

**CITY OF POWDER SPRINGS, GEORGIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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

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

# CITY OF POWDER SPRINGS, GEORGIA

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# CITY OF POWDER SPRINGS, GEORGIA

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## **INTRODUCTORY SECTION**

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December 30, 2022

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

On behalf of the finance team, I submit the Annual Comprehensive Financial Report of the City of Powder Springs, Georgia, for the fiscal year ended June 30, 2022. 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, 2022 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, 2022 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 Annual Comprehensive 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 annual comprehensive 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, 2022 of \$18,987,057 is currently 238.4% of fiscal year 2022 general fund expenditures or 21.0 months of the current year's operating expenditures. As discussed in more detail below, a portion of this balance is due to the merging of the old Water & Sewer Fund into the General Fund. This reserve balance is necessary for periods of weak revenues and emergency situations as well as capital planning. 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 2022 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 20% from commercial property with the balance derived from industrial or other property. There was an increase from the total assessed taxable value in FY22 with a net tax digest increasing by 4.04% to a taxable value of \$503,368,370. The 2022 tax digest was approved by the Cobb County Board of Equalization on June 28.

The City issued 195 new residential Building Permits in fiscal year 2022 along with 1 new commercial permit and 301 renovation or trade permits, with the investments valued at approximately \$49.5 million. The value of all permits issued in fiscal year 2022 resulted in a 54% increase over investment in fiscal year 2021. The City annexed 38 acres for a Planned United Development project in FY 22 located on Powder Springs Road, Dugger Drive, Smith Drive and Frank Aiken Road.

## **MAJOR INITIATIVES FOR THIS YEAR**

### ***COVID-19 Funding Assistance - American Rescue Plan Act***

Congress authorized the disbursement of Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act (“ARPA”) to aid local government in responding to and recovering from the coronavirus pandemic. In FY22, the City registered and made application to receive nearly six million under the terms and conditions specified by the United States Department of Treasury. Following public survey and input, a list of eligible projects was developed to respond to the needs of the community and reflect pandemic-related priorities, including investments in various infrastructure improvements, support of small businesses, promotion of downtown to help boost the City’s recovery from the pandemic, and certain solutions to address food insecurity and the learning gap and stormwater repairs.

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

The City received the third of ten annual payments of \$550,000 in FY22 resulting from the sale of the City’s water and sewer services and infrastructure in FY19. During the fiscal year the City wrote off outstanding debt net of allowances in the amount of \$3,882.54. Because the Fund is no longer active, unrestricted net position of \$11,588,441, which included a \$3,850,000 receivable from the County, and \$7,738,441.65 in cash were merged into the General Fund during the year.

### ***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. In June 2022, the DDA agreed to terms with Novare Group for Novare Group to purchase 6.3 acres of downtown property for \$3.5 million in order to construct an estimated \$38-million mixed use development that includes 221 apartment and nearly 5000 square feet of commercial property. Construction will commence in FY23.

The City previously recruited and approved a mixed use project by Selig Development in FY21 to put up 300 Class A apartment homes and retail commercial space on 20 acres at CH James Parkway and Brownsville Road. The project broke ground in FY22 for Heartwood and is slated to welcome its first residents in F24.

The City also considered and approved an annexation of 126 acres on Oglesby Road and Burrow Trail near US 278 for an e-commerce and logistics distribution center. The approval included a condition that the developer work with the City to achieve a curb cut on US 278 from the Georgia Department of Transportation. The City engaged Keck & Wood engineering to begin preliminary work needed to obtain an encroachment permit from GDOT for the curb cut. The project is expected to continue into FY23 and FY24.

### ***City Hall***

In FY22, the City 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. Employees relocated from the three structures to temporary locations in other City facilities pending the renovation and expansion of the municipal court building on Pineview Drive. The City initially approved a design-build process for the new City Hall in FY22 in order to control costs but eventually terminated the agreement in favor of a more traditional design-bid-build process when it became evident that the economy, supply chain and fluctuating prices made it nearly impossible to guarantee pricing for the new city facility. The City anticipates issuing an RFQ/RFP pricing proposal process for the 50% design documents in FY23, contracting directly with the architect to complete design documents and a construction company to complete the new facility. Construction is expected to commence in FY23 and be completed in FY24.

### ***Financial policies***

The City approved several financial policies in FY22 to address the following: Procurement & Purchasing; P-Card; Debt; Budget and Investments. Implementation of policies will begin in FY23.

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

The City approved 2016 Special Purpose Local Option Sales Tax dollars to begin Phase I improvements in FY22 in Powder Springs Park for \$431,755. The project will include completion of a park pavilion for community use and rental, expected in early FY23.

Thurman Springs Park was home to a full schedule of concerts and events in FY22 beginning with the July 4<sup>th</sup> celebration. The 2<sup>nd</sup> annual Bring the Sea to the Springs was held May 2022, kicking off continued events and concerts, including the newly established Juneteenth event on June 19, 2022.

Design of the Pineview Dillard Trail and Trailhead from the Silver Comet Trail to downtown Powder Springs began in FY22. Construction is expected to begin in FY23 with completion winter of 2023.

### ***Road Improvements***

The City approved over \$600,000 of resurfacing projects under its SPLOST and Local Maintenance & Improvement Grant (LMIG) program to resurface Deer Creek, Dillard Street, Mustang Drive, Saddlerun, Lookout Trail, Ramblewood Court, New Towne Drive, Mooring Drive, Port Lane and Starboard Drive. Additionally, the City approved intersection improvements at Florence Road and US 278 for a cost of approximately \$348,172.

### ***Police Certification***

The City engaged a consultant to assist the Police Department in applying to renew its State Certification. In FY22, work included a review of policies, documentation of proofs for Certification standards, and coordination of a mock assessment and actual Certification assessment. The certification process is expected to be completed in FY23.

### ***2022 SPLOST***

The City began receiving the 2022 SPLOST program dollars in FY22 and utilized the initial funds to repay the City for a loan made to secure public safety equipment, including lasers and laptops.

## INITIATIVES FOR FUTURE YEARS

### ***COVID 19 Funding Assistance - American Rescue Plan Act (ARPA)***

The City plans to implement projects under the ARPA program in FY23 beginning with business grants, food insecurity, the learning gap, stormwater assessments and repairs and infrastructure improvements in the downtown.

#### ***Redevelopment***

The City will continue its work with the DDA to sell DDA-owned properties to fulfill its redevelopment plans. Additionally, it will work with the Development Authority of Powder Springs (DAPS) to approve a bond issuance by the DAPS on behalf of Native Development Group for the logistics development on Oglesby Road. Native Development is expected to propose a bonds or title or tax abatement bonds structure in FY23.

As mentioned, the City intends to engage separately with a design firm to complete design documents for the new municipal complex and to issue an RFQ/RFP for construction in FY23. The City plans to annex islands and other recommended properties in FY23 with the help of local legislation in the General Assembly beginning in January 2023.

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

The City will continue its resurfacing program using its road rating system and intends to complete an update to its existing program in FY2023. The City will also begin phase II of Powder Springs Park improvements, begin construction of the Linear Park skatepark, the Pineview and Dillard trail and trailhead and Brownsville Road improvements. Design will begin on the Powder Springs Dallas Road roundabout as well as safety improvements at the intersection of Macedonia Road and New Macland Road. The City also intends to work with Cobb County to begin replacement and upgrade of three signals using the 2022 SPLOST program dollars. Engineering and right of way work will continue on the Forest Hill and Sailors Parkway safety improvements in FY23.

## 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, special revenue funds, debt service 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 \$803,675 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 Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021. 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 the certificate, a government must publish an easily readable and efficiently organized report 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 Annual Comprehensive Financial Report for fiscal year ending June 30, 2022 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 Travis Sims, Finance Director, Glenda Lehner, Senior Accountant and Michelle Collings, the City's auditors and the cooperation of City staff. My sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

Respectfully submitted,



Pam Conner  
City Manager



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

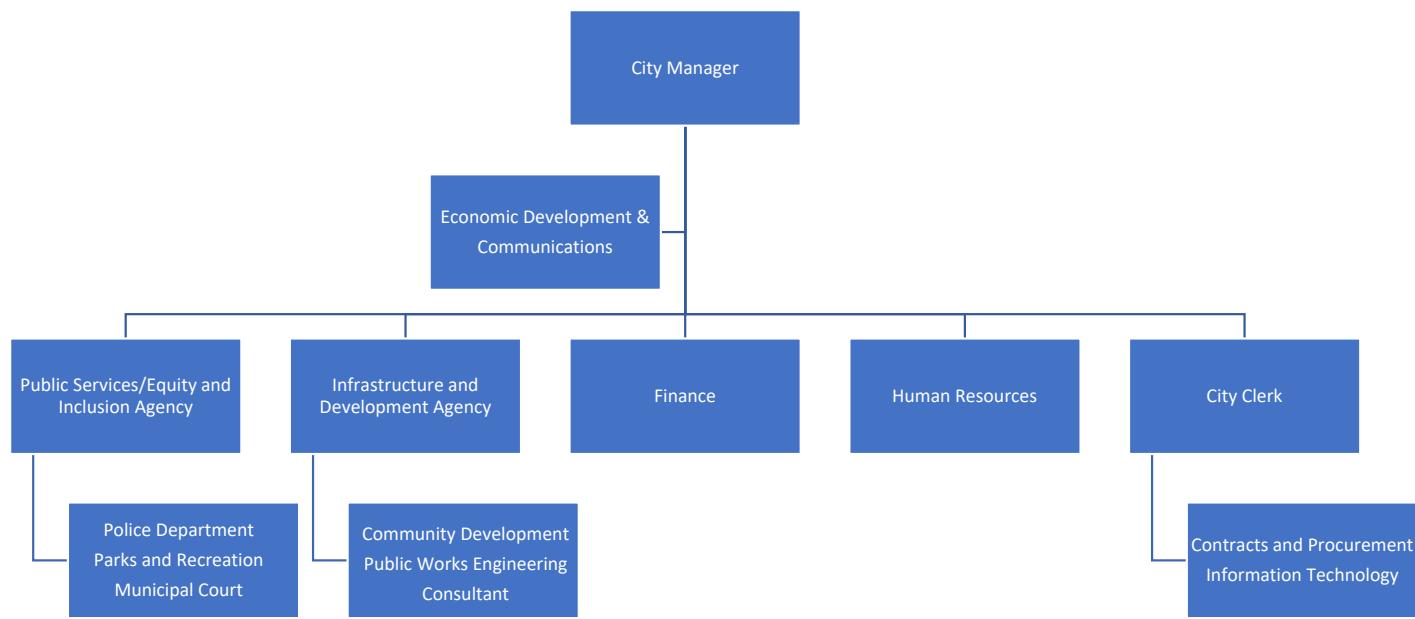
**City of Powder Springs  
Georgia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Monell*

Executive Director/CEO



# **CITY OF POWDER SPRINGS, GEORGIA**

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

**June 30, 2022**

### **CITY COUNCIL**

Al Thurman	Mayor
Patrick Bordelon	Council Member
Patricia Wisdom	Council Member
Henry Lust	Council Member
Doris Dawkins	Council Member
Dwayne Green	Council Member

### **CITY ADMINISTRATION**

Pamela Conner	City Manager
William Tanks	Agency Director-Equity & Inclusion
Travis Sims	Finance Director
Dwayne Eberhart	Public Works Director
Lane Cadwell	Chief of Police
Tina Garver	Community Development Director
Rosalyn Nealy	Human Resources Director
Kelly Axt	City Clerk
Tracie Jackson	Municipal Court Clerk
Gregory Doyle Calhoun & Rogers	City Attorney
Travis Landrum	Parks & Recreation Director
Eric Meyer	Agency Director-Development & Infrastructure

## **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 Audit of the Financial Statements**

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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### ***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, the General Fund budgetary comparison information, and the American Rescue Plan Act Fund budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local options sales tax proceeds, as required by the Official Code of Georgia 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022, 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 City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is cursive and fluid, with a slight flourish at the end.

Atlanta, Georgia  
December 30, 2022



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2022**

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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, 2022. 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 2022 are as follows:

- ◆ The City's combined net position totaled \$67,693,319, an increase of \$2,522,243 over the 2021 net position. Of this amount, unrestricted net position of \$38,241,518 may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ Combined revenue totaled \$18,746,520, of which governmental activities totaled \$16,719,881 and business-type activities totaled \$2,026,639.
- ◆ Overall expenses totaled \$16,224,277 of which governmental activities totaled \$14,327,038 and business-type activities totaled \$1,897,239.
- ◆ At the end of June 30, 2022, governmental activities expenses exceeded program revenues by \$7,026,667. Operating expenses in excess of charges for services and grants & contributions are funded using general revenues (mostly taxes). Governmental activities net position increased by \$2,361,113.
- ◆ Total business-type activities revenues exceeded business-type activities expenses by \$80,393, with miscellaneous revenues and transfers increasing this amount by \$80,737. The resulting value is an increase of \$161,130 to business-type net position.
- ◆ The investment in capital assets, net of related debt, for government activities decreased by \$4,387,287 over the 2021 investment amount. The investment in capital assets, net of related debt, for business-type activities decreased by \$82,406.
- ◆ At June 30, 2022, the City's General Fund reported an unassigned fund balance of \$18,987,057, an increase of \$12,375,046, over the prior fiscal year's unassigned fund balance.



## MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

**As of and For Year Ended June 30, 2022**

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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, 2022**

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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 19 and 20 of this report.

### **Fund Financial Statements**

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

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

#### *Governmental Funds*

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

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



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

**As of and For Year Ended June 30, 2022**

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Major funds are reported separately. The City's major funds include the General Fund, the American Rescue Plan Act Fund, the 2016 SPLOST Fund, the 2022 SPLOST Fund the Capital Projects Fund, and the Downtown Development Fund. The basic governmental fund statements are presented on pages 21 to 22 of this report.

*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 Sanitation Fund, which is considered to be a major fund of the City, and the Storm Water Fund. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

*Notes to the Financial Statements*

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

*Required Supplementary Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's retirement system and postemployment benefit plan funding progress and budget presentations. The General Fund and the American Rescue Plan Act 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 54 to 59 of this report.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2022**

**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 \$67,693,319 at June 30, 2022. The following table provides a summary of the City's governmental and business-type net position for fiscal years 2022 and 2021:

City of Powder Springs Statement of Net Position							
	Governmental Activities		Business-Type Activities		Total		Percent
	2022	2021	2022	2021	2022	2021	
<b>Assets:</b>							
Current assets	\$ 44,374,831	\$ 25,927,554	\$ 3,499,749	\$ 14,837,613	\$ 47,874,580	\$ 40,765,167	54%
Capital assets - net	<u>40,721,476</u>	<u>43,378,119</u>	<u>755,685</u>	<u>838,091</u>	<u>41,477,161</u>	<u>44,216,210</u>	<u>46%</u>
Total assets	<u>\$ 85,096,307</u>	<u>\$ 69,305,673</u>	<u>\$ 4,255,434</u>	<u>\$ 15,675,704</u>	<u>\$ 89,351,741</u>	<u>\$ 84,981,377</u>	<u>100%</u>
Deferred outflows of resources	270,163	386,557	9,816	26,470	279,979	413,027	100%
<b>Liabilities</b>							
Current liabilities	\$ 5,932,213	\$ 3,213,846	\$ 559,413	\$ 535,700	\$ 6,491,626	\$ 3,749,546	31%
Long-term liabilities (net)	<u>14,612,255</u>	<u>16,088,367</u>	<u>10,761</u>	<u>97,694</u>	<u>14,623,016</u>	<u>16,186,061</u>	<u>69%</u>
Total liabilities	<u>\$ 20,544,468</u>	<u>\$ 19,302,213</u>	<u>\$ 570,174</u>	<u>\$ 633,394</u>	<u>\$ 21,114,642</u>	<u>\$ 19,935,607</u>	<u>100%</u>
Deferred inflows of resources	751,526	269,095	72,233	18,626	823,759	287,721	100%
<b>Net Position</b>							
Invested in capital assets, net of related debt	\$ 26,178,251	\$ 30,565,538	\$ 755,685	\$ 838,091	\$ 26,933,936	\$ 31,403,629	40%
Restricted	2,517,865	6,352,908	-	-	2,517,865	6,352,908	4%
Unrestricted	<u>35,374,360</u>	<u>13,202,476</u>	<u>2,867,158</u>	<u>14,212,063</u>	<u>38,241,518</u>	<u>27,414,539</u>	<u>55%</u>
Total net position	<u>\$ 64,070,476</u>	<u>\$ 50,120,922</u>	<u>\$ 3,622,843</u>	<u>\$ 15,050,154</u>	<u>\$ 67,693,319</u>	<u>\$ 65,171,076</u>	<u>100%</u>

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

The City's investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, and sidewalks) less any related debt used to acquire those assets that is still outstanding comprise 41% of the City's total net assets. Investments in capital assets net of related debt decreased by \$4,469,693 in fiscal year 2022. 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, 2022**

Governmental activities net position increased by \$2,361,113 in fiscal year 2022 over the 2021 position. The net position of business-type activities increased \$161,130 compared to the 2021 position. The City's overall financial position increased during fiscal year 2022 by \$2,522,243.

