u>8,012,614</u>
Excess of Revenues over Expenditures		
Budgetary Basis		<u>\$ 2,450,319</u>

**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, 2021**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines & forfeitures	\$ -	\$ -	\$ 22,985	\$ 22,985
Interest	-	-	111	111
Total revenues	-	-	23,096	23,096
<b>EXPENDITURES</b>				
Public safety	-	91,197	85,975	5,222
Deficiency of revenues over expenditures	-	(91,197)	(62,879)	(28,318)
<b>OTHER FINANCING USES</b>				
Transfers out	-	(53,075)	(53,075)	-
Net change in fund balances	-	(144,272)	(115,954)	(28,318)
<b>FUND BALANCE, beginning of year</b>	344,825	344,825	344,825	-
<b>FUND BALANCE, end of year</b>	<u>\$ 344,825</u>	<u>\$ 200,553</u>	<u>\$ 228,871</u>	<u>\$ (28,318)</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, 2021**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest earnings	\$ -	\$ -	\$ 392	\$ 392
Miscellaneous	-	-	10,291	10,291
Total revenues	-	-	10,683	10,683
<b>EXPENDITURES</b>				
Current:				
Economic development	249	35,249	116,842	(81,593)
Debt service:				
Principal	717,000	2,452,000	2,452,000	-
Interest	231,845	236,240	235,123	1,117
Debt issuance costs	-	-	130,981	(130,981)
Total expenditures	949,094	2,723,489	2,934,946	(211,457)
Deficiency of revenues over expenditures	(949,094)	(2,723,489)	(2,924,263)	(200,774)
<b>OTHER FINANCING SOURCES</b>				
Proceeds from bonds issued	-	1,739,395	4,776,077	3,036,682
Premium on bonds issued	-	-	628,318	628,318
Transfers in	906,094	941,094	941,094	-
Total other financing sources	906,094	2,680,489	6,345,489	3,665,000
Net change in fund balances	(43,000)	(43,000)	3,421,226	3,464,226
<b>FUND BALANCE, beginning of year</b>	1,279,742	1,279,742	1,279,742	-
<b>FUND BALANCE, end of year</b>	\$ 1,236,742	\$ 1,236,742	\$ 4,700,968	\$ 3,464,226

**CITY OF POWDER SPRINGS, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE**  
**LOCAL OPTION SALES TAX**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>2016 SPLOST Program:</b>					
General Street Improvements	\$ 804,120	\$ 704,120	\$ 413,966	\$ 40,297	\$ 454,263
Resurfacing	6,000,000	4,058,489	1,915,640	1,159,298	3,074,938
Parks and Recreation Improvements	750,000	2,500,000	2,611,458	44,532	2,655,990
Streetscapes	1,327,600	656,189	220,917	300,914	521,831
Facilities Improvements	750,000	650,000	345,574	226,799	572,373
Public Safety Improvements	750,000	750,000	626,815	47,811	674,626
Intersection Improvements	3,850,000	5,507,886	3,091,271	910,751	4,002,022
 Total	 <u>\$ 14,231,720</u>	 <u>\$ 14,826,684</u>	 <u>\$ 9,225,641</u>	 <u>\$ 2,730,402</u>	 <u>\$ 11,956,043</u>

## **STATISTICAL SECTION**

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## STATISTICAL SECTION

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This part of the City of Powder Springs' annual comprehensive 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.

### Page

#### **Financial Trends..... 65**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### **Revenue Capacity ..... 76**

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

#### **Debt Capacity ..... 80**

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.

#### **Demographic and Economic Information ..... 84**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### **Operating Information ..... 86**

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 annual comprehensive financial report for the relevant year.

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

	2021	2020	2019	2018	2017 <sup>(2)</sup>
Governmental activities					
Net investment in capital assets	\$ 30,565,538	\$ 37,211,154	\$ 34,673,659	\$ 32,842,258	\$ 30,752,959
Restricted	6,352,676	5,086,418	4,619,305	3,400,830	3,106,338
Unrestricted	13,202,476	6,102,103	7,706,818	7,741,430	7,193,630
Total governmental activities net position	<u>\$ 50,120,690</u>	<u>\$ 48,399,675</u>	<u>\$ 46,999,782</u>	<u>\$ 43,984,518</u>	<u>\$ 41,052,927</u>
Business-type activities					
Net investment in capital assets	\$ 4,688,091	\$ 668,790	\$ 539,670 <sup>(3)</sup>	\$ 6,454,354	\$ 5,722,445
Unrestricted	10,362,063	14,573,205	14,793,562	8,314,028	7,676,687
Total business-type activities net position	<u>\$ 15,050,154</u>	<u>\$ 15,241,995</u>	<u>\$ 15,333,232</u>	<u>\$ 14,768,382</u>	<u>\$ 13,399,132</u>
Primary government					
Net investment in capital assets	\$ 35,253,629	\$ 37,879,944	\$ 35,213,329	\$ 39,296,612	\$ 36,475,404
Restricted	6,352,676	5,086,418	4,619,305	3,400,830	3,106,338
Unrestricted	23,564,539	20,675,308	22,500,380	16,055,458	14,870,317
Total primary government net position	<u>\$ 65,170,844</u>	<u>\$ 63,641,670</u>	<u>\$ 62,333,014</u>	<u>\$ 58,752,900</u>	<u>\$ 54,452,059</u>

