



Powder Springs, Georgia

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2008

COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF POWDER SPRINGS, GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

FINANCE DIRECTOR
Beverly Waldrip

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CITY OF POWDER SPRINGS, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2008

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INTRODUCTORY SECTION



P. O. Box 46
4484 Marietta Street
Powder Springs, GA 30127
Phone: 770-943-1666
Fax: 770-943-8003

March 26, 2009

To the Honorable Mayor and City Council
And the Citizens of the City of Powder Springs, Georgia

State law requires that every general-purpose local government a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Moore & Cubbage, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Powder Springs, Georgia's financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Powder Springs, incorporated in 1859, is located in west-southwest Cobb County approximately nineteen 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 districts. This elected body is responsible for the active coordination of community resources, to anticipate problems, and meet community needs.

The City Manager, who is appointed by the Mayor and City 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; water, sewer, and sanitation; public improvements; code enforcement, planning and zoning; and general administrative services. The City is one of six incorporated municipalities within Cobb County, and it is not included in Cobb County's reporting entity. The Powder Springs Downtown Development Authority has met the established criteria for inclusion in the reporting entity, but has not been included in the current year presentation because it is not material to the City.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation of the City's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

Local economy

During the last quarter of fiscal year 2008, the City of Powder Springs began to experience an economic slowdown that was a reflection of the national economy. There was a noticeable decline in tax revenues, business licenses as well as commercial and residential building permits. Once the national and state economy improves, we believe that the City is positioned to once again continue the growth experienced in the last decade and will see an increase in commercial development as a result of the past and ongoing transportation projects designed to improve access to the City, available commercial properties along major travel corridors throughout the City, and established economic development incentives and tools to aid in recruitment efforts. Combined, it is believed that these factors will better position Powder Springs in the competitive environment of economic development.

Major initiatives

During fiscal year 2008 the City was able to complete several of their on-going projects. The new City Hall opened in August 2007 with the official dedication the following November. The Mayor and City Council along with the administrative offices and the utility billing department occupy City Hall. The former City Hall was converted to the Community Development Building which houses code enforcement, geographic information systems, license & permits, and planning and zoning.

In January 2008, in conjunction with the Cobb County Library System, the City opened the new Powder Springs Library at the Ford Center campus. The City also completed the renovations of the Senior Citizens complex, located on the Ford Center campus, in January 2008. Sidewalk projects at Frank Aiken and Lancer Drive as well as the Mobley Street improvements were completed in 2008 as were the Macedonia Sanitary Sewer and Brownsville Road Waterline projects. The final rights-of-way purchases were completed for the Lewis Road project, and CW

Matthews was awarded the construction contract. This multi-year project is scheduled for completion in 2010.

During the latter part of 2008, the city began a strategic planning process. This process incorporated ideas and input from the Mayor and City Council, staff, department heads, business owners and residents. The strategic plan should be finalized and implemented during fiscal year 2009.

Several technology improvements were made during the year. With the opening of City Hall, the City was able to equip a computer training room which facilitates more cost effective training. Audio/visual equipment was installed in the City Hall Conference Room allowing developers to utilize modern electronic methods for their presentations to the City Council.

The City also launched its new website and implemented a new agenda management system to better streamline approval processes. The new website and agenda management system has provided for a more efficient method of delivering the information to the Council which in turn aids in more timely decision making. Other technology improvements include wireless connectivity for City Hall and the Community Development building, network connectivity upgrades between City Hall and Public Works from DSL to T-1, and the implementation of a backup tape library.

In the upcoming fiscal year, sidewalks at Pine Grove/Carter Road and Powder Springs Road will be installed and the initial phase of renovations of the Old Barbershop on Marietta Street will be completed. Additionally, work will commence on the clearing and bridge construction on Lewis Road, and engineering will begin for the Atlanta/Dillard/Walton Streetscape and the police department expansion projects.