The following table indicates the changes in net position for governmental and business-type activities in fiscal year 2022 and fiscal year 2021. Note the Restatement of opening Net Position resulting from the closure of the Water and Sewer fund to the General Fund. This restatement is described in detail in Note 14.

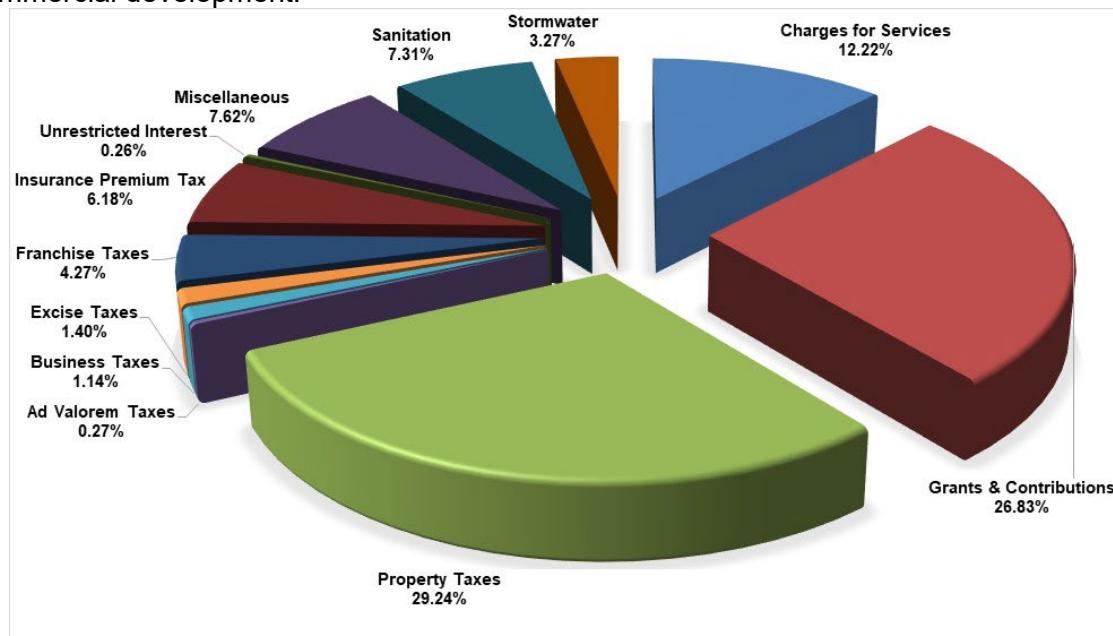
City of Powder Springs Changes in Net Position										
	Governmental Activities		Business-type Activities		Total		Percent			
	2022	2021	2022	2021	2022	2021				
<b>Revenues:</b>										
Program Revenues:										
Charges for Services	\$ 2,284,155	\$ 2,617,711	\$ 1,977,632	\$ 1,977,328	\$ 4,261,787	\$ 4,595,039	22.73%			
Operating Grants & Contributions	413,037	909,662	-	-	413,037	909,662	2.20%			
Capital Grants & Contributions	4,603,179	3,866,666	-	-	4,603,179	3,866,666	24.55%			
General Revenues:										
Property Taxes	5,467,021	5,129,620	-	-	5,467,021	5,129,620	29.16%			
Ad Valorem	50,715	59,392	-	-	50,715	59,392	0.27%			
Business Taxes	213,581	157,620	-	-	213,581	157,620	1.14%			
Excise Taxes	262,309	271,964	-	-	262,309	271,964	1.40%			
Franchise Taxes	798,578	758,375	-	-	798,578	758,375	4.26%			
Other Taxes	1,156,414	1,119,606	-	-	1,156,414	1,119,606	6.17%			
Unrestricted Interest	46,251	4,529	1,476	3,662	47,727	8,191	0.25%			
Miscellaneous	1,424,641	73,488	-	400	1,424,641	73,888	7.60%			
Gain on sale of assets	-	64,560	47,531	-	47,531	64,560	0.38%			
<b>Total Revenues</b>	<b>\$ 16,719,881</b>	<b>\$ 15,033,193</b>	<b>\$ 2,026,639</b>	<b>\$ 1,981,390</b>	<b>\$ 18,746,520</b>	<b>\$ 17,014,583</b>	<b>100.00%</b>			
<b>Expenses:</b>										
General Government	\$ 3,869,886	\$ 3,540,508	\$ -	\$ -	\$ 3,869,886	\$ 3,540,508	23.85%			
Judicial	346,765	439,788	-	-	346,765	439,788	2.14%			
Public Works	3,690,328	4,439,766	-	-	3,690,328	4,439,766	22.75%			
Culture and Recreation	954,460	854,430	-	-	954,460	854,430	5.88%			
Public Safety	2,482,243	2,904,021	-	-	2,482,243	2,904,021	15.30%			
Housing and Development	2,601,903	1,076,986	-	-	2,601,903	1,076,986	16.04%			
Interest on Long-Term Debt	381,453	599,934	-	-	381,453	599,934	2.35%			
Sanitation	-	-	1,442,069	1,304,310	1,442,069	1,304,310	8.89%			
Stormwater	-	-	455,170	318,921	455,170	318,921	2.81%			
<b>Total Expenses:</b>	<b>\$ 14,327,038</b>	<b>\$ 13,855,433</b>	<b>\$ 1,897,239</b>	<b>\$ 1,623,231</b>	<b>\$ 16,224,277</b>	<b>\$ 15,478,664</b>	<b>100.00%</b>			
Increase in net position before transfers	\$ 2,392,843	\$ 1,177,760	\$ 129,400	\$ 358,159	\$ 2,522,243	\$ 1,535,919				
Transfers	(31,730)	550,000	31,730	(550,000)	-	-				
Change in net position Restatement	2,361,113	1,727,760	161,130	(191,841)	2,522,243	1,535,919				
Net Position - beginning	11,588,441	-	(11,588,441)	-	-	-				
Net Position - ending	50,120,922	48,393,162	15,050,154	15,241,995	65,171,076	63,635,157				
	<b>\$ 64,070,476</b>	<b>\$ 50,120,922</b>	<b>\$ 3,622,843</b>	<b>\$ 15,050,154</b>	<b>\$ 67,693,319</b>	<b>\$ 65,171,076</b>				

### Changes in Overall Net Position from Operating Results

#### Revenues

Total governmental activities revenues increased by \$1,686,688. This increase is partially attributed to increases in general revenues such as Miscellaneous items. This increase accounts for \$1,351,153 (over prior year revenue) and is largely comprised of the sales of properties by the Downtown Development Authority. Grants & Contributions revenues increased by \$239,888. This is due in part to the City receiving the ARPA Grant which was to support the City's employees by buying back unused vacation that was unable to be taken over the past couple of years due to COVID and providing incentives to those who wished to receive COVID shots. Another notable change in governmental activities revenues includes an increase in property taxes revenue of \$337,401 due to a slight increase in property values. The City is heavily reliant on tax revenues to support governmental operations. Taxes provided \$7,948,618 or 42% of the City's governmental revenue. Charges for services provided \$2,284,155 or 14% of operating revenues. Accordingly, the City's taxpayers and purchases of City services fund 65% 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 decreased by \$52,810 or 3.7%. This is due to a write off of some 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 \$611,028 for the utility fees in fiscal year 2022, an increase of \$53,114 from fiscal year 2021. 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, 2022**

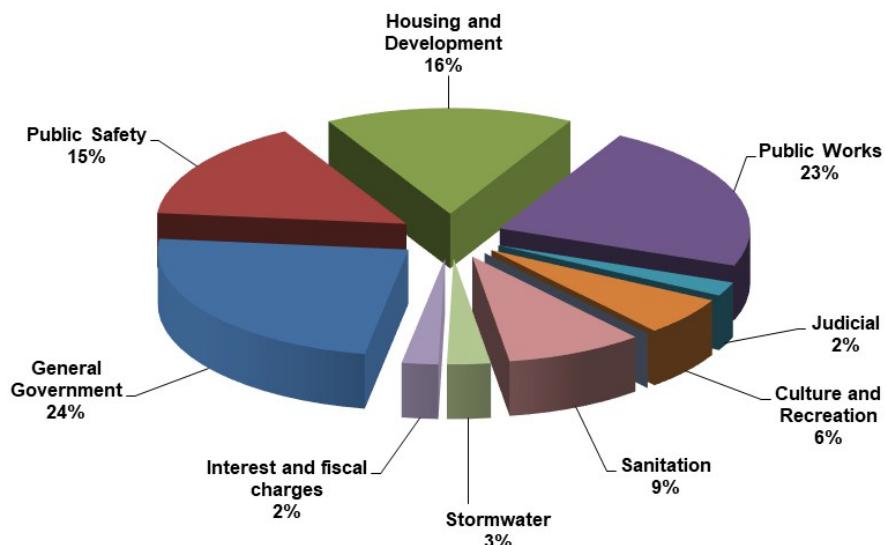
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## Expenses

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

	Operating Expenses	Percentage of Total	Net Cost of Service	Percentage of Total
General government	\$ 3,869,886	23.2%	\$ (1,942,121)	28.0%
Public safety	2,904,021	17.4%	(2,333,185)	33.6%
Housing and development	2,601,903	15.6%	(2,601,903)	37.5%
Public works	3,690,328	22.2%	188,757	-2.7%
Judicial	346,765	2.1%	40,295	-0.6%
Culture and recreation	954,460	5.7%	2,943	0.0%
Sanitation	1,442,069	8.7%	(75,465)	1.1%
Storm Water	455,170	2.7%	155,858	-2.2%
Interest and fiscal charges	381,453	2.3%	(381,453)	5.5%
Total	\$ 16,646,055	100.0%	\$ (6,946,274)	100.0%

The City's total expenses increased by \$745,613 or by 4.8%. Governmental activities' expenses increased by \$471,605 in fiscal year 2022 over expenses incurred in fiscal year 2021. Business-type operating expense increased \$274,008 during the current fiscal year. The primary increase in governmental activities is due to an increase in expenses associated with capital projects. The primary increase in business-type operating expense is due to the purchase of new garbage carts and increased landfill fees.





MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2022**

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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 2022, the City's governmental funds reported combined ending fund balances of \$39,426,742, an increase of \$15,763,207 or 66.6% from the prior year. The change in fund balance is comprised mostly of the following:

- *General Fund* fund balance increased by \$810,725 to an ending balance of \$19,735,280 which also included the merging of the old Water & Sewer Fund into the General Fund. The Water & Sewer operation was sold to Cobb County in 2019.
- *American Rescue Plan Act Fund* fund balance increased by \$6,404. These new funds were provided by a Federal grant designed to help governments recover from revenue losses due to COVID.
- The *2016 SPLOST and 2022 SPLOST Funds (combined)* fund balances increased by \$1,974,994 to a combined ending fund balance of \$6,503,140. FY 2022 saw the end of the 2016 SPLOST program and the beginning of the 2022 SPLOST program. The combined change in fund balance of the two programs is due to strong revenues outpacing spending for the funds in FY 2022 projects.

The ending unassigned governmental fund balance is \$18,987,057, 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:**
  - \$22,758 for inventories
  - \$262,362 for prepaid expenses
- **Restricted balance:**
  - \$1,733,040 for capital projects
  - \$242,863 for law enforcement
  - \$529,255 for debt service
  - \$6,303 for tourism
  - \$6,404 for federal programs
- **Assigned balance:**
  - \$11,644,595 for capital projects
  - \$5,529,002 for economic development
  - \$463,103 for subsequent year expenditures



## MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

**As of and For Year Ended June 30, 2022**

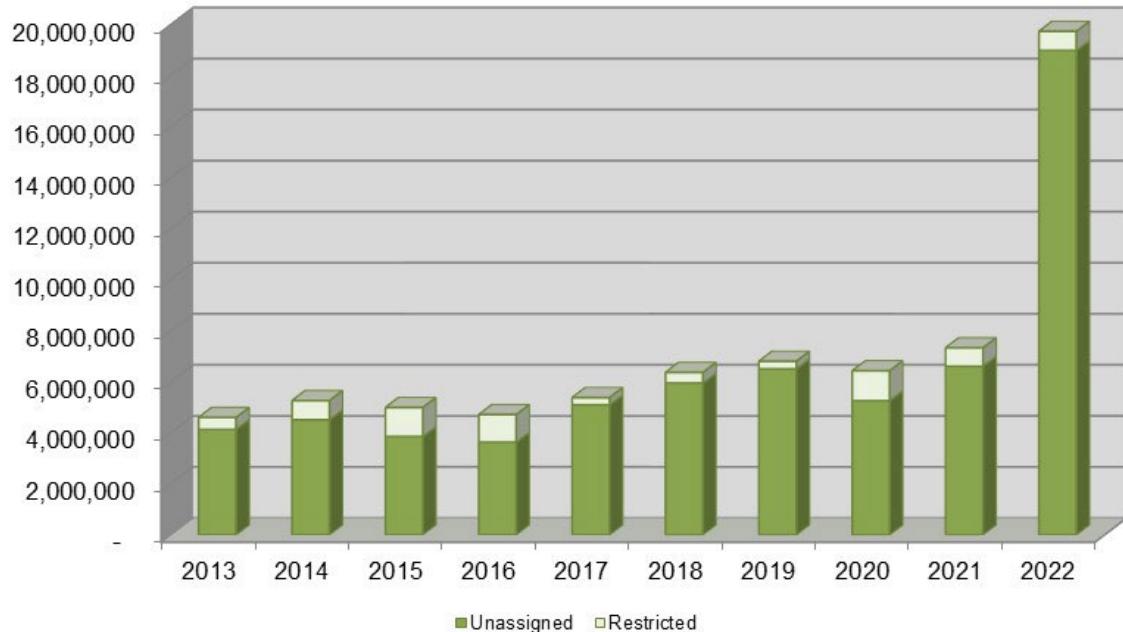
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### **Major Governmental Fund**

**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, 2022 of \$18,987,057 is considered sufficient, representing the equivalent of 238.5% of fiscal year 2022 general fund expenditures or 21.0 months of the current year's operating expenditures.