(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**  
**NET POSITION BY COMPONENT**  
**LAST TEN YEARS**  
**(accrual basis of accounting)**

	<u>2016</u>	<u>2015</u>	<u>2014 <sup>(1)</sup></u>	<u>2013</u>	<u>2012</u>
Governmental activities					
Net investment in capital assets	\$ 30,834,381	\$ 28,730,880	\$ 26,057,109	\$ 23,297,545	\$ 19,796,418
Restricted	2,191,896	2,501,319	2,109,402	2,651,150	5,281,299
Unrestricted	5,930,220	5,247,724	4,850,088	4,497,623	3,340,628
Total governmental activities net position	<u>\$ 38,956,497</u>	<u>\$ 36,479,923</u>	<u>\$ 33,016,599</u>	<u>\$ 30,446,318</u>	<u>\$ 28,418,345</u>
Business-type activities					
Net investment in capital assets	\$ 5,556,927	\$ 5,264,412	\$ 5,236,028	\$ 5,529,606	\$ 5,676,728
Unrestricted	7,371,928	6,668,373	5,734,790	4,831,985	3,644,991
Total business-type activities net position	<u>\$ 12,928,855</u>	<u>\$ 11,932,785</u>	<u>\$ 10,970,818</u>	<u>\$ 10,361,591</u>	<u>\$ 9,321,719</u>
Primary government					
Net investment in capital assets	\$ 36,391,308	\$ 33,995,292	\$ 31,293,137	\$ 28,827,151	\$ 25,473,146
Restricted	2,191,896	2,501,319	2,109,402	2,651,150	5,281,299
Unrestricted	13,302,148	11,916,097	10,584,878	9,329,608	6,985,619
Total primary government net position	<u>\$ 51,885,352</u>	<u>\$ 48,412,708</u>	<u>\$ 43,987,417</u>	<u>\$ 40,807,909</u>	<u>\$ 37,740,064</u>

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

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

	2021	2020	2019	2018	2017
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,540,508	\$ 2,429,658	\$ 1,591,101	\$ 1,289,401	\$ 1,015,287
Judicial	439,788	422,072	463,785	483,164	352,753
Public safety	2,904,021	3,047,852	3,213,726	3,216,569	3,231,902
Public works	4,439,766	4,056,843	2,259,247	1,947,785	2,094,427
Community development	31,999	369,532	379,668	517,730	923,634
Planning and zoning	717,400	367,825	341,543	228,083	-
Economic development	327,587	234,152	459,048	125,451	-
Culture and recreation	854,430	675,255	785,444	754,486	551,055
Health and welfare	-	-	-	-	-
Interest on long-term debt	599,934	263,555	284,505	224,612	205,998
Total governmental activities expenses	13,855,433	11,866,744	9,778,067	8,787,281	8,375,056
Business-type activities:					
Water & Sewer	-	6,394	5,356,781	5,387,584	5,453,734
Solid waste	1,304,310	1,191,116	1,205,936	1,271,079	1,215,260
Stormwater	318,921	290,451	148,104	181,641	238,174
Total business-type activities expenses	1,623,231	1,487,961	6,710,821	6,840,304	6,907,168
Total primary government expenses	\$ 15,478,664	\$ 13,354,705	\$ 16,488,888	\$ 15,627,585	\$ 15,282,224
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 1,604,855	\$ 1,234,812	\$ 1,064,087	\$ 1,405,279	\$ 1,142,915
Judicial	673,478	295,215	651,086	632,463	719,897
Public safety	22,985	183,091	149,068	143,251	140,997
Public works	316,393	-	-	-	-
Community development	-	-	-	-	-
Culture and recreation	-	105,785	173,893	294,169	269,535
Operating grants and contributions	909,662	388,740	329,669	397,891	420,132
Capital grants and contributions	3,866,666	3,505,536	3,393,553	3,048,093	3,022,374
Total governmental activities program revenues	7,394,039	5,713,179	5,761,356	5,921,146	5,715,850
Business-type activities:					
Charges for services:					
Water & Sewer	-	145,533	6,557,889	6,432,081	6,486,799
Solid waste	1,419,414	1,221,658	1,413,221	1,353,180	1,322,697
Stormwater	557,914	471,422	381,995	390,037	395,637
Total business-type activities program revenues	1,977,328	1,838,613	8,353,105	8,175,298	8,205,133
Total primary government program revenues	\$ 9,371,367	\$ 7,551,792	\$ 14,114,461	\$ 14,096,444	\$ 13,920,983