Due to the current economic conditions, the City has had to delay construction of the Linear Park, Lancer Sidewalk Project (Phase 2), the Preston Place Sidewalk Project, the Seven Springs Walking Tour signage project. The City will also delay completion of the black box theater which will be located in the City's community center and the document imaging project.

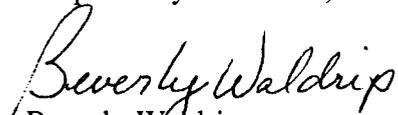
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Powder Springs, Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the eighteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,


Beverly Waldrip
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Powder Springs
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

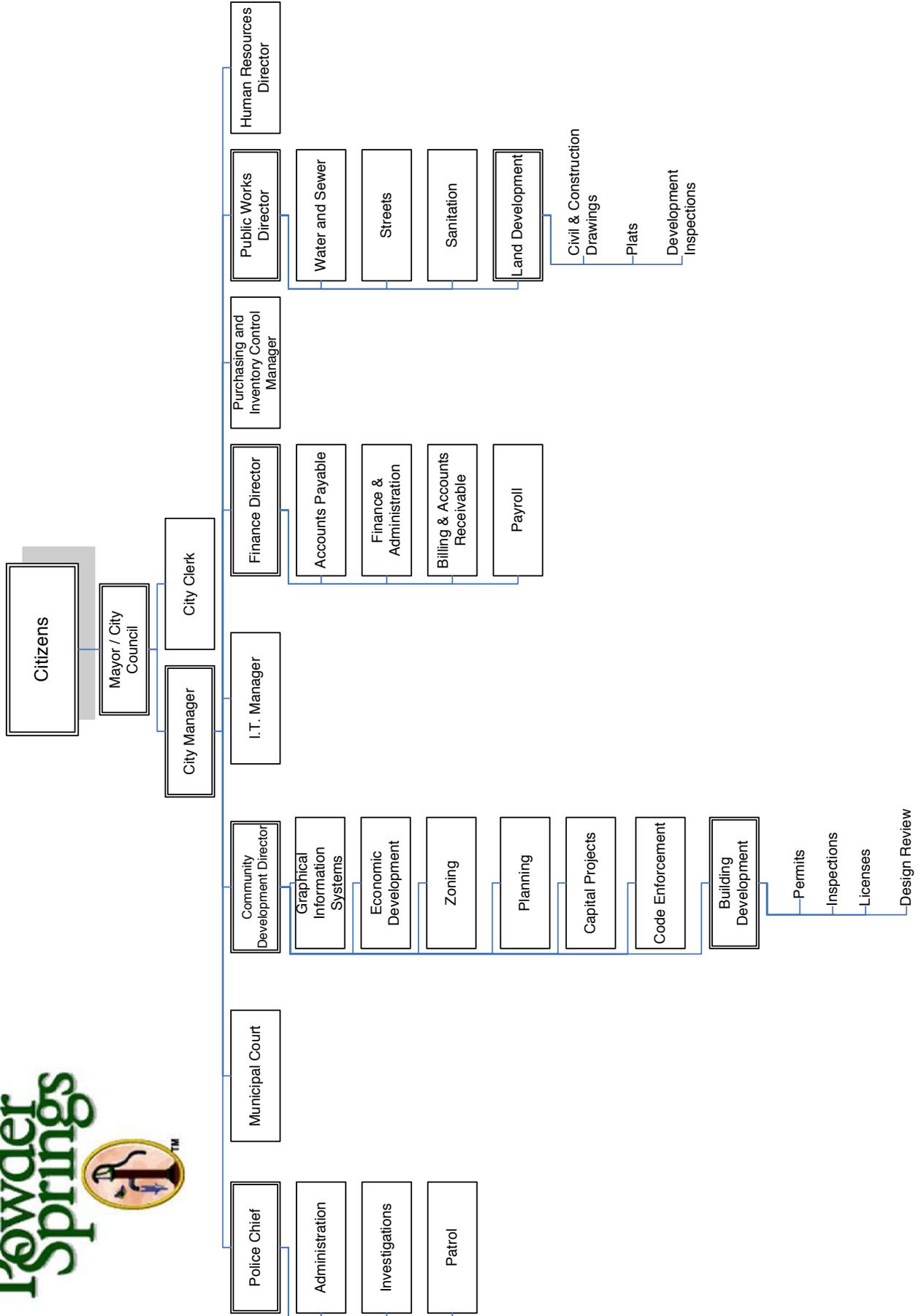
President

Jeffrey R. Emery

Executive Director

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City of Powder Springs, Georgia Organizational Chart



CITY OF POWDER SPRINGS, GEORGIA
June 30, 2008

CITY COUNCIL

Patricia C. Vaughn
Mayor

Rosalyn Neal	Council Member
Ra Barr	Council Member
Thomas D. Bevirt	Council Member
James R. Farmer	Council Member
Albert Thurman	Council Member

CITY ADMINISTRATION

Beverly Waldrip	Finance Director
Rodger Swaim	Public Works Director
L. Rick Richardson	Chief of Police
Pam Conner	Community Development Director
Rosalyn Nealy	Human Resources Director
Dawn Davis	Clerk of Council
Rick Gravitt	Sanitation Supervisor
Joey A. Higgs	Streets Supervisor
Debbie Hicks	Municipal Court Clerk
Keith "Butch" Walker	Purchasing and Inventory Control Manager
Bob Cillo	IT Manager
Brock, Clay & Calhoun P.C.	City Attorney



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Patricia C. Vaughn, Mayor
Members of the City Council
City of Powder Springs, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Powder Springs, Georgia as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Powder Springs, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Powder Springs, Georgia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2009 on our consideration of the City of Powder Springs, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, schedule of funding progress, and budgetary comparison information on pages 3 through 13 and pages 40 through 42 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Powder Springs, Georgia's basic financial statements. The introductory section and statistical section are presented for purpose of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Moore & Cubbedge, LLP
Moore & Cubbedge, LLP