General Fund revenues in the current year increased by \$52,818 from fiscal year 2021 revenues. Expenditures increased by \$199,196 from fiscal year 2021 expenditures and net operating transfers in and out of the General Fund decreased by \$51,483.

The following chart reports general fund balances from fiscal year 2013-2022. The sharp current year increase is largely due to the restatement caused by the closing of the Water and Sewer Fund to the General Fund.



**Capital Projects Fund** – The Capital Projects Fund of the City reflects expenditures for capital projects as approved by the governing body. In fiscal year 2022, it is considered a major fund. The fund balance of the Capital Projects Fund increased \$424,521. Fund balance from impact fees increased by \$230,393 due to more residential housing starts. Expenditures during the current fiscal year increased by \$372,466 as the city prepares for construction of a new skate park in FY 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

**As of and For Year Ended June 30, 2022**

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**SPLOST Funds** - The 2016 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 \$184,519 or 4.0% 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 \$2,006,471 during the year as compared to expenditures of \$2,730,402 in fiscal year 2021. The 2016 SPLOST program has ended and has been replaced with the 2016 SPLOST program. Thus, the only future revenues for the 2016 program will come from the County for shared projects. It will take approximately two years to complete the remaining projects in the 2016 program. The start of the 2022 SPLOST program saw a start with strong revenues and very little spending as the focus was on closing out the 2016 SPLOST projects. Thus the 2022 SPLOST contributed fund balance of \$1,790,475.

### **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. Since this fund has ceased all operational activity, the fund balance of \$11,588,442 was restated into the beginning balance of the General Fund.

The Sanitation Fund net position at the end of the year was \$2,089,457, a decrease of \$26,458.

The Storm Water net position at the end of the year was \$1,533,386, an increase of \$187,588.

### **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 2021, the City adopted a General Fund Budget for operations for fiscal year 2022 of \$9,035,043. At the end of the fiscal year, the final amended budgeted expenditures and transfers out were \$10,731,138. Actual General Fund revenue was \$697,737 more than final budgeted revenues for fiscal year 2022. Actual expenditures were \$1,265,233 less than final budgeted expenditures, resulting in a favorable budget variance before other financing sources and uses of \$1,962,970.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2022**

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

- The City increased the revenue and expenditure budget by \$42,000 in anticipation of receiving and spending GRPA Grant proceeds.
- The City received additional permitting revenue in fiscal year and amended the revenue and expenditure budgets by \$100,000 to allocate these funds to permitting as well as the corresponding contract labor for building inspections.
- The City increased the revenue & expenditure budget to transfer excess prior year fund balance of \$181,124 to the Capital Projects fund for future resurfacing and emergency preparedness.

## **Capital Assets and Debt Administration**

### **Capital Assets**

The City's investment in capital assets, net of related debt for its governmental activities amounts to \$26,771,616 and in the business-type activities the balance was \$755,685, as of June 30, 2022. 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.

	Capital Assets (Net of depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Construction in Progress	\$ 5,900,466	\$ 7,688,619	\$ -	\$ -	\$ 5,900,466	\$ 7,688,619
Land & Improvements	2,274,620	6,323,664	-	-	2,274,620	6,323,664
Buildings and Improvements	8,655,392	11,077,407	17,450	18,828	8,672,842	11,096,235
Parks Equipment	974,746	695,665	-	-	974,746	695,665
Vehicles and Equipment	1,023,097	1,025,952	359,189	426,126	1,382,286	1,452,078
Infrastructure	21,893,155	16,566,812	-	-	21,893,155	16,566,812
Utility Systems	-	-	379,046	393,137	379,046	393,137
Total	<u>\$ 40,721,476</u>	<u>\$ 43,378,119</u>	<u>\$ 755,685</u>	<u>\$ 838,091</u>	<u>\$ 41,477,161</u>	<u>\$ 44,216,210</u>

At June 30, 2022, the depreciable capital assets for governmental activities were 44% depreciated. Conversely, the depreciable capital assets of business-type activities were 52% depreciated.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2022**

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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 \$181,516.
- Parks Vehicle of \$36,957.
- Police Tasers of \$28,560.
- Police Body & Car Cameras of \$215,991.

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

- New Stormwater truck of \$31,730.

Costs added to construction in progress at June 30, 2022 consist of the following:

- Downtown park \$7,800.
- Streetscape projects \$78,105.
- Powder Springs/Sailors/Flint intersection improvements \$61,046.
- Sailors/CH James intersection improvements \$4,903.
- Sailors/Forest Hill intersection improvements \$110,209.
- Florence/CH James intersection improvements \$340,043.
- Brownsville Road \$6,390.
- Powder Springs Park Pavilion \$356,127.

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 \$14,053,000 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.	\$1,125,000
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.	\$4,018,000
Series 2021A issued to refund the remaining balance of Series 2014, expanding existing City properties, acquire additional properties, and finance related costs	\$5,245,000
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

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 \$50,336,837.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)  
**As of and For Year Ended June 30, 2022**

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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 2023 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 \$10,833,888 and transfers out to the Capital Projects Fund of \$463,103. The expected unassigned fund balance for the General Fund at the end of the fiscal year 2023 is \$18,924,555.
- The millage rate is adopted in July of each year for the operations and maintenance in General Fund. The millage rate for the 2022 tax digest is 9.50 (for fiscal year 2023).
- The 2021 tax digest (fiscal year 2022) was \$503,368,370; which was \$19,592,101 or 4.0% 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, 2022**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 31,595,712	\$ 3,424,361	\$ 35,020,073
Receivables, net of allowance for uncollectibles	60,285	37,649	97,934
Taxes receivable, net of allowance for uncollectibles	107,948	-	107,948
Inventories	22,758	-	22,758
Prepaid items	262,362	37,739	300,101
Restricted cash and cash equivalents	5,807,231	-	5,807,231
Due from other governments	4,691,773	-	4,691,773
Land held for resale	1,826,762	-	1,826,762
Capital assets:			
Non-depreciable	8,175,086	-	8,175,086
Depreciable, net of accumulated depreciation	32,546,390	755,685	33,302,075
Total assets	<u>85,096,307</u>	<u>4,255,434</u>	<u>89,351,741</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refundings	74,241	-	74,241
Pension related items	90,034	9,816	99,850
OPEB related items	105,888	-	105,888
Total deferred outflows of resources	<u>270,163</u>	<u>9,816</u>	<u>279,979</u>
<b>LIABILITIES</b>			
Accounts payable	931,792	77,538	1,009,330
Accrued liabilities	1,159,593	13,300	1,172,893
Customer deposits	-	455,429	455,429
Unearned revenue	2,850,811	-	2,850,811
Interest payable	166,993	-	166,993
Bonds payable, due within one year	741,000	-	741,000
Bonds payable, due in more than one year	13,897,490	-	13,897,490
Compensated absences, due within one year	108,729	13,146	121,875
Compensated absences, due in more than one year	82,024	9,917	91,941
Net pension liability, due in more than one year	7,740	844	8,584
Total OPEB liability, due in more than one year	598,296	-	598,296
Total liabilities	<u>20,544,468</u>	<u>570,174</u>	<u>21,114,642</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	662,475	72,233	734,708
OPEB related items	89,051	-	89,051
Total deferred inflows of resources	<u>751,526</u>	<u>72,233</u>	<u>823,759</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,178,251	755,685	26,933,936
Restricted for:			
Tourism	6,303	-	6,303
Federal programs	6,404	-	6,404
Law enforcement	242,863	-	242,863
Debt Service	529,255	-	529,255
Capital projects	1,733,040	-	1,733,040
Unrestricted	<u>35,374,360</u>	<u>2,867,158</u>	<u>38,241,518</u>
Total net position	<u><u>\$ 64,070,476</u></u>	<u><u>\$ 3,622,843</u></u>	<u><u>\$ 67,693,319</u></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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 3,869,886	\$ 1,454,478	\$ 413,037	\$ 60,250	\$ (1,942,121)	\$ -	\$ (1,942,121)
Judicial	346,765	387,060	-	-	40,295	-	40,295
Public safety	2,482,243	16,096	-	132,962	(2,333,185)	-	(2,333,185)
Public works	3,690,328	426,521	-	3,452,564	188,757	-	188,757
Community development	76,103	-	-	-	(76,103)	-	(76,103)
Planning and zoning	643,426	-	-	-	(643,426)	-	(643,426)
Economic development	1,882,374	-	-	-	(1,882,374)	-	(1,882,374)
Culture and recreation	954,460	-	-	957,403	2,943	-	2,943
Interest on long-term debt	381,453	-	-	-	(381,453)	-	(381,453)
Total governmental activities	<u>14,327,038</u>	<u>2,284,155</u>	<u>413,037</u>	<u>4,603,179</u>	<u>(7,026,667)</u>	<u>-</u>	<u>(7,026,667)</u>
Business-type activities:							
Solid waste	1,442,069	1,366,604	-	-	-	(75,465)	(75,465)
Stormwater	455,170	611,028	-	-	-	155,858	155,858
Total business-type activities	<u>1,897,239</u>	<u>1,977,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,393</u>	<u>80,393</u>
Total primary government	<u>\$ 16,224,277</u>	<u>\$ 4,261,787</u>	<u>\$ 413,037</u>	<u>\$ 4,603,179</u>	<u>(7,026,667)</u>	<u>\$ 80,393</u>	<u>(6,946,274)</u>
General revenues:							
Property taxes				5,467,021	-	5,467,021	
Sales taxes				50,715	-	50,715	
Franchise taxes				798,578	-	798,578	
Excise taxes				262,309	-	262,309	
Business and occupational taxes				213,581	-	213,581	
Insurance premium taxes				1,156,414	-	1,156,414	
Unrestricted investment earnings				46,251	1,476	47,727	
Gain on sale of capital assets				-	47,531	47,531	
Miscellaneous				1,424,641	-	1,424,641	
Transfers				(31,730)	31,730	-	-
Total general revenues and transfers				<u>9,387,780</u>	<u>80,737</u>	<u>9,468,517</u>	
Change in net position				<u>2,361,113</u>	<u>161,130</u>	<u>2,522,243</u>	
Net position, beginning of year, restated				<u>61,709,363</u>	<u>3,461,713</u>	<u>65,171,076</u>	
Net position, end of year				<u>\$ 64,070,476</u>	<u>\$ 3,622,843</u>	<u>\$ 67,693,319</u>	

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

**CITY OF POWDER SPRINGS, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

ASSETS	General Fund	American Rescue Plan Act Fund	2016 SPLOST Fund	2022 SPLOST Fund	Capital Projects Fund	Downtown Development Authority	Total Nonmajor Special Revenue Funds	Total Governmental Funds
Cash	\$ 16,831,422	\$ 2,871,467	\$ 4,892,886	\$ 1,043,108	\$ 1,904,818	3,812,265	\$ 239,746	\$ 31,595,712
Taxes receivable, net of allowance	107,948	-	-	-	-	-	-	107,948
Accounts receivable, net of allowance	58,646	-	-	-	-	-	1,639	60,285
Due from other governments	3,934,599	-	-	747,367	-	-	9,807	4,691,773
Restricted cash and cash equivalents	-	-	-	-	5,807,231	-	-	5,807,231
Inventory	22,758	-	-	-	-	-	-	22,758
Prepaid items	262,362	-	-	-	-	-	-	262,362
Land held for resale	-	-	-	-	-	1,826,762	-	1,826,762
Total assets	<u>\$ 21,217,735</u>	<u>\$ 2,871,467</u>	<u>\$ 4,899,486</u>	<u>\$ 1,790,475</u>	<u>\$ 7,712,049</u>	<u>\$ 5,639,027</u>	<u>\$ 251,192</u>	<u>\$ 44,381,431</u>
LIABILITIES								
Accounts payable	\$ 317,469	\$ 14,252	\$ 186,821	\$ -	\$ 411,224	\$ -	\$ 2,026	\$ 931,792
Accrued liabilities	1,159,093	-	-	-	500	-	-	1,159,593
Due to other funds	-	-	-	-	6,600	-	-	6,600
Unearned revenue	-	2,850,811	-	-	-	-	-	2,850,811
Total liabilities	<u>1,476,562</u>	<u>2,865,063</u>	<u>186,821</u>	<u>-</u>	<u>418,324</u>	<u>-</u>	<u>2,026</u>	<u>4,948,796</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	5,893	-	-	-	-	-	-	5,893
Total deferred inflows of resources	<u>5,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,893</u>
FUND BALANCES								
Fund balances:								
Nonspendable:								
Prepaid items	262,362	-	-	-	-	-	-	262,362
Inventory	22,758	-	-	-	-	-	-	22,758
Restricted:								
Tourism	-	-	-	-	-	-	6,303	6,303
Law enforcement	-	-	-	-	-	-	242,863	242,863
Capital projects	-	-	710,482	-	1,022,558	-	-	1,733,040
Federal programs	-	6,404	-	-	-	-	-	6,404
Debt service	-	-	-	-	419,230	110,025	-	529,255
Assigned for:								
Economic development	-	-	-	-	-	-	-	5,529,002
Capital projects	-	-	4,002,183	1,790,475	5,851,937	-	-	11,644,595
Subsequent year expenditures	463,103	-	-	-	-	-	-	463,103
Unassigned	<u>18,987,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,987,057</u>
Total fund balances	<u>19,735,280</u>	<u>6,404</u>	<u>4,712,665</u>	<u>1,790,475</u>	<u>7,293,725</u>	<u>5,639,027</u>	<u>249,166</u>	<u>39,426,742</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,217,735</u>	<u>\$ 2,871,467</u>	<u>\$ 4,899,486</u>	<u>\$ 1,790,475</u>	<u>\$ 7,712,049</u>	<u>\$ 5,639,027</u>	<u>\$ 251,192</u>	<u>\$ 40,721,476</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.								40,721,476
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.								5,893
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.								(1,161,640)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.								(14,921,995)
Net position of governmental activities								<u>\$ 64,070,476</u>