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

	2016	2015	2014	2013	2012
<b>Expenses</b>					
Governmental activities:					
General government	\$ 1,241,193	\$ 881,610	\$ 900,533	\$ 760,497	\$ 1,113,494
Judicial	241,622	154,306	151,596	428,709	-
Public safety	3,324,112	2,858,898	2,482,731	3,072,667	2,499,557
Public works	1,950,695	1,499,231	1,742,675	2,055,730	1,228,591
Community development	757,122	735,300	590,648	485,271	633,252
Planning and zoning	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	411,631	290,317	408,830	258,969	79,266
Health and welfare	-	-	-	-	43,497
Interest on long-term debt	169,011	352,974	305,452	336,412	325,017
Total governmental activities expenses	8,095,386	6,772,636	6,582,465	7,398,255	5,922,674
Business-type activities:					
Water & Sewer	5,154,505	5,113,633	4,838,532	4,579,748	4,268,528
Solid waste	1,037,995	977,570	974,543	1,111,782	1,101,621
Stormwater	468,945	306,187	155,966	-	-
Total business-type activities expenses	6,661,445	6,397,390	5,969,041	5,691,530	5,370,149
Total primary government expenses	\$ 14,756,831	\$ 13,170,026	\$ 12,551,506	\$ 13,089,785	\$ 11,292,823
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 1,029,994	\$ 906,669	\$ 218,981	\$ 236,510	\$ 286,222
Judicial	411,287	288,380	346,764	438,947	-
Public safety	104,588	76,391	109,080	84,753	383,850
Public works	-	-	336,007	345,445	341,509
Community development	-	-	46,559	44,705	125,018
Culture and recreation	82,599	162,300	62,312	-	29,024
Operating grants and contributions	313,340	454,788	331,244	452,090	11,163
Capital grants and contributions	3,279,674	3,128,731	2,817,525	2,700,194	2,576,001
Total governmental activities program revenues	5,221,482	5,017,259	4,268,472	4,302,644	3,752,787
Business-type activities:					
Charges for services:					
Water & Sewer	5,926,231	5,766,750	5,627,573	5,436,361	4,445,915
Solid waste	1,277,369	1,251,714	1,131,910	1,145,663	1,123,017
Stormwater	452,213	352,539	352,579	357,708	-
Total business-type activities program revenues	7,655,813	7,371,003	7,112,062	6,939,732	5,568,932
Total primary government program revenues	\$ 12,877,295	\$ 12,388,262	\$ 11,380,534	\$ 11,242,376	\$ 9,321,719

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

	2021	2020	2019	2018	2017
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (6,461,394)	\$ (6,153,565)	\$ (4,016,711)	\$ (2,866,135)	\$ (2,659,206)
Business-type activities	354,097	350,652	1,642,284	1,334,994	1,297,965
Total primary government net (expense) revenue	<u>\$ (6,107,297)</u>	<u>\$ (5,802,913)</u>	<u>\$ (2,374,427)</u>	<u>\$ (1,531,141)</u>	<u>\$ (1,361,241)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Property taxes	\$ 5,129,620	\$ 4,619,219	\$ 4,480,979	\$ 3,679,765	\$ 3,497,167
Insurance premium taxes	1,119,606	1,062,080	999,006	926,333	870,066
Excise taxes	271,964	254,168	240,628	228,815	235,393
Franchise taxes	758,375	799,245	760,817	700,293	693,494
Other taxes	217,012	175,932	142,950	132,112	109,088
Gain on sale of capital assets	64,560	-	-	-	-
Unrestricted Investment Earnings	4,529	52,704	80,669	46,813	19,814
Miscellaneous	73,488	130,177	75,229	78,866	104,489
Transfers	550,000	453,420	251,697	4,729	1,000,000
Total governmental activities	<u>8,189,154</u>	<u>7,546,945</u>	<u>7,031,975</u>	<u>5,797,726</u>	<u>6,529,511</u>
Business-type activities:					
Unrestricted Investment earnings	3,662	11,531	15,383	8,462	3,576
Gain on sale of capital assets	-	-	-	30,523	-
Miscellaneous	400	-	-	-	5,700
Special items	-	-	(841,120) (2)	-	-
Transfers	(550,000)	(453,420)	(251,697)	(4,729)	(1,000,000)
Total business-type activities	<u>(545,938)</u>	<u>(441,889)</u>	<u>(1,077,434)</u>	<u>34,256</u>	<u>(990,724)</u>
Total primary government	<u>\$ 7,643,216</u>	<u>\$ 7,105,056</u>	<u>\$ 5,954,541</u>	<u>\$ 5,831,982</u>	<u>\$ 5,538,787</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 1,727,760	\$ 1,393,380	\$ 3,015,264	\$ 2,931,591	\$ 3,870,305
Business-type activities	(191,841)	(91,237)	564,850	1,369,250	307,241
Total primary government	<u>\$ 1,535,919</u>	<u>\$ 1,302,143</u>	<u>\$ 3,580,114</u>	<u>\$ 4,300,841</u>	<u>\$ 4,177,546</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**  
**CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
**(accrual basis of accounting)**