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

**CITY OF POWDER SPRINGS, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	American Rescue Plan Act Fund	2016 SPLOST Fund	2022 SPLOST Fund	Capital Projects Fund	Downtown Development Authority	Total Nonmajor Special Revenue Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes	\$ 7,976,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,835	\$ 7,986,918
Licenses and permits	847,274	-	-	-	-	-	-	847,274
Intergovernmental	321,543	91,494	2,183,113	2,039,361	372,828	-	-	5,008,339
Fines and forfeitures	387,060	-	-	-	-	-	16,096	403,156
Charges for services	607,204	-	-	-	426,521	-	-	1,033,725
Interest income	27,181	6,404	7,877	-	9,565	2,995	106	54,128
Contributions	19,598	-	-	-	-	-	-	19,598
Miscellaneous	79,808	-	-	-	-	1,323,226	2,009	1,405,043
Total revenues	<u>10,265,751</u>	<u>97,898</u>	<u>2,190,990</u>	<u>2,039,361</u>	<u>808,914</u>	<u>1,326,221</u>	<u>29,046</u>	<u>16,758,181</u>
<b>Expenditures</b>								
Current:								
General government	2,793,111	91,494	12,738	-	542,005	-	-	3,439,348
Judicial	355,055	-	-	-	-	-	-	355,055
Public safety	2,184,736	-	63,182	-	-	-	2,210	2,250,128
Public works	1,253,921	-	1,008,686	4,335	383,731	-	-	2,650,673
Community development	-	-	-	-	66,550	-	-	66,550
Planning and zoning	657,800	-	-	-	-	-	-	657,800
Economic development	233,050	-	-	-	-	333,625	6,773	573,448
Culture and recreation	484,137	-	-	-	-	-	-	484,137
Capital outlay	-	-	921,865	244,551	654,220	-	-	1,820,636
Debt service:								
Principal retirements	-	-	-	-	-	724,000	-	724,000
Interest	-	-	-	-	-	393,225	-	393,225
Total expenditures	<u>7,961,810</u>	<u>91,494</u>	<u>2,006,471</u>	<u>248,886</u>	<u>1,646,506</u>	<u>1,450,850</u>	<u>8,983</u>	<u>13,415,000</u>
Excess (deficiency) of revenues over expenditures	2,303,941	6,404	184,519	1,790,475	(837,592)	(124,629)	20,063	3,343,181
<b>Other financing sources (uses):</b>								
Proceeds from sales of capital assets	6,000	-	-	-	825,585	-	-	831,585
Transfers in	-	-	-	-	613,124	1,062,688	-	1,675,812
Transfers out	(1,499,216)	-	-	-	(176,596)	-	-	(1,675,812)
Total other financing sources (uses)	<u>(1,493,216)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,262,113</u>	<u>1,062,688</u>	<u>-</u>	<u>831,585</u>
Net change in fund balances	810,725	6,404	184,519	1,790,475	424,521	938,059	20,063	4,174,766
<b>Fund balances, beginning of year, restated</b>	<b>18,924,555</b>	<b>-</b>	<b>4,528,146</b>	<b>-</b>	<b>6,869,204</b>	<b>4,700,968</b>	<b>229,103</b>	<b>35,251,976</b>
<b>Fund balances, end of year</b>	<b>\$ 19,735,280</b>	<b>\$ 6,404</b>	<b>\$ 4,712,665</b>	<b>\$ 1,790,475</b>	<b>\$ 7,293,725</b>	<b>\$ 5,639,027</b>	<b>\$ 249,166</b>	<b>\$ 39,426,742</b>

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

**CITY OF POWDER SPRINGS, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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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	\$ 4,174,766
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.	(123,331)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations, and disposals) is to decrease net position.	(2,533,312)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(38,300)
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.	766,828
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>114,462</u>
Change in net position - governmental activities	<u><u>\$ 2,361,113</u></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, 2022**

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ASSETS	Sanitation Fund	Nonmajor		Totals
		Storm Water Fund		
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,291,921	\$ 1,132,440	\$ 3,424,361	
Accounts receivable, net of allowances	25,077	12,572	37,649	
Prepaid items	29,898	7,841	37,739	
Total current assets	2,346,896	1,152,853	3,499,749	
<b>NONCURRENT ASSETS</b>				
Depreciable capital assets, net of accumulated depreciation	343,847	411,838	755,685	
Total noncurrent assets	343,847	411,838	755,685	
Total assets	2,690,743	1,564,691	4,255,434	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	7,372	2,444	9,816	
Total deferred outflows of resources	7,372	2,444	9,816	
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	68,777	8,761	77,538	
Accrued liabilities	12,596	704	13,300	
Customer deposits	455,429	-	455,429	
Compensated absences payable, current	9,676	3,470	13,146	
Total current liabilities	546,478	12,935	559,413	
<b>NONCURRENT LIABILITIES</b>				
Compensated absences payable	7,299	2,618	9,917	
Net pension liability	634	210	844	
Total noncurrent liabilities	7,933	2,828	10,761	
Total liabilities	554,411	15,763	570,174	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	54,247	17,986	72,233	
Total deferred inflows of resources	54,247	17,986	72,233	
<b>NET POSITION</b>				
Investment in capital assets	343,847	411,838	755,685	
Unrestricted	1,745,610	1,121,548	2,867,158	
Total net position	\$ 2,089,457	\$ 1,533,386	\$ 3,622,843	

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, 2022**

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	Sanitation Fund	Nonmajor Storm Water Fund	Totals
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 1,328,920	\$ 611,028	\$ 1,939,948
Other operating income	37,684	-	37,684
Total operating revenues	<u>1,366,604</u>	<u>611,028</u>	<u>1,977,632</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	504,124	134,950	639,074
General operating expenses	842,329	301,700	1,144,029
Depreciation	95,616	18,520	114,136
Total operating expenses	<u>1,442,069</u>	<u>455,170</u>	<u>1,897,239</u>
Operating income (loss)	(75,465)	155,858	80,393
<b>NON-OPERATING REVENUES</b>			
Interest income	1,476	-	1,476
Gain on sale of assets	47,531	-	47,531
Total non-operating revenues	<u>49,007</u>	<u>-</u>	<u>49,007</u>
Net income (loss) before capital contributions	(26,458)	155,858	129,400
Capital contributions	-	31,730	31,730
Change in net position	(26,458)	187,588	161,130
<b>Net position, beginning of year</b>	<u>2,115,915</u>	<u>1,345,798</u>	<u>3,461,713</u>
<b>Net position, end of year</b>	<u><u>\$ 2,089,457</u></u>	<u><u>\$ 1,533,386</u></u>	<u><u>\$ 3,622,843</u></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, 2022**

	Sanitation Fund	Nonmajor Storm Water Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,357,469	\$ 618,615	\$ 1,976,084
Payments to suppliers and customers	(795,048)	(319,719)	(1,114,767)
Payments to employees	(517,084)	(138,752)	(655,836)
Net cash provided by operating activities	<u>45,337</u>	<u>160,144</u>	<u>205,481</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sales of capital assets	47,531	-	47,531
Net cash provided by capital and related financing activities	<u>47,531</u>	<u>-</u>	<u>47,531</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	1,476	-	1,476
Net cash provided by investing activities	<u>1,476</u>	<u>-</u>	<u>1,476</u>
Net increase in cash and cash equivalents	94,344	160,144	254,488
Cash and cash equivalents, beginning of year	2,197,577	972,296	3,169,873
Cash and cash equivalents, end of year	<u>\$ 2,291,921</u>	<u>\$ 1,132,440</u>	<u>\$ 3,424,361</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (75,465)	\$ 155,858	\$ 80,393
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	95,616	18,520	114,136
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(9,135)	7,587	(1,548)
Decrease in prepaid items	4,738	721	5,459
Decrease in deferred outflows of resources - pension related items	12,507	4,147	16,654
Decrease in accounts payable	(15,252)	(18,740)	(33,992)
Increase (decrease) in accrued liabilities	2,482	(642)	1,840
Increase in customer deposits	57,795	-	57,795
Increase (decrease) in compensated absences payable	(4,017)	629	(3,388)
Decrease in net pension liability	(64,191)	(21,284)	(85,475)
Increase in deferred inflows of resources - pension related items	40,259	13,348	53,607
Net cash provided by operating activities	<u>\$ 45,337</u>	<u>\$ 160,144</u>	<u>\$ 205,481</u>

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

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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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.

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.

## 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

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.

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 **American Rescue Plan Act Fund** is a special revenue fund and accounts for the amounts awarded to the City under the Coronavirus State and Local Fiscal Recovery Funds program, provided for under the American Rescue Plan Act of 2021.

The **2016 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.

## 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 (continued):

The **2022 Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating the City's 2022 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 fund:

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.

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

#### D. Budgets

Annual appropriated budgets are adopted for all governmental funds, with the exception of capital projects funds for which project length budgets are adopted. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except indirect costs are budgeted as revenues rather than a reduction of the expenditures. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General fund, special revenue funds, and debt service fund. During the fiscal year ended June 30, 2022, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All budget appropriations lapse at the end of each year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, special revenue and Capital Projects funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The 2016 SPLOST Fund, 2022 SPLOST Fund, and Capital Projects Fund had outstanding encumbrances of \$811,054, \$114,031, and \$28,400, respectively, as of June 30, 2022.

#### 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.

## NOTES TO FINANCIAL STATEMENTS

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

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

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

#### **H. Inventories**

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

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

Payments made to vendors for services that will benefit periods beyond June 30, 2022, 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
Stormwater 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 assets 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 assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three 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 two are related to the City's pension plan and OPEB plan and are 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.

#### **P. Fund Equity**

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### P. Fund Equity (Continued)

Fund balances are classified as follows:

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

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### P. Fund Equity (Continued)

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

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

#### Q. Management Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$14,921,995 difference are as follows:

Bonds payable	\$ (14,053,000)
Premium on bonds payable	(585,490)
Deferred charges on refunding	74,241
Accrued interest payable	(166,993)
Compensated absences (i.e., vacation)	<u>(190,753)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>(14,921,995)</u>

## NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation states that “deferred outflows of resources, deferred inflows of resources, and the net pension liability are not expected to be liquidated with expendable available resources and, therefore, are not reported in the funds.” The details of this \$1,161,640 difference are as follows:

Net pension liability	\$	(7,740)
Deferred outflows of resources - pension related items		90,034
Deferred inflows of resources - pension related items		(662,475)
Total OPEB liability		(598,296)
Deferred outflows of resources - OPEB related items		105,888
Deferred inflows of resources - OPEB related items		<u>(89,051)</u>
Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at net position - governmental activities	\$	<u>(1,161,640)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$123,331 difference are as follows:

Capital outlay	\$	1,639,982
Depreciation expense		<u>(1,763,313)</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>(123,331)</u>

## NOTES TO FINANCIAL STATEMENTS

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

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

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 \$766,828 difference are as follows:

Principal repayments	\$ 724,000
Amortization of bond premiums	<u>42,828</u>
Net adjustment to increase <i>net change in fund balances - governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	
	<u>\$ 766,828</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 \$114,462 difference are as follows:

Compensated absences (i.e., vacation)	\$ 11,920
Accrued interest	(12,497)
Amortization of deferred charges	(18,559)
Pension expense	138,737
OPEB expense	<u>(5,139)</u>
Net adjustment to increase <i>net change in fund balances - governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	
	<u>\$ 114,462</u>

### 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 of \$327,593. The excesses were funded with transfers from other funds.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2022 are summarized as follows:

Statement of Net Position:

Cash and cash equivalents	\$ 35,020,073
Restricted cash and cash equivalents	<u>5,807,231</u>
	<u>\$ 40,827,304</u>

Cash deposited with financial institutions	\$ 18,673,478
Cash deposited with Georgia fund 1	<u>22,153,826</u>
	<u>\$ 40,827,304</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.

The Georgia Fund 1 is an investment pool, rated AAAf by Standard & Poor's, with a Weighted Average Maturity of 43 days, 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 its 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, 2022, 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 and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2022, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by State statutes.

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2022, 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	\$ 345,404	\$ 82,482	\$ 3,934,599	\$ (261,292)	\$ 4,101,193
2022 SPLOST	-	-	747,367	-	747,367
Nonmajor					
Governmental Funds	-	1,639	9,807	-	11,446
Sanitation	-	107,889	-	(82,812)	25,077
Nonmajor - Stormwater	-	45,023	-	(32,451)	12,572
	<b><u>\$ 345,404</u></b>	<b><u>\$ 237,033</u></b>	<b><u>\$ 4,691,773</u></b>	<b><u>\$ (376,555)</u></b>	<b><u>\$ 4,897,655</u></b>

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, 2022, the outstanding balance was \$3,850,000, and is included in the General Fund's amounts reported as Due from Other Governments.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Transfers to Business	Type Activities	Ending Balance
<b>Governmental Activities:</b>							
Nondepreciable capital assets:							
Land and improvements	\$ 6,323,664	\$ -	\$ (423,198)	\$ -	\$ -		\$ 5,900,466
Construction in progress	7,688,619	964,622	(6,800)	(6,371,821)	-		2,274,620
Total	<u>14,012,283</u>	<u>964,622</u>	<u>(429,998)</u>	<u>(6,371,821)</u>	-		<u>8,175,086</u>
Capital assets, being depreciated:							
Buildings and improvements	20,223,110	-	(4,214,160)	121,826	-		16,130,776
Furniture and fixtures	168,163	-	(21,262)	-	-		146,901
Parks equipment	5,479,269	356,510	-	-	-		5,835,779
Vehicles and equipment	5,730,378	318,850	(32,840)	-	(31,730)		5,984,658
Infrastructure - streets	24,191,619	-	-	6,249,995	-		30,441,614
Total	<u>55,792,539</u>	<u>675,360</u>	<u>(4,268,262)</u>	<u>6,371,821</u>	<u>(31,730)</u>		<u>58,539,728</u>
being depreciated							
Less accumulated depreciation for:							
Buildings and improvements	(9,145,703)	(491,422)	2,161,741	-	-		(7,475,384)
Furniture and fixtures	(148,998)	-	2,097	-	-		(146,901)
Parks equipment	(4,783,604)	(77,429)	-	-	-		(4,861,033)
Vehicles and equipment	(4,723,591)	(270,810)	32,840	-	-		(4,961,561)
Infrastructure - streets	(7,624,807)	(923,652)	-	-	-		(8,548,459)
Total	<u>(26,426,703)</u>	<u>(1,763,313)</u>	<u>2,196,678</u>	<u>-</u>	<u>-</u>		<u>(25,993,338)</u>
Total capital assets, being depreciated, net	<u>29,365,836</u>	<u>(1,087,953)</u>	<u>(2,071,584)</u>	<u>6,371,821</u>	<u>(31,730)</u>		<u>32,546,390</u>
Governmental activities capital assets, net	<u>\$ 43,378,119</u>	<u>\$ (123,331)</u>	<u>\$ (2,501,582)</u>	<u>\$ -</u>	<u>\$ (31,730)</u>		<u>\$ 40,721,476</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers from Governmental Activities	Ending Balance
<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	1,218,777	-	(146,400)	31,730	1,104,107
Total	<u>1,682,832</u>	<u>-</u>	<u>(146,400)</u>	<u>31,730</u>	<u>1,568,162</u>
Less accumulated depreciation for:					
Buildings and improvements	(22,505)	(1,378)	-	-	(23,883)
Utility systems	(29,585)	(14,091)	-	-	(43,676)
Vehicles and equipment	(792,651)	(98,667)	146,400	-	(744,918)
Total	<u>(844,741)</u>	<u>(114,136)</u>	<u>146,400</u>	<u>-</u>	<u>(812,477)</u>
Total capital assets being depreciated, net	<u>838,091</u>	<u>(114,136)</u>	<u>-</u>	<u>31,730</u>	<u>755,685</u>
Business-type activities capital assets, net	<u>\$ 838,091</u>	<u>\$ (114,136)</u>	<u>\$ -</u>	<u>\$ 31,730</u>	<u>\$ 755,685</u>

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

Governmental activities:	
General government	\$ 95,757
Public safety	305,562
Public works	886,353
Culture and recreation	474,157
Community development	<u>1,484</u>
Total depreciation expense - governmental activities	<u>\$ 1,763,313</u>
Business-type activities:	
Stormwater	\$ 18,520
Sanitation	<u>95,616</u>
Total depreciation expense - business-type activities	<u>\$ 114,136</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2022 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Revenue bonds payable	\$ 14,777,000	\$ -	\$ (724,000)	\$ 14,053,000	\$ 741,000
Premium on bonds payable	628,318	-	(42,828)	585,490	-
	<u>15,405,318</u>	<u>-</u>	<u>(766,828)</u>	<u>14,638,490</u>	<u>741,000</u>
Compensated absences	202,673	145,766	(157,686)	190,753	108,729
Net pension liability	790,789	531,921	(1,314,970)	7,740	-
Total OPEB liability	529,111	95,476	(26,291)	598,296	-
Governmental activity					
Long-term liabilities	<u>\$ 16,927,891</u>	<u>\$ 773,163</u>	<u>\$ (2,265,775)</u>	<u>\$ 15,435,279</u>	<u>\$ 849,729</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 26,451	\$ 23,388	\$ (26,776)	\$ 23,063	\$ 13,146
Net pension liability	86,319	57,997	(143,472)	844	-
Business-type activity					
Long-term liabilities	<u>\$ 112,770</u>	<u>\$ 81,385</u>	<u>\$ (170,248)</u>	<u>\$ 23,907</u>	<u>\$ 13,146</u>

For governmental funds, compensated absences and the total OPEB liability are liquidated by the General Fund. The net pension liability is liquidated by the General Fund, Sanitation and Stormwater Funds.