	2016	2015	2014	2013	2012
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (2,873,904)	\$ (1,755,377)	\$ (2,313,993)	\$ (3,095,611)	\$ (2,169,887)
Business-type activities	994,368	973,613	1,143,021	1,248,202	198,783
Total primary government net (expense) revenue	<u>\$ (1,879,536)</u>	<u>\$ (781,764)</u>	<u>\$ (1,170,972)</u>	<u>\$ (1,847,409)</u>	<u>\$ (1,971,104)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Property taxes	\$ 3,311,349	\$ 3,200,350	\$ 3,093,482	\$ 2,803,697	\$ 3,006,646
Insurance premium taxes	803,212	751,797	719,081	694,492	653,845
Excise taxes	241,608	249,618	238,301	244,182	301,161
Franchise taxes	721,082	729,939	675,157	760,074	722,554
Other taxes	174,617	78,788	355,407	344,639	- (1)
Gain on sale of capital assets	-	-	-	-	15,493
Operating Grants	-	-	-	-	128,522
Unrestricted Investment Earnings	9,548	5,588	4,648	7,158	2,828
Miscellaneous	89,062	202,621	25,893	24,820	-
Transfers	-	-	-	798	-
Total governmental activities	<u>5,350,478</u>	<u>5,218,701</u>	<u>5,111,969</u>	<u>4,879,860</u>	<u>4,831,049</u>
Business-type activities:					
Unrestricted Investment earnings	1,702	956	802	5,718	2,731
Gain on sale of capital assets	-	-	-	6,101	-
Transfers	-	-	-	(798)	-
Total business-type activities	<u>1,702</u>	<u>956</u>	<u>802</u>	<u>11,021</u>	<u>2,731</u>
Total primary government	<u>\$ 5,352,180</u>	<u>\$ 5,219,657</u>	<u>\$ 5,112,771</u>	<u>\$ 4,890,881</u>	<u>\$ 4,833,780</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 2,476,574	\$ 3,463,324	\$ 2,797,976	\$ 1,784,249	\$ 2,661,162
Business-type activities	996,070	974,569	1,143,823	1,259,223	201,514
Total primary government	<u>\$ 3,472,644</u>	<u>\$ 4,437,893</u>	<u>\$ 3,941,799</u>	<u>\$ 3,043,472</u>	<u>\$ 2,862,676</u>

**CITY OF POWDER SPRINGS, GEORGIA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN YEARS**  
**(accrual basis of accounting)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Ad Valorem</b>	<b>Insurance Premium</b>	<b>Alcoholic Beverage</b>	<b>Intangible</b>	<b>Franchise and Other</b>	<b>Total</b>
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
2020	4,619,219	55,627	1,062,080	254,168	120,305	799,245	6,910,644
2021	5,129,620	59,392	1,119,606	271,964	157,620	758,375	7,496,577
Percentage change over 10 years	92.9%	-81.1%	71.2%	4.9%	583.9%	5.0%	61.8%



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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund					
Nonspendable	\$ 292,103	\$ 184,759	\$ 295,311	\$ 280,524	\$ 282,927
Restricted	-	-	1,379	1,348	1,330
Assigned	432,000	982,727	-	133,799	-
Unassigned	6,612,011	5,263,008	6,508,222	5,953,851	5,097,439
Total General Fund	<u>\$ 7,336,114</u>	<u>\$ 6,430,494</u>	<u>\$ 6,804,912</u>	<u>\$ 6,369,522</u>	<u>\$ 5,381,696</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ 340,416	\$ 173,942	\$ 102,655
Assigned	7,589,772	2,039,841	2,225,426	2,646,811	2,582,509
Restricted	6,352,676	7,870,686	7,870,686	7,321,255	3,105,008
Total all other governmental funds	<u>\$ 13,942,448</u>	<u>\$ 9,910,527</u>	<u>\$ 10,436,528</u>	<u>\$ 10,142,008</u>	<u>\$ 5,790,172</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund					
Nonspendable	\$ 261,093	\$ 249,482	\$ 250,533	\$ 212,744	\$ 174,395
Restricted	1,323	190,052	-	-	170,727
Assigned	818,583	700,365	497,932	254,500	5,115
Unassigned	3,634,638	3,851,796	4,513,986	4,136,152	3,448,575
Total General Fund	<u>\$ 4,715,637</u>	<u>\$ 4,991,695</u>	<u>\$ 5,262,451</u>	<u>\$ 4,603,396</u>	<u>\$ 3,798,812</u>
All other governmental funds					
Nonspendable	\$ 1,128,692	\$ 1,169,848	\$ 882,428	\$ 562,500	\$ -
Assigned	1,125,497	395,254	-	-	-
Restricted	2,190,573	2,311,267	1,936,470	2,651,150	5,465,544
Total all other governmental funds	<u>\$ 4,444,762</u>	<u>\$ 3,876,369</u>	<u>\$ 2,818,898</u>	<u>\$ 3,213,650</u>	<u>\$ 5,465,544</u>