#### 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, 2022 the outstanding balance of these bonds is \$1,125,000.

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 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, 2022 the outstanding balance of the Series 2018 bonds is \$4,018,000.

Concurrent with the issuance of the Series 2018 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 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.

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, 2022 the outstanding balance of the Series 2021A bonds is \$5,245,000, 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:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 741,000	\$ 324,041	\$ 1,065,041
2024	770,000	306,846	1,076,846
2025	734,000	278,402	1,012,402
2026	660,000	266,315	926,315
2027	687,000	199,098	886,098
2028-2032	3,521,000	1,239,206	4,760,206
2033-2037	3,645,000	771,390	4,416,390
2038-2041	3,295,000	250,650	3,545,650
Total	<u>\$ 14,053,000</u>	<u>\$ 3,635,948</u>	<u>\$ 17,688,948</u>

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, 2022.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. INTERFUND TRANSFERS

The composition of interfund transfers as of June 30, 2022 is as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>Amount</b>
Capital Projects Fund	General Fund	\$ 613,124
Downtown Development Authority	General Fund	886,092
Downtown Development Authority	Capital Projects Fund	176,596
		<u>\$ 1,675,812</u>

Transfers are used to use unrestricted revenues collected in the General Fund to help fund the acquisition of capital assets in the Capital Project Fund, and to fund annual debt service requirements in the Downtown Development Authority Fund. Transfers are also used to move revenues restricted for capital projects from the Capital Project Fund to the Downtown Development Authority Fund to aid in the acquisition of properties for resale.

### 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN (CONTINUED)

#### Plan Membership

At January 1, 2022, 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	59
Active employees - vested	35
Active employees - nonvested	29
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 2022, the actuarially determined contribution rate was 7.08% of covered payroll. The City makes all contributions to the Plan. For 2022, the City's contribution to the Plan was \$245,653.

#### Actuarial Assumptions

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

The City's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2021.

The total pension liability in the January 1, 2021 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, 2021 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, 2021 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

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### NOTE 9. PENSION PLAN (CONTINUED)

#### Actuarial Assumptions (Continued)

##### **Net Pension Liability of the City (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, 2021 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.55%
International equity	20%	7.30
Global fixed income	5%	0.50
Domestic fixed income	20%	0.40
Real estate	10%	3.65
Cash	0%	
Total	<u>100%</u>	

\* 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

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### NOTE 9. PENSION PLAN (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, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/21</b>	<b>\$ 5,657,720</b>	<b>\$ 4,780,612</b>	<b>\$ 877,108</b>
<b>Changes for the year:</b>			
Service cost	151,223	-	151,223
Interest	420,510	-	420,510
Differences between expected and actual experience	(19,881)	-	(19,881)
Assumption changes	-	-	-
Contributions—employer	-	274,568	(274,568)
Net investment income	-	1,163,993	(1,163,993)
Benefit payments, including refunds of employee contributions	(214,218)	(214,218)	-
Administrative expense	-	(18,185)	18,185
<b>Net changes</b>	<b>337,634</b>	<b>1,206,158</b>	<b>(868,524)</b>
<b>Balances at 6/30/22</b>	<b>\$ 5,995,354</b>	<b>\$ 5,986,770</b>	<b>\$ 8,584</b>

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

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, 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:

	1% Decrease <u>(6.375%)</u>	Discount Rate <u>(7.375%)</u>	1% Increase <u>(8.375%)</u>
City's net pension liability (asset)	\$ 849,050	\$ 8,584	\$ (682,159)

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, 2021 and the current sharing pattern of costs between employer and employee.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN (CONTINUED)

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

For the fiscal year ended June 30, 2022, the City recognized pension expense of \$30,289. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 82,179
Changes in assumptions	42,122	-
Net difference between projected and actual earnings on pension plan investments	-	652,529
City contributions subsequent to the measurement date	<u>57,728</u>	-
<b>Total</b>	<b><u>\$ 99,850</u></b>	<b><u>\$ 734,708</u></b>

City contributions subsequent to the measurement date of \$57,728 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:	
2023	\$ (181,000)
2024	(162,463)
2025	(187,148)
2026	(161,975)
<b>Total</b>	<b><u>\$ (692,586)</u></b>

### 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. 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### Plan Description and Benefits Provided (continued)

The following schedule reflects membership for the OPEB Plan as of July 1, 2021, the most recent actuarial valuation:

Active participants	63
Retirees and beneficiaries currently receiving benefits	12
Total	<u>75</u>

#### Contributions

The City Council has elected to fund the Plan on a “pay as you go” basis. Per the Council resolution, retirees are able to continue to receive health insurance at active employee rates, subsidized by City contributions. For the fiscal year ended June 30, 2022, 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 \$598,296 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2019, 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, 2021 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	2.18%
Prior Measurement date	2.66%
Health care cost trends	
Pre-medicare	7.0% - 5.00%, Ultimate Trend in 2025
Medicare	6.0% - 5.00%, Ultimate Trend in 2023

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-2020.

#### Discount rate

The discount rate used to measure the total OPEB liability was 2.18%. The discount rate is based on the S&P Municipal Bond 20-year Municipal Bond High Grade Index.

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2022 were as follows:

	<b>Total OPEB Liability</b>
Balance at June 30, 2021	\$ 529,111
Service Cost	24,867
Interest	11,792
Demographic changes	19,368
Benefit payments	(26,291)
Assumption changes	39,449
Balance at June 30, 2022	<u>\$ 598,296</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 (1.18 percent) or 1-percentage-point higher (3.18 percent) than the current discount rate:

	1% Decrease <u>(1.18%)</u>	Current <u>(2.18%)</u>	1% Increase <u>(3.18%)</u>
Total OPEB liability	\$ 669,473	\$ 598,296	\$ 537,778

#### 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:

	1% Decrease <u>(6.0% to 4.00%)</u>	Current <u>(7.0% to 5.0%)</u>	1% Increase <u>(8.0% to 6.00%)</u>
Total OPEB liability	\$ 537,206	\$ 598,296	\$ 670,732

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, 2021 and the current sharing pattern of costs between employer and inactive employees.

## NOTES TO FINANCIAL STATEMENTS

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

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

For the year ended June 30, 2022 the City recognized OPEB expense of \$8,457. At June 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in demographics	\$ 19,368	\$ 89,051
Changes in assumptions	56,911	-
City contributions subsequent to the measurement date	29,609	-
	<u>\$ 105,888</u>	<u>\$ 89,051</u>

The City contributions made subsequent to the measurement date of \$26,609 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:

Year ending June 30,	
2023	\$ (2,555)
2024	(2,555)
2025	(2,554)
2026	(2,554)
Thereafter	<u>(2,554)</u>
	<u>\$ (12,772)</u>

### 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.

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

#### **Litigation:**

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

#### **Grant Contingencies:**

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

#### **Construction Commitments:**

The City has active construction projects as of June 30, 2022. 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 \$803,675. The projects are being financed primarily through the Capital Project 2016 SPLOST, and 2022 SPLOST funds, using pay-as-you-go funding sources.

### NOTE 14. CHANGE IN REPORTING ENTITY

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. As the only future activity related to the Water and Sewer Fund will be annual payments received from Cobb County, which are then transferred to the General Fund, the City Council voted to close the Water and Sewer Fund and merge its remaining net assets into the General Fund. This caused the following restatement of opening fund balance and net position as of July 1, 2021:

	<b>General Fund</b>	<b>Governmental Activities</b>	<b>Water and Sewer Fund</b>	<b>Business-Type Activities</b>
Fund balance / Net position as previously reported, July 1, 2021	\$ 7,336,114	\$ 50,120,922	\$ 11,588,441	\$ 15,050,154
Restatement to close Water & Sewer Fund to General Fund	<u>11,588,441</u>	<u>11,588,441</u>	<u>(11,588,441)</u>	<u>(11,588,441)</u>
Fund balance / Net position as restated, July 1, 2021	<u>\$ 18,924,555</u>	<u>\$ 61,709,363</u>	<u>\$ -</u>	<u>\$ 3,461,713</u>

## **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**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>					
Service cost	\$ 24,867	\$ 15,415	\$ 22,242	\$ 18,012	\$ 29,625
Interest on total OPEB liability	11,792	17,181	17,082	17,452	17,867
Demographic changes	19,368	(66,143)	(45,483)	-	-
Benefit payments	(26,291)	(24,936)	(28,183)	(22,465)	(31,905)
Assumption changes	39,449	12,870	5,073	12,219	-
<b>Net change in total OPEB liability</b>	<b>69,185</b>	<b>(45,613)</b>	<b>(29,269)</b>	<b>25,218</b>	<b>15,587</b>
<b>Total OPEB liability - beginning</b>	<b>529,111</b>	<b>574,724</b>	<b>603,993</b>	<b>578,775</b>	<b>563,188</b>
<b>Total OPEB liability - ending</b>	<b>\$ 598,296</b>	<b>\$ 529,111</b>	<b>\$ 574,724</b>	<b>\$ 603,993</b>	<b>\$ 578,775</b>
 <b>Covered-employee payroll</b>	 \$ 2,853,868	 \$ 2,545,181	 \$ 2,634,327	 \$ 2,636,891	 \$ 2,636,891
 <b>Total OPEB liability as a percentage of covered-employee payroll</b>	 20.96%	 20.79%	 21.82%	 22.91%	 21.95%

**Changes to Actuarial Assumptions:**

Since the prior measurement date, the discount rate was decreased from 2.66% to 2.18%; the healthcare cost trend rates were increased from 6.00% for the 2020/21 fiscal year graded down to 5.00% for the 2022/23 and later fiscal years to 7.00% for the 2020/21 fiscal year graded down to 5.00% for the 2024/25 and later fiscal years; and the mortality improvement scale was updated from Scale MP-2017 to Scale MP-2020.

**Notes to the Schedule:**

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

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

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Total pension liability</b>				
Service cost	\$ 151,223	\$ 171,330	\$ 171,751	\$ 188,813
Interest on total pension liability	420,510	399,459	374,961	355,633
Differences between expected and actual experience	(19,881)	(49,575)	(93,742)	(95,223)
Changes of assumptions	-	-	168,489	-
Changes of benefit terms	-	-	-	-
Benefit payments, including refunds of employee contributions	(214,218)	(217,106)	(191,144)	(157,782)
<b>Net change in total pension liability</b>	<u>337,634</u>	<u>304,108</u>	<u>430,315</u>	<u>291,441</u>
<b>Total pension liability - beginning</b>	<u>5,657,720</u>	<u>5,353,612</u>	<u>4,923,297</u>	<u>4,631,856</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 5,995,354</u></u>	<u><u>\$ 5,657,720</u></u>	<u><u>\$ 5,353,612</u></u>	<u><u>\$ 4,923,297</u></u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 274,568	\$ 233,185	\$ 262,899	\$ 214,744
Net investment income	1,163,993	422,518	129,838	374,496
Benefit payments, including refunds of member contributions	(214,218)	(217,106)	(191,144)	(157,782)
Administrative expenses	(18,185)	(18,477)	(16,725)	(17,588)
<b>Net change in plan fiduciary net position</b>	<u>1,206,158</u>	<u>420,120</u>	<u>184,868</u>	<u>413,870</u>
<b>Plan fiduciary net position - beginning</b>	<u>4,780,612</u>	<u>4,360,492</u>	<u>4,175,624</u>	<u>3,761,754</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 5,986,770</u></u>	<u><u>\$ 4,780,612</u></u>	<u><u>\$ 4,360,492</u></u>	<u><u>\$ 4,175,624</u></u>
<b>City's net pension liability - ending (a) - (b)</b>	<u><u>\$ 8,584</u></u>	<u><u>\$ 877,108</u></u>	<u><u>\$ 993,120</u></u>	<u><u>\$ 747,673</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	99.86%	84.50%	81.45%	84.81%
<b>Covered payroll</b>	\$ 3,046,934	\$ 3,430,513	\$ 3,582,394	\$ 3,521,104
<b>City's net pension liability as a percentage of covered payroll</b>	0.28%	25.57%	27.72%	21.23%
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Total pension liability</b>				
Service cost	\$ 160,240	\$ 129,174	\$ 152,063	\$ 147,966
Interest on total pension liability	299,730	268,392	241,997	221,191
Differences between expected and actual experience	(67,433)	140,185	17,435	4,544
Changes of assumptions	66,551	-	-	(23,991)
Benefit payments, including refunds of employee contributions	375,624	(126,016)	(87,044)	(75,427)
Other changes	(140,718)	-	35,607	-
<b>Net change in total pension liability</b>	<u>693,994</u>	<u>411,735</u>	<u>360,058</u>	<u>274,283</u>
<b>Total pension liability - beginning</b>	<u>3,937,862</u>	<u>3,526,127</u>	<u>3,166,069</u>	<u>2,891,786</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 4,631,856</u></u>	<u><u>\$ 3,937,862</u></u>	<u><u>\$ 3,526,127</u></u>	<u><u>\$ 3,166,069</u></u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 173,207	\$ 168,902	\$ 189,890	\$ 187,392
Net investment income	491,420	325,721	28,135	277,971
Benefit payments, including refunds of member contributions	(140,718)	(126,016)	(87,044)	(75,427)
Administrative expenses	(19,834)	(10,567)	(11,753)	(9,403)
<b>Net change in plan fiduciary net position</b>	<u>504,075</u>	<u>358,040</u>	<u>119,228</u>	<u>380,533</u>
<b>Plan fiduciary net position - beginning</b>	<u>3,257,679</u>	<u>2,899,639</u>	<u>2,780,411</u>	<u>2,399,878</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 3,761,754</u></u>	<u><u>\$ 3,257,679</u></u>	<u><u>\$ 2,899,639</u></u>	<u><u>\$ 2,780,411</u></u>
<b>City's net pension liability - ending (a) - (b)</b>	<u><u>\$ 870,102</u></u>	<u><u>\$ 680,183</u></u>	<u><u>\$ 626,488</u></u>	<u><u>\$ 385,658</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	81.21%	82.73%	82.23%	87.82%
<b>Covered payroll</b>	\$ 3,727,954	\$ 3,500,149	\$ 2,934,029	\$ 3,353,477
<b>City's net pension liability as a percentage of covered payroll</b>	23.34%	19.43%	21.35%	11.50%

**Notes to the Schedule:**

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

**CITY OF POWDER SPRINGS, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**RETIREMENT PLAN**  
**SCHEDULE OF CITY CONTRIBUTIONS**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Actuarially determined contribution	\$ 245,653	\$ 255,786	\$ 252,538	\$ 266,352
Contributions in relation to the actuarially determined contribution	<u>245,653</u>	<u>255,786</u>	<u>252,538</u>	<u>266,352</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,279,746	\$ 3,623,031	\$ 3,566,921	\$ 3,778,043
Contributions as a percentage of covered payroll	7.49%	7.06%	7.08%	7.05%
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 197,541	\$ 162,562	\$ 171,015	\$ 176,564
Contributions in relation to the actuarially determined contribution	<u>197,541</u>	<u>162,562</u>	<u>171,015</u>	<u>176,564</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,500,149	\$ 2,982,789	\$ 3,406,673	\$ 2,931,666
Contributions as a percentage of covered payroll	5.64%	5.45%	5.02%	6.02%

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

**CITY OF POWDER SPRINGS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budget			Variance With Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$ 7,316,483	\$ 7,316,483	\$ 7,976,083	\$ 659,600
Licenses and permits	681,700	781,700	847,274	65,574
Intergovernmental	285,000	327,000	321,543	(5,457)
Fines and forfeitures	512,500	512,500	387,060	(125,440)
Charges for services	608,651	608,651	607,204	(1,447)
Interest	5,000	5,000	27,181	22,181
Contributions	2,000	2,000	19,598	17,598
Miscellaneous	14,680	14,680	79,808	65,128
Total revenues	9,426,014	9,568,014	10,265,751	697,737
<b>Expenditures</b>				
<b>Current:</b>				
<b>General government:</b>				
City Council	117,726	147,726	125,892	21,834
Mayor	57,829	63,829	54,677	9,152
City manager	639,680	639,680	571,874	67,806
City clerk	319,739	339,739	294,903	44,836
General administration fees	1,016,707	1,016,707	892,905	123,802
Elections	19,000	19,000	18,990	10
Financial administration	509,169	509,169	467,978	41,191
Data processing	249,000	249,000	232,509	16,491
Human resources	148,681	148,681	133,383	15,298
Total general government	3,077,531	3,133,531	2,793,111	340,420
<b>Judicial</b>				
<b>Public safety</b>				
<b>Public works</b>				
<b>Planning and zoning</b>				
<b>Economic development</b>				
<b>Culture and recreation</b>				
Total expenditures	9,085,043	9,227,043	7,961,810	1,265,233
Excess of revenues over expenditures	340,971	340,971	2,303,941	1,962,970
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	6,000	6,000
Transfers in	550,000	550,000	-	(550,000)
Transfers out	(1,322,971)	(1,504,095)	(1,499,216)	4,879
Total other financing sources (uses)	(772,971)	(954,095)	(1,493,216)	(539,121)
Net change in fund balances	(432,000)	(613,124)	810,725	1,423,849
<b>Fund balance, beginning of year, restated</b>	18,924,555	18,924,555	18,924,555	-
<b>Fund balance, end of year</b>	\$ 18,492,555	\$ 18,311,431	\$ 19,735,280	\$ 1,423,849

**CITY OF POWDER SPRINGS, GEORGIA**  
**AMERICAN RESCUE PLAN ACT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budget			Variance With Final Budget	
	Original	Final	Actual		
<b>Revenues</b>					
Intergovernmental	\$	-	\$ 5,884,610	\$ 91,494	\$ (5,793,116)
Interest		-		6,404	6,404
Total revenues		-	<u>5,884,610</u>	<u>97,898</u>	<u>(5,786,712)</u>
<b>Expenditures</b>					
General government		-	884,000	91,494	792,506
Public works		-	4,916,000	-	4,916,000
Total expenditures		-	<u>5,800,000</u>	<u>91,494</u>	<u>5,708,506</u>
Net change in fund balances		-	84,610	6,404	(78,206)
<b>Fund balance, beginning of year</b>		-	-	-	-
<b>Fund balance, end of year</b>	\$	-	<u>\$ 84,610</u>	<u>\$ 6,404</u>	<u>\$ (78,206)</u>

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

Revenues GAAP Basis	\$ 10,265,751
Indirect Cost Revenues	<u>210,251</u>
Revenues, Budgetary Basis	10,476,002
Expenditures GAAP Basis	7,961,810
Indirect Cost Expenditures	<u>210,251</u>
Expenditures, Budgetary Basis	<u>8,172,061</u>
Excess of Revenues over Expenditures	
Budgetary Basis	<u>\$ 2,303,941</u>

## **SUPPLEMENTARY INFORMATION**

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# CITY OF POWDER SPRINGS, GEORGIA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

ASSETS	Special Revenue Funds		Total Nonmajor Governmental Funds
	Police Seizure Fund	Hotel/Motel Tax Fund	
Cash and cash equivalents	\$ 233,056	\$ 6,690	\$ 239,746
Accounts receivable	-	1,639	1,639
Due from other governments	9,807	-	9,807
Total assets	<u><u>\$ 242,863</u></u>	<u><u>\$ 8,329</u></u>	<u><u>\$ 251,192</u></u>
LIABILITIES			
Accounts payable	\$ -	\$ 2,026	\$ 2,026
Total liabilities	-	2,026	2,026
FUND BALANCES			
FUND BALANCES			
Restricted:			
Tourism	-	6,303	6,303
Law enforcement	242,863	-	242,863
Total fund balances	242,863	6,303	249,166
Total liabilities and fund balances	<u><u>\$ 242,863</u></u>	<u><u>\$ 8,329</u></u>	<u><u>\$ 251,192</u></u>

**CITY OF POWDER SPRINGS, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Police Seizure Fund	Hotel/Motel Tax Fund	
<b>REVENUES</b>			
Hotel/motel taxes	\$ -	\$ 10,835	\$ 10,835
Fines and forfeitures	16,096	-	16,096
Miscellaneous	-	2,009	2,009
Interest income	106	-	106
 Total revenues	 16,202	 12,844	 29,046
<b>EXPENDITURES</b>			
Public safety	2,210	-	2,210
Tourism	-	6,773	6,773
 Total expenditures	 2,210	 6,773	 8,983
Net change in fund balances	13,992	6,071	20,063
<b>FUND BALANCES, beginning of year</b>	<b>228,871</b>	<b>232</b>	<b>229,103</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 242,863</b>	<b>\$ 6,303</b>	<b>\$ 249,166</b>

**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, 2022**

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	Budget			Variance With Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Fines & forfeitures	\$ 20,000	\$ 20,000	\$ 16,096	\$ (3,904)
Interest	100	100	106	6
Total revenues	<u>20,100</u>	<u>20,100</u>	<u>16,202</u>	<u>(3,898)</u>
<b>EXPENDITURES</b>				
Public safety	<u>20,100</u>	<u>20,100</u>	<u>2,210</u>	<u>17,890</u>
Net change in fund balances	-	-	13,992	13,992
<b>FUND BALANCE, beginning of year</b>	<u>228,871</u>	<u>228,871</u>	<u>228,871</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 228,871</u>	<u>\$ 228,871</u>	<u>\$ 242,863</u>	<u>\$ 13,992</u>

**CITY OF POWDER SPRINGS, GEORGIA**  
**HOTEL/MOTEL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budget			Variance With Final Budget	
	Original	Final	Actual		
<b>REVENUES</b>					
Hotel/motel tax	\$ -	\$ 8,000	\$ 10,835	\$ 2,835	
Miscellaneous	<u>-</u>	<u>-</u>	<u>2,009</u>	<u>2,009</u>	
Total revenues	<u>-</u>	<u>8,000</u>	<u>12,844</u>	<u>4,844</u>	
<b>EXPENDITURES</b>					
Tourism	<u>-</u>	<u>8,232</u>	<u>6,773</u>	<u>1,459</u>	
Net change in fund balances	<u>-</u>	<u>(232)</u>	<u>6,071</u>	<u>6,303</u>	
<b>FUND BALANCE, beginning of year</b>	<b>232</b>	<b>232</b>	<b>232</b>	<b>-</b>	
<b>FUND BALANCE, end of year</b>	<b>\$ 232</b>	<b>\$ -</b>	<b>\$ 6,303</b>	<b>\$ 6,303</b>	

**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, 2022**

	Budget			Variance With Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Sale of property	\$ -	\$ -	\$ 1,308,926	\$ 1,308,926
Interest earnings	-	-	2,995	2,995
Miscellaneous	-	-	14,300	14,300
Total revenues	<u>-</u>	<u>-</u>	<u>1,326,221</u>	<u>1,326,221</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	1,364	1,364	333,625	(332,261)
Debt service:				
Principal	836,948	836,948	724,000	112,948
Interest	<u>106,863</u>	<u>284,945</u>	<u>393,225</u>	<u>(108,280)</u>
Total expenditures	<u>945,175</u>	<u>1,123,257</u>	<u>1,450,850</u>	<u>(327,593)</u>
Deficiency of revenues over expenditures	(945,175)	(1,123,257)	(124,629)	998,628
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>945,175</u>	<u>945,175</u>	<u>1,062,688</u>	<u>117,513</u>
Total other financing sources	<u>945,175</u>	<u>945,175</u>	<u>1,062,688</u>	<u>117,513</u>
Net change in fund balances	-	(178,082)	938,059	1,116,141
<b>FUND BALANCE, beginning of year</b>	<u>4,700,968</u>	<u>4,700,968</u>	<u>4,700,968</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 4,700,968</u>	<u>\$ 4,522,886</u>	<u>\$ 5,639,027</u>	<u>\$ 1,116,141</u>

**CITY OF POWDER SPRINGS, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE**  
**LOCAL OPTION SALES TAX**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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<u>Project</u>	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
<b>2016 SPLOST Program:</b>					
General Street Improvements	\$ 804,120	\$ 2,357,520	\$ 454,263	\$ 453,345	\$ 907,608
Resurfacing	6,000,000	3,382,078	3,074,938	185,275	3,260,213
Parks and Recreation Improvements	750,000	5,387,453	2,655,989	454,947	3,110,936
Streetscapes	1,327,600	763,693	521,831	94,964	616,795
Facilities Improvements	750,000	681,949	572,373	28,630	601,003
Public Safety Improvements	750,000	883,317	674,625	63,182	737,807
Intersection Improvements	3,850,000	6,147,544	4,002,024	726,128	4,728,152
<b>Total</b>	<b>\$ 14,231,720</b>	<b>\$ 19,603,554</b>	<b>\$ 11,956,043</b>	<b>\$ 2,006,471</b>	<b>\$ 13,962,514</b>
<b>2022 SPLOST Program:</b>					
General Street Improvements	\$ 2,500,000	\$ 2,500,000	\$ -	\$ 4,335	\$ 4,335
Resurfacing	3,600,000	3,600,000	-	-	-
Parks and Recreation Improvements	3,500,000	3,500,000	-	-	-
Streetscapes	1,000,000	1,000,000	-	-	-
Facilities Improvements	2,803,888	2,803,888	-	-	-
Public Safety Improvements	1,000,000	1,000,000	-	244,551	244,551
Intersection Improvements	2,900,000	2,900,000	-	-	-
<b>Total</b>	<b>\$ 17,303,888</b>	<b>\$ 17,303,888</b>	<b>\$ -</b>	<b>\$ 248,886</b>	<b>\$ 248,886</b>

## **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.

	<u>Page</u>
<b>Financial Trends.....</b>	<b>66</b>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity .....</b>	<b>77</b>
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
<b>Debt Capacity .....</b>	<b>81</b>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information.....</b>	<b>85</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information .....</b>	<b>87</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Governmental activities					
Net investment in capital assets	\$ 26,178,251	\$ 30,565,538	\$ 37,211,154	\$ 34,673,659	\$ 32,842,258
Restricted	2,517,865	6,352,908	5,086,418	4,619,305	3,400,830
Unrestricted	<u>35,374,360</u> <sup>(4)</sup>	<u>13,202,476</u>	<u>6,102,103</u>	<u>7,706,818</u>	<u>7,741,430</u>
Total governmental activities net position	<u><u>\$ 64,070,476</u></u>	<u><u>\$ 50,120,922</u></u>	<u><u>\$ 48,399,675</u></u>	<u><u>\$ 46,999,782</u></u>	<u><u>\$ 43,984,518</u></u>
Business-type activities					
Net investment in capital assets	\$ 755,685	\$ 4,688,091	\$ 668,790	\$ 539,670 <sup>(3)</sup>	\$ 6,454,354
Unrestricted	2,867,158	10,362,063	14,573,205	14,793,562	8,314,028
Total business-type activities net position	<u><u>\$ 3,622,843</u></u>	<u><u>\$ 15,050,154</u></u>	<u><u>\$ 15,241,995</u></u>	<u><u>\$ 15,333,232</u></u>	<u><u>\$ 14,768,382</u></u>
Primary government					
Net investment in capital assets	\$ 26,933,936	\$ 35,253,629	\$ 37,879,944	\$ 35,213,329	\$ 39,296,612
Restricted	2,517,865	6,352,908	5,086,418	4,619,305	3,400,830
Unrestricted	<u>38,241,518</u>	<u>23,564,539</u>	<u>20,675,308</u>	<u>22,500,380</u>	<u>16,055,458</u>
Total primary government net position	<u><u>\$ 67,693,319</u></u>	<u><u>\$ 65,171,076</u></u>	<u><u>\$ 63,641,670</u></u>	<u><u>\$ 62,333,014</u></u>	<u><u>\$ 58,752,900</u></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.

(4) - Governmental activities net position was restated as of July 1, 2021 for the transfer of the residual net equity of the Water and Sewer Fund to the General Fund.

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

	<b>2017 (2)</b>	<b>2016</b>	<b>2015</b>	<b>2014 (1)</b>	<b>2013</b>
Governmental activities					
Net investment in capital assets	\$ 30,752,959	\$ 30,834,381	\$ 28,730,880	\$ 26,057,109	\$ 23,297,545
Restricted	3,106,338	2,191,896	2,501,319	2,109,402	2,651,150
Unrestricted	7,193,630	5,930,220	5,247,724	4,850,088	4,497,623
Total governmental activities net position	<u><u>\$ 41,052,927</u></u>	<u><u>\$ 38,956,497</u></u>	<u><u>\$ 36,479,923</u></u>	<u><u>\$ 33,016,599</u></u>	<u><u>\$ 30,446,318</u></u>
Business-type activities					
Net investment in capital assets	\$ 5,722,445	\$ 5,556,927	\$ 5,264,412	\$ 5,236,028	\$ 5,529,606
Unrestricted	7,676,687	7,371,928	6,668,373	5,734,790	4,831,985
Total business-type activities net position	<u><u>\$ 13,399,132</u></u>	<u><u>\$ 12,928,855</u></u>	<u><u>\$ 11,932,785</u></u>	<u><u>\$ 10,970,818</u></u>	<u><u>\$ 10,361,591</u></u>
Primary government					
Net investment in capital assets	\$ 36,475,404	\$ 36,391,308	\$ 33,995,292	\$ 31,293,137	\$ 28,827,151
Restricted	3,106,338	2,191,896	2,501,319	2,109,402	2,651,150
Unrestricted	14,870,317	13,302,148	11,916,097	10,584,878	9,329,608
Total primary government net position	<u><u>\$ 54,452,059</u></u>	<u><u>\$ 51,885,352</u></u>	<u><u>\$ 48,412,708</u></u>	<u><u>\$ 43,987,417</u></u>	<u><u>\$ 40,807,909</u></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)**