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

	2021	2020	2019	2018	2017
<b>Revenues</b>					
Taxes	\$ 7,582,256	\$ 6,873,863	\$ 6,562,710	\$ 5,771,994	\$ 5,431,213
Licenses and permits	749,083	618,677	664,765	1,013,010	760,908
Intergovernmental	4,973,508	3,693,549	3,724,421	3,469,806	3,408,684
Fines and forfeitures	696,463	546,833	659,295	597,287	725,856
Charges for services	1,172,165	776,534	657,224	822,952	790,289
Interest income	4,529	52,704	80,668	46,813	19,814
Contributions	536	8,314	-	-	-
Miscellaneous	72,988	128,372	75,229	78,866	124,489
Total revenues	<u>15,251,528</u>	<u>12,698,846</u>	<u>12,424,312</u>	<u>11,800,728</u>	<u>11,261,253</u>
<b>Expenditures</b>					
General government	3,308,697	2,175,989	1,329,154	993,843	909,670
Judicial	450,028	358,079	407,789	397,133	309,790
Public safety	2,545,120	2,687,616	2,773,223	2,884,070	3,258,480
Public works	3,710,315	2,210,480	2,271,940	1,763,655	2,423,869
Community development	41,507	357,699	1,158,873	511,885	903,150
Planning and zoning	716,909	440,405	341,543	294,944	-
Economic development	327,587	234,152	459,048	125,451	-
Culture and recreation	558,548	354,749	441,104	391,325	218,999
Capital outlay	932,573	7,099,699	1,539,687	2,468,369	1,400,596
Debt service					
Principal retirements	2,478,636	748,681	666,905	646,141	630,387
Interest and fiscal charges					
and cost of issuance	523,481	253,851	248,309	190,717	194,843
Total expenditures	<u>15,593,401</u>	<u>16,921,400</u>	<u>11,637,575</u>	<u>10,667,533</u>	<u>10,249,784</u>
Excess (deficiency) of revenues over expenditures	(341,873)	(4,222,554)	786,737	1,133,195	1,011,469
<b>Other financing sources (uses)</b>					
Issuance of long-term debt	9,853,318	-	-	4,200,000	-
Proceeds from sale of capital assets	129,784	-	9,763	1,738	-
Transfers in	2,883,982	2,927,866	2,193,180	2,037,261	2,390,496
Transfers out	(2,333,982)	(2,474,446)	(2,259,770)	(2,032,532)	(1,390,496)
Total other financing sources (uses)	<u>10,533,102</u>	<u>453,420</u>	<u>(56,827)</u>	<u>4,206,467</u>	<u>1,000,000</u>
Net change in fund balances	<u>\$ 10,191,229</u>	<u>\$ (3,769,134)</u>	<u>\$ 729,910</u>	<u>\$ 5,339,662</u>	<u>\$ 2,011,469</u>
Debt service as a percentage of noncapital expenditures	21.0%	10.2%	9.1%	10.2%	9.3%

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

	2016	2015	2014	2013	2012
<b>Revenues</b>					
Taxes	\$ 5,239,485	\$ 5,001,233	\$ 5,116,613	\$ 4,828,780	\$ 4,633,166
Licenses and permits	655,629	546,563	176,870	168,420	426,421
Intergovernmental	3,583,014	3,583,519	3,341,900	2,937,235	2,701,083
Fines and forfeitures	443,825	299,037	375,698	444,098	371,840
Charges for services	500,927	597,374	433,822	402,314	337,106
Interest income	9,548	5,588	5,006	10,100	7,283
Contributions	-	-	-	-	-
Miscellaneous	89,062	50,233	165,794	163,144	90,437
Total revenues	10,521,490	10,083,547	9,615,703	8,954,091	8,567,336
<b>Expenditures</b>					
General government	883,035	803,433	702,491	582,917	758,824
Judicial	192,925	145,070	147,080	435,750	-
Public safety	3,314,595	2,930,581	2,426,416	2,907,462	2,469,425
Public works	2,632,913	2,137,294	3,014,287	2,314,446	580,883
Community development	725,680	719,860	567,966	595,807	620,910
Culture and recreation	153,103	134,372	246,712	159,354	79,266
Health and welfare	-	-	-	-	43,497
Capital outlay	1,798,729	1,811,370	1,463,530	2,942,810	1,530,733
Debt service					
Principal retirements	584,914	515,000	475,000	455,000	476,553
Interest and fiscal charges and cost of issuance	218,174	328,086	313,332	343,872	348,063
Total expenditures	10,504,068	9,525,066	9,356,814	10,737,418	6,908,154
Excess (deficiency) of revenues over expenditures	17,422	558,481	258,889	(1,783,327)	1,659,182
<b>Other financing sources (uses)</b>					
Issuance of long-term debt	257,664	3,335,000	-	-	-
Proceeds from sale of capital assets	17,249	152,388	5,414	146,898	15,493
Payment to refunding bond escrow agent	-	(3,259,154)	-	-	-
Transfers in	1,509,412	1,767,220	1,227,302	1,041,151	-
Transfers out	(1,509,412)	(1,767,220)	(1,227,302)	(1,040,353)	-
Total other financing sources (uses)	274,913	228,234	5,414	147,696	15,493
Net change in fund balances	\$ 292,335	\$ 786,715	\$ 264,303	\$ (1,635,631)	\$ 1,674,675
Debt service as a percentage of noncapital expenditures	9.2%	10.9%	10.0%	10.2%	15.3%

# CITY OF POWDER SPRINGS, GEORGIA

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property (1)	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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	6,764,956	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	315,591,978	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	371,534,474	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%
2020	388,521,171	111,133,620	5,876,405	12,627,459	65,678,705	452,479,950	9.500	1,131,199,875	40.00%
2021	436,065,588	113,877,536	6,182,058	11,230,716	83,579,629	483,776,269	9.500	1,209,440,673	40.00%

Source: Georgia Department of Revenue - Local Government Services - 2020 Tax Digest Summary

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**

<b>Fiscal Year</b>	<b>City Direct Rate (1)</b>	<b>Overlapping Rates</b>			<b>Total Direct &amp; Overlapping Rates</b>
		<b>County</b>	<b>School District</b>	<b>State</b>	
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
2020	9.500	11.450	18.900	-	39.850
2021	9.500	11.450	18.900	-	39.850

Source: Georgia Department of Revenue - Local Government Services - Ad Valorem Tax Digest Millage Rates

<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 or 9.5 is maintenance and operation.

**CITY OF POWDER SPRINGS, GEORGIA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT AND NINE YEARS AGO**  
**(amounts expressed in thousands)**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
PS Senior Living	\$ 7,541,316	1	1.559 %			
Powder Springs MacLand Retail	4,400,000	2	0.910			
HD Development of Maryland	3,268,075	3	0.676			
Kroger Company	2,680,240	4	0.554	\$ 3,779,128	3	1.054 %
Powder Springs Storage	2,513,512	5	0.520			
Foster W M	2,263,962	6	0.468	2,298,056	4	0.641
Home Depot #6940	2,228,273	7	0.461	5,434,368	1	1.515
MM&A LLC	2,150,992	8	0.445	1,032,080	9	0.288
Weingarten Realty Investors	2,008,000	9	0.415	1,542,024	6	0.430
US Business Park LLC	1,598,776	10	0.330			
Sembler Family Partnership				4,950,434	2	1.380
BW HVAC Real Estate Holdings				1,435,320	7	0.400
3380 Florence Rd LLC				1,314,800	8	0.367
First Citizens Bank and Trust				994,480	10	0.277
Star Filing Products				1,896,812	5	0.529
Total Principal Taxpayers	30,653,146		6.336	24,677,502		6.881
All Other Taxpayers	453,123,123		93.665	333,943,962		93.12
	<u>\$ 483,776,269</u>		<u>100.001 %</u>	<u>\$ 358,621,464</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
2012	\$ 2,615,610	\$ 2,405,060	91.95 %	\$ 199,047	\$ 2,604,107	99.56 %
2013	2,333,938	2,286,170	97.95	38,701	2,324,871	99.61
2014	2,350,888	2,257,954	96.05	81,190	2,339,144	99.50
2015	2,478,591	2,379,309	95.99	87,920	2,467,229	99.54
2016	2,882,928	2,682,434	93.05	186,456	2,868,890	99.51
2017	2,971,544	2,931,952	98.67	22,885	2,954,837	99.44
2018	3,219,428	3,156,740	98.05	51,000	3,207,740	99.64
2019	3,873,541	3,739,408	96.54	125,885	3,865,293	99.79
2020	4,080,070	3,882,758	95.16	147,701	4,030,459	98.78
2021	4,595,875	4,297,441	93.51	178,604	4,476,045	97.39

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	Intergovernmental Contracts	Revenue Bonds	Capital Leases	Intergovernmental Contracts	Loans Payable			
2012	\$ 8,015,000	\$ -	\$ -	\$ -	\$ 24,134	\$ -	\$ 881,641	\$ 8,920,775	2.62 %	\$ 639.94
2013	7,560,000	-	-	-	2,625	65,059	757,464	8,385,148	2.46	601.52
2014	7,085,000	-	-	-	-	58,046	698,808	7,841,854	2.31	562.54
2015	6,850,000	-	-	-	-	55,251	637,772	7,543,023	2.16	541.11
2016	6,290,000	232,750	-	-	-	-	574,328	7,097,078	2.08	509.12
2017	5,710,000	182,363	-	-	-	-	508,266	6,400,629	1.96	459.16
2018	9,315,000	131,222	-	-	-	-	439,568	9,885,790	1.77	709.17
2019	8,700,000	79,317	-	-	-	-	-	8,779,317	2.42	583.27
2020	8,004,000	26,636	-	-	-	-	-	8,030,636	2.21	533.53
2021	14,777,000 (4)	- (3)	-	-	-	-	-	14,777,000	4.08	981.73

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. 2019 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.

(3) Capital Lease paid off in FY21.

(4) City of Powder Springs paid off the 2014 Issue and combined it with two more bonds 2021A and 2021B totaling \$9,225,000.