	2022	2021	2020	2019	2018
<b>Expenses</b>					
Governmental activities:					
General government	\$ 3,869,886	\$ 3,540,508	\$ 2,429,658	\$ 1,591,101	\$ 1,289,401
Judicial	346,765	439,788	422,072	463,785	483,164
Public safety	2,482,243	2,904,021	3,047,852	3,213,726	3,216,569
Public works	3,690,328	4,439,766	4,056,843	2,259,247	1,947,785
Community development	76,103	31,999	369,532	379,668	517,730
Planning and zoning	643,426	717,400	367,825	341,543	228,083
Economic development	1,882,374	327,587	234,152	459,048	125,451
Culture and recreation	954,460	854,430	675,255	785,444	754,486
Interest on long-term debt	381,453	599,934	263,555	284,505	224,612
Total governmental activities expenses	<u>14,327,038</u>	<u>13,855,433</u>	<u>11,866,744</u>	<u>9,778,067</u>	<u>8,787,281</u>
Business-type activities:					
Water & Sewer	-	-	6,394	5,356,781	5,387,584
Solid waste	1,442,069	1,304,310	1,191,116	1,205,936	1,271,079
Stormwater	455,170	318,921	290,451	148,104	181,641
Total business-type activities expenses	<u>1,897,239</u>	<u>1,623,231</u>	<u>1,487,961</u>	<u>6,710,821</u>	<u>6,840,304</u>
Total primary government expenses	<u><u>\$ 16,224,277</u></u>	<u><u>\$ 15,478,664</u></u>	<u><u>\$ 13,354,705</u></u>	<u><u>\$ 16,488,888</u></u>	<u><u>\$ 15,627,585</u></u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 1,454,478	\$ 1,604,855	\$ 1,234,812	\$ 1,064,087	\$ 1,405,279
Judicial	387,060	673,478	295,215	651,086	632,463
Public safety	16,096	22,985	183,091	149,068	143,251
Public works	426,521	316,393	-	-	-
Culture and recreation	-	-	105,785	173,893	294,169
Operating grants and contributions	413,037	909,662	388,740	329,669	397,891
Capital grants and contributions	4,603,179	3,866,666	3,505,536	3,393,553	3,048,093
Total governmental activities program revenues	<u>7,300,371</u>	<u>7,394,039</u>	<u>5,713,179</u>	<u>5,761,356</u>	<u>5,921,146</u>
Business-type activities:					
Charges for services:					
Water & Sewer	-	-	145,533	6,557,889	6,432,081
Solid waste	1,366,604	1,419,414	1,221,658	1,413,221	1,353,180
Stormwater	611,028	557,914	471,422	381,995	390,037
Total business-type activities program revenues	<u>1,977,632</u>	<u>1,977,328</u>	<u>1,838,613</u>	<u>8,353,105</u>	<u>8,175,298</u>
Total primary government program revenues	<u><u>\$ 9,278,003</u></u>	<u><u>\$ 9,371,367</u></u>	<u><u>\$ 7,551,792</u></u>	<u><u>\$ 14,114,461</u></u>	<u><u>\$ 14,096,444</u></u>

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

	2017	2016	2015	2014	2013
<b>Expenses</b>					
Governmental activities:					
General government	\$ 1,015,287	\$ 1,241,193	\$ 881,610	\$ 900,533	\$ 760,497
Judicial	352,753	241,622	154,306	151,596	428,709
Public safety	3,231,902	3,324,112	2,858,898	2,482,731	3,072,667
Public works	2,094,427	1,950,695	1,499,231	1,742,675	2,055,730
Community development	923,634	757,122	735,300	590,648	485,271
Culture and recreation	551,055	411,631	290,317	408,830	258,969
Interest on long-term debt	205,998	169,011	352,974	305,452	336,412
Total governmental activities expenses	<u>8,375,056</u>	<u>8,095,386</u>	<u>6,772,636</u>	<u>6,582,465</u>	<u>7,398,255</u>
Business-type activities:					
Water & Sewer	5,453,734	5,154,505	5,113,633	4,838,532	4,579,748
Solid waste	1,215,260	1,037,995	977,570	974,543	1,111,782
Stormwater	238,174	468,945	306,187	155,966	-
Total business-type activities expenses	<u>6,907,168</u>	<u>6,661,445</u>	<u>6,397,390</u>	<u>5,969,041</u>	<u>5,691,530</u>
Total primary government expenses	<u><u>\$ 15,282,224</u></u>	<u><u>\$ 14,756,831</u></u>	<u><u>\$ 13,170,026</u></u>	<u><u>\$ 12,551,506</u></u>	<u><u>\$ 13,089,785</u></u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 1,142,915	\$ 1,029,994	\$ 906,669	\$ 218,981	\$ 236,510
Judicial	719,897	411,287	288,380	346,764	438,947
Public safety	140,997	104,588	76,391	109,080	84,753
Public works	-	-	-	336,007	345,445
Community development	-	-	-	46,559	44,705
Culture and recreation	269,535	82,599	162,300	62,312	-
Operating grants and contributions	420,132	313,340	454,788	331,244	452,090
Capital grants and contributions	3,022,374	3,279,674	3,128,731	2,817,525	2,700,194
Total governmental activities program revenues	<u>5,715,850</u>	<u>5,221,482</u>	<u>5,017,259</u>	<u>4,268,472</u>	<u>4,302,644</u>
Business-type activities:					
Charges for services:					
Water & Sewer	6,486,799	5,926,231	5,766,750	5,627,573	5,436,361
Solid waste	1,322,697	1,277,369	1,251,714	1,131,910	1,145,663
Stormwater	395,637	452,213	352,539	352,579	357,708
Total business-type activities program revenues	<u>8,205,133</u>	<u>7,655,813</u>	<u>7,371,003</u>	<u>7,112,062</u>	<u>6,939,732</u>
Total primary government program revenues	<u><u>\$ 13,920,983</u></u>	<u><u>\$ 12,877,295</u></u>	<u><u>\$ 12,388,262</u></u>	<u><u>\$ 11,380,534</u></u>	<u><u>\$ 11,242,376</u></u>

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

	2022	2021	2020	2019	2018
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (7,026,667)	\$ (6,461,394)	\$ (6,153,565)	\$ (4,016,711)	\$ (2,866,135)
Business-type activities	80,393	354,097	350,652	1,642,284	1,334,994
Total primary government net (expense) revenue	<u><u>\$ (6,946,274)</u></u>	<u><u>\$ (6,107,297)</u></u>	<u><u>\$ (5,802,913)</u></u>	<u><u>\$ (2,374,427)</u></u>	<u><u>\$ (1,531,141)</u></u>
<b>General Revenues and Other Changes</b>					
<b>in Net Position</b>					
Governmental activities:					
Property taxes	\$ 5,467,021	\$ 5,129,620	\$ 4,619,219	\$ 4,480,979	\$ 3,679,765
Insurance premium taxes	1,156,414	1,119,606	1,062,080	999,006	926,333
Excise taxes	262,309	271,964	254,168	240,628	228,815
Franchise taxes	798,578	758,375	799,245	760,817	700,293
Other taxes	264,296	217,012	175,932	142,950	132,112
Gain on sale of capital assets	-	64,560	-	-	-
Unrestricted Investment Earnings	46,251	4,529	52,704	80,669	46,813
Miscellaneous	1,424,641	73,488	130,177	75,229	78,866
Transfers	(31,730)	550,000	453,420	251,697	4,729
Total governmental activities	<u><u>9,387,780</u></u>	<u><u>8,189,154</u></u>	<u><u>7,546,945</u></u>	<u><u>7,031,975</u></u>	<u><u>5,797,726</u></u>
Business-type activities:					
Unrestricted Investment earnings	1,476	3,662	11,531	15,383	8,462
Gain on sale of capital assets	47,531	-	-	-	30,523
Miscellaneous	-	400	-	-	-
Special items	-	-	-	(841,120) (2)	-
Transfers	31,730	(550,000)	(453,420)	(251,697)	(4,729)
Total business-type activities	<u><u>80,737</u></u>	<u><u>(545,938)</u></u>	<u><u>(441,889)</u></u>	<u><u>(1,077,434)</u></u>	<u><u>34,256</u></u>
Total primary government	<u><u>\$ 9,468,517</u></u>	<u><u>\$ 7,643,216</u></u>	<u><u>\$ 7,105,056</u></u>	<u><u>\$ 5,954,541</u></u>	<u><u>\$ 5,831,982</u></u>
<b>Change in Net Position</b>					
Governmental activities	\$ 2,361,113	\$ 1,727,760	\$ 1,393,380	\$ 3,015,264	\$ 2,931,591
Business-type activities	161,130	(191,841)	(91,237)	564,850	1,369,250
Total primary government	<u><u>\$ 2,522,243</u></u>	<u><u>\$ 1,535,919</u></u>	<u><u>\$ 1,302,143</u></u>	<u><u>\$ 3,580,114</u></u>	<u><u>\$ 4,300,841</u></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)**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (2,659,206)	\$ (2,873,904)	\$ (1,755,377)	\$ (2,313,993)	\$ (3,095,611)
Business-type activities	1,297,965	994,368	973,613	1,143,021	1,248,202
Total primary government net (expense) revenue	<u><u>\$ (1,361,241)</u></u>	<u><u>\$ (1,879,536)</u></u>	<u><u>\$ (781,764)</u></u>	<u><u>\$ (1,170,972)</u></u>	<u><u>\$ (1,847,409)</u></u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Property taxes	\$ 3,497,167	\$ 3,311,349	\$ 3,200,350	\$ 3,093,482	\$ 2,803,697
Insurance premium taxes	870,066	803,212	751,797	719,081	694,492
Excise taxes	235,393	241,608	249,618	238,301	244,182
Franchise taxes	693,494	721,082	729,939	675,157	760,074
Other taxes	109,088	174,617	78,788	355,407	344,639 <sup>(1)</sup>
Operating Grants	19,814	-	-	-	-
Unrestricted Investment Earnings	104,489	9,548	5,588	4,648	7,158
Settlement Proceeds	-	-	-	-	-
Miscellaneous	89,062	202,621	25,893	24,820	
Transfers	1,000,000	-	-	-	798
Total governmental activities	<u><u>\$ 6,529,511</u></u>	<u><u>\$ 5,350,478</u></u>	<u><u>\$ 5,218,701</u></u>	<u><u>\$ 5,111,969</u></u>	<u><u>\$ 4,879,860</u></u>
Business-type activities:					
Unrestricted Investment earnings	5,700	1,702	956	802	5,718
Gain on sale of capital assets	-	-	-	-	6,101
Miscellaneous	3,576	-	-	-	-
Transfers	(1,000,000)	-	-	-	(798)
Total business-type activities	<u><u>\$ (990,724)</u></u>	<u><u>\$ 1,702</u></u>	<u><u>\$ 956</u></u>	<u><u>\$ 802</u></u>	<u><u>\$ 11,021</u></u>
Total primary government	<u><u>\$ 5,538,787</u></u>	<u><u>\$ 5,352,180</u></u>	<u><u>\$ 5,219,657</u></u>	<u><u>\$ 5,112,771</u></u>	<u><u>\$ 4,890,881</u></u>
<b>Change in Net Position</b>					
Governmental activities	\$ 3,870,305	\$ 2,476,574	\$ 3,463,324	\$ 2,797,976	\$ 1,784,249
Business-type activities	307,241	996,070	974,569	1,143,823	1,259,223
Total primary government	<u><u>\$ 4,177,546</u></u>	<u><u>\$ 3,472,644</u></u>	<u><u>\$ 4,437,893</u></u>	<u><u>\$ 3,941,799</u></u>	<u><u>\$ 3,043,472</u></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>
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
2022	5,467,021	50,715	1,156,414	262,309	213,581	798,578	7,948,618
Percentage change over 10 years	111.8%	-80.5%	66.5%	7.4%	749.6%	5.1%	74.1%

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

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	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
General Fund					
Nonspendable	\$ 285,120	\$ 292,103	\$ 184,759	\$ 295,311	\$ 280,524
Restricted	-	-	-	1,379	1,348
Assigned	463,103	432,000	982,727	-	133,799
Unassigned	18,987,057	6,612,011	5,263,008	6,508,222	5,953,851
Total General Fund	<u><u>\$ 19,735,280</u></u>	<u><u>\$ 7,336,114</u></u>	<u><u>\$ 6,430,494</u></u>	<u><u>\$ 6,804,912</u></u>	<u><u>\$ 6,369,522</u></u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ 340,416	\$ 173,942
Assigned	17,173,597	7,589,772	2,039,841	2,225,426	2,646,811
Restricted	2,517,865	6,352,676	7,870,686	7,870,686	7,321,255
Total all other governmental funds	<u><u>\$ 19,691,462</u></u>	<u><u>\$ 13,942,448</u></u>	<u><u>\$ 9,910,527</u></u>	<u><u>\$ 10,436,528</u></u>	<u><u>\$ 10,142,008</u></u>

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

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	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
General Fund					
Nonspendable	\$ 282,927	\$ 261,093	\$ 249,482	\$ 250,533	\$ 212,744
Restricted	1,330	1,323	190,052	-	-
Assigned	-	818,583	700,365	497,932	254,500
Unassigned	<u>5,097,439</u>	<u>3,634,638</u>	<u>3,851,796</u>	<u>4,513,986</u>	<u>4,136,152</u>
Total General Fund	<u><u>\$ 5,381,696</u></u>	<u><u>\$ 4,715,637</u></u>	<u><u>\$ 4,991,695</u></u>	<u><u>\$ 5,262,451</u></u>	<u><u>\$ 4,603,396</u></u>
All other governmental funds					
Nonspendable	\$ 102,655	\$ 1,128,692	\$ 1,169,848	\$ 882,428	\$ 562,500
Assigned	2,582,509	1,125,497	395,254	-	-
Restricted	<u>3,105,008</u>	<u>2,190,573</u>	<u>2,311,267</u>	<u>1,936,470</u>	<u>2,651,150</u>
Total all other governmental funds	<u><u>\$ 5,790,172</u></u>	<u><u>\$ 4,444,762</u></u>	<u><u>\$ 3,876,369</u></u>	<u><u>\$ 2,818,898</u></u>	<u><u>\$ 3,213,650</u></u>

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>					
Taxes	\$ 7,986,918	\$ 7,582,256	\$ 6,873,863	\$ 6,562,710	\$ 5,771,994
Licenses and permits	847,274	749,083	618,677	664,765	1,013,010
Intergovernmental	5,008,339	4,973,508	3,693,549	3,724,421	3,469,806
Fines and forfeitures	403,156	696,463	546,833	659,295	597,287
Charges for services	1,033,725	1,172,165	776,534	657,224	822,952
Interest income	54,128	4,529	52,704	80,668	46,813
Contributions	19,598	536	8,314	-	-
Miscellaneous	1,405,043	72,988	128,372	75,229	78,866
Total revenues	<u>16,758,181</u>	<u>15,251,528</u>	<u>12,698,846</u>	<u>12,424,312</u>	<u>11,800,728</u>
<b>Expenditures</b>					
General government	3,439,348	3,308,697	2,175,989	1,329,154	993,843
Judicial	355,055	450,028	358,079	407,789	397,133
Public safety	2,250,128	2,545,120	2,687,616	2,773,223	2,884,070
Public works	2,650,673	3,710,315	2,210,480	2,271,940	1,763,655
Community development	66,550	41,507	357,699	1,158,873	511,885
Planning and zoning	657,800	716,909	440,405	341,543	294,944
Economic development	573,448	327,587	234,152	459,048	125,451
Culture and recreation	484,137	558,548	354,749	441,104	391,325
Capital outlay	1,820,636	932,573	7,099,699	1,539,687	2,468,369
Debt service					
Principal retirements	724,000	2,478,636	748,681	666,905	646,141
Interest and fiscal charges and cost of issuance	393,225	523,481	253,851	248,309	190,717
Total expenditures	<u>13,415,000</u>	<u>15,593,401</u>	<u>16,921,400</u>	<u>11,637,575</u>	<u>10,667,533</u>
Excess (deficiency) of revenues over expenditures	3,343,181	(341,873)	(4,222,554)	786,737	1,133,195
<b>Other financing sources (uses)</b>					
Issuance of long-term debt	-	9,853,318	-	-	4,200,000
Proceeds from sale of capital assets	831,585	129,784	-	9,763	1,738
Transfers in	1,675,812	2,883,982	2,927,866	2,193,180	2,037,261
Transfers out	(1,675,812)	(2,333,982)	(2,474,446)	(2,259,770)	(2,032,532)
Total other financing sources (uses)	<u>831,585</u>	<u>10,533,102</u>	<u>453,420</u>	<u>(56,827)</u>	<u>4,206,467</u>
Net change in fund balances	<u>\$ 4,174,766</u>	<u>\$ 10,191,229</u>	<u>\$ (3,769,134)</u>	<u>\$ 729,910</u>	<u>\$ 5,339,662</u>
Debt service as a percentage of noncapital expenditures	9.5%	20.5%	10.2%	9.1%	10.2%

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Revenues</b>					
Taxes	\$ 5,431,213	\$ 5,239,485	\$ 5,001,233	\$ 5,116,613	\$ 4,828,780
Licenses and permits	760,908	655,629	546,563	176,870	168,420
Intergovernmental	3,408,684	3,583,014	3,583,519	3,341,900	2,937,235
Fines and forfeitures	725,856	443,825	299,037	375,698	444,098
Charges for services	790,289	500,927	597,374	433,822	402,314
Interest income	19,814	9,548	5,588	5,006	10,100
Miscellaneous	124,489	89,062	50,233	165,794	163,144
Total revenues	<u>11,261,253</u>	<u>10,521,490</u>	<u>10,083,547</u>	<u>9,615,703</u>	<u>8,954,091</u>
<b>Expenditures</b>					
General government	909,670	883,035	803,433	702,491	582,917
Judicial	309,790	192,925	145,070	147,080	435,750
Public safety	3,258,480	3,314,595	2,930,581	2,426,416	2,907,462
Public works	2,423,869	2,632,913	2,137,294	3,014,287	2,314,446
Community development	903,150	725,680	719,860	567,966	595,807
Culture and recreation	218,999	153,103	134,372	246,712	159,354
Capital outlay	1,400,596	1,798,729	1,811,370	1,463,530	2,942,810
Debt service					
Principal retirements	630,387	584,914	515,000	475,000	455,000
Interest and fiscal charges and cost of issuance	194,843	218,174	328,086	313,332	343,872
Total expenditures	<u>10,249,784</u>	<u>10,504,068</u>	<u>9,525,066</u>	<u>9,356,814</u>	<u>10,737,418</u>
Excess (deficiency) of revenues over expenditures		17,422	558,481	258,889	(1,783,327)
	1,011,469				
<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
Payment to refunding bond escrow agent		-	(3,259,154)	-	-
Transfers in	2,390,496	1,509,412	1,767,220	1,227,302	1,041,151
Transfers out	(1,390,496)	(1,509,412)	(1,767,220)	(1,227,302)	(1,040,353)
Total other financing sources (uses)	<u>1,000,000</u>	<u>274,913</u>	<u>228,234</u>	<u>5,414</u>	<u>147,696</u>
Net change in fund balances	<u>\$ 2,011,469</u>	<u>\$ 292,335</u>	<u>\$ 786,715</u>	<u>\$ 264,303</u>	<u>\$ (1,635,631)</u>
Debt service as a percentage of noncapital expenditures	9.3%	9.2%	10.9%	10.0%	10.2%

**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:			Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
					Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate		
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%
2022	477,859,959	120,793,706	6,588,669	10,242,875	112,116,839	503,368,370	9.500	1,258,420,925	40.00%

Source: Georgia Department of Revenue - Local Government Services - 2021 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**

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<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>	
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
2022	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	2022		Percentage of Taxable Assessed Value	2013		Percentage of Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
PS Senior Living	\$ 7,541,316	1	1.498 %			
Powder Springs MacLand Retail	4,400,000	2	0.874			
HD Development of Maryland	3,268,075	3	0.649			
Kroger Company	2,680,240	4	0.532	\$ 3,226,696	3	0.994 %
ESS Storage Acquisition Thirty Two	2,513,512	5	0.499			
Foster W M	2,263,962	6	0.450	2,733,728	4	0.842
Home Depot #6940	2,228,273	7	0.443	5,434,768	1	1.675
MM&A LLC	2,150,992	8	0.427	1,244,708	9	0.384
Weingarten Realty Investors	2,008,000	9	0.399	1,542,024	6	0.475
Royre Investments LLC	1,667,000	10	0.332			
Sembler Family Partnership				4,950,434	2	1.526
BW HVAC Real Estate Holdings				1,435,320	7	0.442
3380 Florence Rd LLC				1,157,000	10	0.357
REO Funding Solutions				1,339,313	8	0.413
McNeel Builders, Inc				2,711,300	5	0.836
Total Principal Taxpayers	30,721,370		6.103	25,775,291		7.943
All Other Taxpayers	472,647,000		93.898	298,710,883		92.06
	<u>\$ 503,368,370</u>		<u>100.001 %</u>	<u>\$ 324,486,174</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**

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<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>			<b>Collections in Subsequent Years</b>	<b>(1) Total Collections to Date</b>		
		<b>Amount</b>	<b>Percentage of Levy</b>	<b>Amount</b>		<b>Amount</b>	<b>Percentage of Levy</b>	
2013	\$ 2,333,938	\$ 2,286,170	97.95 %	\$ 39,311	\$ 2,325,481	99.64 %		
2014	2,350,888	2,257,954	96.05	81,716	2,339,670	99.52		
2015	2,478,591	2,379,309	95.99	88,579	2,467,888	99.57		
2016	2,882,928	2,682,434	93.05	187,242	2,869,676	99.54		
2017	2,971,544	2,931,952	98.67	24,133	2,956,085	99.48		
2018	3,219,428	3,156,740	98.05	53,120	3,209,860	99.70		
2019	3,873,541	3,739,408	96.54	133,384	3,872,792	99.98		
2020	4,080,070	3,882,758	95.16	157,655	4,040,413	99.03		
2021	4,595,875	4,297,441	93.51	229,185	4,526,626	98.49		
2022	4,703,801	4,567,218	97.10	-	4,567,218	97.10		

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				
2013	\$ 7,560,000	\$ -	\$ -	\$ 2,625	\$ 65,059	\$ 757,464	\$ 8,385,148	2.31	%	\$ 601.52	
2014	7,085,000	-	-	-	58,046	698,808	7,841,854	2.16		562.54	
2015	6,850,000	-	-	-	55,251	637,772	7,543,023	2.08		541.11	
2016	6,290,000	232,750	-	-	-	574,328	7,097,078	1.96		509.12	
2017	5,710,000	182,363	-	-	-	508,266	6,400,629	1.77		459.16	
2018	9,315,000	131,222	-	-	-	439,568	9,885,790	2.73		656.78	
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 <sup>(3)</sup>	-	-	-	-	-	14,777,000	4.08		981.73	
2022	14,638,490	-	-	-	-	-	14,638,490	2.92		866.85	

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.

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

(3) 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, 2022**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
Cobb County General Obligation Debt (including Tax Anticipation Notes)	\$ 4,650,000	1.29%	\$ 59,985
<b>Other debt</b>			
Cobb County Revenue Bonds	395,400,000	1.29%	5,100,660
Cobb County Parking Debt Certificates	5,955,000	1.29%	76,820
Cobb County Revenue Anticipation Certificates	4,485,000	1.29%	57,857
Subtotal overlapping debt	<u>410,490,000</u>		<u>5,295,321</u>
<b>City debt</b>			<u>14,638,490</u>
<b>Total direct and overlapping debt</b>			<u>\$ 19,933,811</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

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	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Assessed value</b>	\$ 324,486,174	\$ 315,591,978	\$ 321,666,855	\$ 345,907,103	\$ 371,534,474
<b>Legal Debt Margin</b>					
Debt Limit (10% of assessed value)	32,448,617	31,559,198	32,166,686	34,590,710	37,153,447
Debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 32,448,617</u>	<u>\$ 31,559,198</u>	<u>\$ 32,166,686</u>	<u>\$ 34,590,710</u>	<u>\$ 37,153,447</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**

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	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Assessed value</b>	\$ 398,625,119	\$ 421,669,191	\$ 452,479,950	\$ 483,776,269	\$ 503,368,370
<b>Legal Debt Margin</b>					
Debt Limit (10% of assessed value)	39,862,512	42,166,919	45,247,995	48,377,627	50,336,837
Debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 39,862,512</u>	<u>\$ 42,166,919</u>	<u>\$ 45,247,995</u>	<u>\$ 48,377,627</u>	<u>\$ 50,336,837</u>
As a percentage of debt limit	100%	100%	100%	100%	100%

**CITY OF POWDER SPRINGS, GEORGIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**JUNE 30, 2022**

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<b>Year</b>	<b>Population</b>	<b>Personal Income*</b> (in thousands)	<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
2022 (2)	16,887	501,257	29,683	38	2.5

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

(1) 2018 figures are estimates

(2) Provided by City of Powder Springs Economic Development Department

N/A - information is not readily available

# CITY OF POWDER SPRINGS, GEORGIA

## PRINCIPAL EMPLOYERS CURRENT AND NINE YEARS AGO

Employer	2022			2013			Percentage of Total City Employment	
	Number of Employees (1)		Rank	Percentage of Total City Employment	Number of Employees (1)			
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment		
PS Center For Nursing and Healing	220	1	6.2 %	260	1	9.3 %		
The Home Depot #6940	149	2	4.2	111	4	4.0		
The Kroger Company	134	3	3.8	125	3	4.5		
Mid South Floor Systems Inc	120	4	3.4	150	2	5.4		
Gorman Construction Co.	95	5	2.7					
Hussmann Services Corp.	89	6	2.5					
Publix Supermarkets	85	7	2.4	100	6	3.6		
Jim Luca Electrical Cont. Inc	57	8	1.6					
Caldwell Insulation	50	9	1.4	75	9	2.7		
Abedi Enterprise Inc.	50	10	1.4					
Powder Springs Elementary School (3)				108	5	3.9		
City of Powder Springs (3)				92	8	3.3		
Tapp Middle School (3)				95	7	3.4		
Compton Elementary School (3)				75	10	2.7		
Top ten total	1,049		29.6 %	1,191		42.8 %		
Other employers (2)	2,497		70.4 %	1,591		57.2 %		
Total employees (2)	3,546		100.0 %	2,782		100.0 %		

Source: City Department of Economic Development

Notes: 1 - Full-time equivalent employees  
2 - Other employees are those holding OTC/license, less private employers shown above.  
3 - Entities that do not require a license are no longer considered for this schedule

# CITY OF POWDER SPRINGS, GEORGIA

## FULL TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Function/Program	2013	2014	2015	2016	2017
<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	7.3	8.3	8.3	8.0	8.5
Information technology	-	-	-	-	-
Municipal court	1.0	1.0	1.0	2.0	2.0
<b>Total general administration</b>	<b>14.3</b>	<b>15.3</b>	<b>15.3</b>	<b>16.0</b>	<b>16.5</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	-	-	-	-	-
Community development	4.0	4.0	3.0	4.0	5.0
Economic development	-	1.0	1.0	1.0	1.0
Code enforcement	-	-	-	-	2.0
<b>Total housing and development</b>	<b>4.0</b>	<b>5.0</b>	<b>4.0</b>	<b>5.0</b>	<b>8.0</b>
<b>Public safety</b>					
Police	29.0	31.0	30.0	32.0	34.0
<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	11.7	11.7	11.7	13.0	13.0
Sewer	6.0	6.0	6.0	5.0	5.0
<b>Total water &amp; sewer</b>	<b>17.7</b>	<b>17.7</b>	<b>17.7</b>	<b>18.0</b>	<b>18.0</b>
<b>Sanitation</b>	9.0	7.0	8.0	8.0	10.0
<b>Stormwater</b>	-	1.0	1.0	1.0	1.0
<b>Total</b>	<b>78.0</b>	<b>81.0</b>	<b>80.0</b>	<b>84.0</b>	<b>91.5</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>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>General administration</b>					
Council	5.0	5.0	5.0	5.0	5.0
Mayor	1.0	1.0	1.5	1.5	1.5
Administration	8.0	6.0	10.0	13.0	13.0
Municipal court	2.0	2.0	2.0	2.0	2.0
<b>Total general administration</b>	<b>16.0</b>	<b>14.0</b>	<b>18.5</b>	<b>21.5</b>	<b>21.5</b>
<b>Health and welfare</b>					
Senior center	-	-	-	-	-
<b>Culture and recreation</b>					
Parks and recreation	1.0	3.0	3.0	3.0	3.0
Senior center	1.0	1.0	1.0	0.5	0.5
Museum	1.0	1.0	0.5	0.5	0.5
<b>Total culture and recreation</b>	<b>3.0</b>	<b>5.0</b>	<b>4.5</b>	<b>4.0</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	2.0	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>9.0</b>	<b>9.0</b>	<b>9.0</b>
<b>Public safety</b>					
Police	33.5	32.5	34.0	32.5	33.5
<b>Public works</b>					
Buildings and maintenance	2.0	2.5	2.0	2.0	2.0
Fleet maintenance	2.0	2.5	2.0	1.0	1.0
Streets	1.0	2.0	6.0	5.0	5.0
<b>Total public works</b>	<b>5.0</b>	<b>7.0</b>	<b>10.0</b>	<b>8.0</b>	<b>8.0</b>
<b>Water &amp; sewer</b>					
Water	12.0	7.0	-	-	-
Sewer	5.0	5.0	-	-	-
<b>Total water &amp; sewer</b>	<b>17.0</b>	<b>12.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sanitation</b>	9.0	8.0	9.0	9.0	11.0
<b>Stormwater</b>	1.0	2.0	2.0	2.0	2.0
<b>Total</b>	<b>92.5</b>	<b>88.5</b>	<b>87.0</b>	<b>86.0</b>	<b>89.0</b>

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

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<b>Function/Program</b>	<b>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>	<b>2022</b>
General government										
Building permits issued	315	294	372	396	403	498	407	297	400	497
Police										
Physical arrests	411	384	423	756	832	492	928	562	492	476
Citations issued	4,626	3,088	3,432	5,927	5,858	5,342	5,210	3,561	3,416	3,167
Refuse collection										
Refuse collected (tons per day)	24.06	23.86	23.95	24.81	25.58	27.78	29.16	28.50	31.75	26.68 <sup>(1)</sup>

(1) Does not include recycling. Numbers not readily available due to termination of contract.

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**

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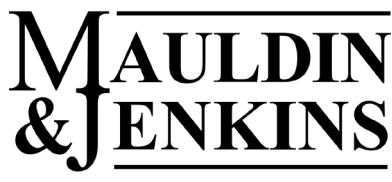
<b>Function/Program</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	17	21	28	43	43	43	34	27	27
<b>Refuse collection</b>										
Collection trucks	3	3	3	3	4	4	4	4	5	5
Streets (miles)	87	87	87	87	88	88	94	94	94	94
Streetlights	2,112	2,112	2,112	2,112	2,144	2,144	2,240	2,240	1,982 (1)	1,982
<b>Water</b>										
Water mains (miles)	70	70	70	153	153	153	153	-	-	-
<b>Wastewater</b>										
Sanitary sewers (miles)	70	70	70	82	82	82	82	-	-	-

(1) Some street lights were included in the assets sold to Cobb County with the Water and Sewer System in 2019.

Source: City Police Department, Sanitation Department, Public Works Department

## **COMPLIANCE SECTION**

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CPAs & ADVISORS

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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, 2022, 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 30, 2022.

**Report on 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 or significant deficiencies may exist that were not identified.

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### **Report on 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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is fluid and cursive, with "Mauldin & Jenkins" on the top line and "LLC" on the bottom line.

Atlanta, Georgia  
December 30, 2022

**CITY OF POWDER SPRINGS, GEORGIA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

## **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***

There was not an audit of major federal award programs for the fiscal year ended June 30, 2022 due to the total amount expended being less than \$750,000.