# CITY OF POWDER SPRINGS, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JUNE 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
<b>Debt repaid with property taxes</b>			
Cobb County General Obligation Debt (including Tax Anticipation Notes)	\$ 14,490,314	1.29%	\$ 186,925
<b>Other debt</b>			
Cobb County Parking Debt Certificates	7,000,000	1.29%	90,300
Cobb County Revenue Anticipation Certificates	5,040,000	1.29%	65,016
Subtotal overlapping debt	<u>26,530,314</u>		<u>342,241</u>
<b>City debt</b>			<u>14,777,000</u>
Total direct and overlapping debt			<u>\$ 15,119,241</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

	2012	2013	2014	2015	2016
<b>Assessed value</b>	<u>\$ 358,621,464</u>	<u>\$ 324,486,174</u>	<u>\$ 315,591,978</u>	<u>\$ 321,666,855</u>	<u>\$ 345,907,103</u>
<b>Legal Debt Margin</b>					
Debt Limit (10% of assessed value)	35,862,146	32,448,617	31,559,198	32,166,686	34,590,710
Debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-
Total debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 35,862,146</u>	<u>\$ 32,448,617</u>	<u>\$ 31,559,198</u>	<u>\$ 32,166,686</u>	<u>\$ 34,590,710</u>
As a percentage of debt limit	100%	100%	100%	100%	100%

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**  
**LEGAL DEBT MARGIN**  
**LAST TEN FISCAL YEARS**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Assessed value</b>	<u>\$ 371,534,474</u>	<u>\$ 398,625,119</u>	<u>\$ 421,669,191</u>	<u>\$ 452,479,950</u>	<u>\$ 483,776,269</u>
<b>Legal Debt Margin</b>					
Debt Limit (10% of assessed value)	37,153,447	39,862,512	42,166,919	45,247,995	48,377,627
Debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-
Total debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u><u>\$ 37,153,447</u></u>	<u><u>\$ 39,862,512</u></u>	<u><u>\$ 42,166,919</u></u>	<u><u>\$ 45,247,995</u></u>	<u><u>\$ 48,377,627</u></u>
As a percentage of debt limit	100%	100%	100%	100%	100%

**CITY OF POWDER SPRINGS, GEORGIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**JUNE 30, 2020**

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<b>Year</b>	<b>Population</b>	<b>Personal Income* (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Unemployment Rate</b>
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	4.0
2019	N/A	N/A	N/A	N/A	3.7
2020	N/A	N/A	N/A	N/A	9.7
2021	N/A	N/A	N/A	N/A	4.1

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	2021			2012		
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
The Home Depot	146	1	4.3 %	111	4	4.0 %
Kroger	144	2	4.2	125	3	4.5
Mid South Floor Systems, Inc.	120	3	3.5			
Husmann Services Corporation	103	4	3.0	150	2	5.4
Powder Springs Elementary	101	5	2.9	108	5	3.9
Compton Elementary	96	6	2.8	75	10	2.7
Tapp Middle School	95	7	2.8	95	7	3.4
Publix Supermarkets	89	8	2.6	100	6	3.6
Gorman Construction Co.	85	9	2.5			
City of Powder Springs	78	10	2.3	92	8	3.3
Caldwell Insulation				75	9	2.7
Powder Springs Nursing and Rehab (4)				260	1	9.3
Top ten total	1,057		30.8 %	1,191		42.8 %
Other employers (2)	2,370		69.2 %	1,591		57.2 %
Total employees (2)	3,427		100.0 %	2,782		100.0 %

Source: City Department of Economic Development

Notes: 1 - Full-time equivalent employees

2 - Estimated

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

4 - Formerly Brian Nursing Center

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

<b>Function / Program</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General administration</b>					
Council	5.0	5.0	5.0	5.0	5.0
Mayor	1.0	1.0	1.0	1.0	1.0
Administration	6.3	7.3	8.3	8.3	8.0
Information technology	1.0	-	-	-	-
Municipal court	2.0	1.0	1.0	1.0	2.0
<b>Total general administration</b>	<b>15.3</b>	<b>14.3</b>	<b>15.3</b>	<b>15.3</b>	<b>16.0</b>
<b>Health and welfare</b>					
Senior center	0.5	0.5	0.5	0.5	0.5
<b>Culture and recreation</b>					
Museum	0.5	0.5	0.5	0.5	0.5
<b>Total culture and recreation</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>Housing and development</b>					
Building inspections	0.5	-	-	-	-
Community development	5.0	4.0	4.0	3.0	4.0
Economic development	-	-	1.0	1.0	1.0
Code enforcement	2.0	-	-	-	-
<b>Total housing and development</b>	<b>7.5</b>	<b>4.0</b>	<b>5.0</b>	<b>4.0</b>	<b>5.0</b>
<b>Public safety</b>					
Police	33.0	29.0	31.0	30.0	32.0
<b>Public works</b>					
Streets	3.0	3.0	3.0	3.0	3.0
<b>Total public works</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>Water &amp; sewer</b>					
Water	11.8	11.7	11.7	11.7	13.0
Sewer	5.0	6.0	6.0	6.0	5.0
<b>Total water &amp; sewer</b>	<b>16.8</b>	<b>17.7</b>	<b>17.7</b>	<b>17.7</b>	<b>18.0</b>
<b>Sanitation</b>	9.0	9.0	7.0	8.0	8.0
<b>Stormwater</b>	-	-	1.0	1.0	1.0
<b>Total</b>	<b>85.6</b>	<b>78.0</b>	<b>81.0</b>	<b>80.0</b>	<b>84.0</b>

Source: City Finance Office

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

<b>Function / Program</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>General administration</b>					
Council	5.0	5.0	5.0	5.0	5.0
Mayor	1.0	1.0	1.0	1.5	1.5
Administration	8.5	8.0	6.0	10.0	13.0
Municipal court	2.0	2.0	2.0	2.0	2.0
<b>Total general administration</b>	<b>16.5</b>	<b>16.0</b>	<b>14.0</b>	<b>18.5</b>	<b>21.5</b>
<b>Health and welfare</b>					
Senior center	0.5	-	-	-	-
<b>Culture and recreation</b>					
Parks and recreation	-	1.0	3.0	3.0	3.0
Senior center	-	1.0	1.0	1.0	0.5
Museum	0.5	1.0	1.0	0.5	0.5
<b>Total culture and recreation</b>	<b>0.5</b>	<b>3.0</b>	<b>5.0</b>	<b>4.5</b>	<b>4.0</b>
<b>Housing and development</b>					
Building inspections	-	-	-	-	-
Community development	5.0	5.0	5.0	5.0	5.0
Economic development	1.0	1.0	1.0	2.0	2.0
Code enforcement	2.0	2.0	2.0	2.0	2.0
<b>Total housing and development</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>9.0</b>	<b>9.0</b>
<b>Public safety</b>					
Police	34.0	33.5	32.5	34.0	32.5
<b>Public works</b>					
Buildings and maintenance	-	2.0	2.5	2.0	2.0
Fleet maintenance	-	2.0	2.5	2.0	1.0
Streets	3.0	1.0	2.0	6.0	5.0
<b>Total public works</b>	<b>3.0</b>	<b>5.0</b>	<b>7.0</b>	<b>10.0</b>	<b>8.0</b>
<b>Water &amp; sewer</b>					
Water	13.0	12.0	7.0	-	-
Sewer	5.0	5.0	5.0	-	-
<b>Total water &amp; sewer</b>	<b>18.0</b>	<b>17.0</b>	<b>12.0</b>	<b>-</b>	<b>-</b>
<b>Sanitation</b>	<b>10.0</b>	<b>9.0</b>	<b>8.0</b>	<b>9.0</b>	<b>9.0</b>
<b>Stormwater</b>	<b>1.0</b>	<b>1.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<b>Total</b>	<b>91.5</b>	<b>92.5</b>	<b>88.5</b>	<b>87.0</b>	<b>86.0</b>



# CITY OF POWDER SPRINGS, GEORGIA

## OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

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<b>Function/Program</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>2020</b>	<b>2021</b>
General government										
Building permits issued	309	315	294	372	396	403	498	407	297	400
Police										
Physical arrests	372	411	384	423	756	832	492	928	562	492
Citations issued	4,325	4,626	3,088	3,432	5,927	5,858	5,342	5,210	3,561	3,416
Refuse collection										
Refuse collected (tons per day)	24.61	24.06	23.86	23.95	24.81	25.58	27.78	29.16	28.50	31.75

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**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	17	17	21	28	43	43	43	34	27
Refuse collection										
Collection trucks	4	3	3	3	3	4	4	4	4	5
Streets (miles)	85	87	87	87	87	88	88	94	94	94
Streetlights	2,112	2,112	2,112	2,112	2,112	2,144	2,144	2,240	2,240	1,982
Water										
Water mains (miles)	70	70	70	70	153	153	153	153	-	-
Wastewater										
Sanitary sewers (miles)	70	70	70	70	82	82	82	82	-	-

Source: City Police Department, Sanitation Department, Public Works 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, 2021, 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 29, 2021.

### **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") as a basis for designing 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.

---

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 financial statements. 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 29, 2021



## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Powder Springs, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

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### **Opinion on the Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

---

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 29, 2021



**CITY OF POWDER SPRINGS, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor / Pass-Through Grantor / Program Title</b>	<b>CFDA Number</b>	<b>Pass-through or Grantor Number</b>	<b>Total Expenditures</b>
<b>U.S. Department Of Housing and Urban Development</b>			
Passed through Cobb County, Georgia Community Development Block Grants	14.218	CD21-C21C8	\$ 121,826
<b>U.S. Department of the Treasury</b>			
Passed through Cobb County, Georgia COVID-19 Coronavirus Relief Fund	21.019	CARES	805,038
<b>U.S. Department of Justice</b>			
Passed through Cobb County, Georgia COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	CARES	7,730
<b>Total Federal Expenditures</b>			<b>\$ 934,594</b>

**Notes to the Schedule of Expenditures of Federal Awards**

The City did not provide Federal Assistance to any Subrecipient.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Powder Springs, Georgia and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

The City did not utilize the 10% de minimis indirect cost rate.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**CITY OF POWDER SPRINGS, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**SECTION I  
SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_\_ yes        X   no

Significant deficiencies identified

\_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

**Federal Awards**

Internal control over major program:

Material weaknesses identified?

\_\_\_\_\_ yes        X   no

Significant deficiencies identified

\_\_\_\_\_ yes        X   none reported

Type of auditor's report issued on compliance for major program

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ yes        X   no

Identification of major program:

Name of Federal Program or Cluster  
COVID-19 Coronavirus Relief Fund

CFDA Number  
21.019

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        X   no

**CITY OF POWDER SPRINGS, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None

**CITY OF POWDER SPRINGS, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**SECTION III  
SCHEDULE OF PRIOR YEAR FINDINGS**

None