March 26, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2008

City of Powder Springs, Georgia

This section of the City of Powder Springs, Georgia (the City) annual report provides readers with a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information in the letter of transmittal which can be found on pages i-v of this report.

Financial Highlights

- The City's assets exceeded its liabilities by \$31 million (net assets) for the fiscal year reported. Of this amount, \$1.8 million may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets are comprised of the following:
 - Capital assets, net of related debt of \$24.3 million, includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - Net assets of \$5 million are restricted by constraints imposed from outside the City such as debt covenants and project commitments.
 - At the end of the current fiscal year, the City's General Fund fund balance decreased from \$11 million to \$6.4 million.
 - The City's General Fund reserved fund balance at the end of this fiscal year totaled \$6,921,670 as a result of the following:
 - \$6,843,106 reserved for completion of projects
 - \$ 20,417 reserved for prepaid items such as property and loss insurance
 - \$ 29,624 reserved for inventories
 - \$ 28,523 reserved for encumbrances
- The City's governmental funds reported total fund balance of \$7,480,241 at the end of this fiscal year. This compares to prior year ending fund balance of \$12,925,107, showing a decrease of \$5,444,866 during the current year. The decrease is primarily a result of expenditures of SPLOST and Capital Improvement monies received in prior years.
- Total noncurrent liabilities of the City's Governmental type and Business-type activities outstanding at June 30, 2008 are \$10,308,612 and \$1,961,122 respectively. \$691,996 represents liabilities that are due in one year or less in the governmental activities and \$507,445 for business type activities.
- As a result of the national economy, the City has seen a slowdown of growth and development and has delayed several capital improvement projects. The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Powder Spring's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic statements, this report contains other supplementary information including a statistical section.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2008

City of Powder Springs, Georgia

The Statement of Net Assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the fiscal year. All changes in net assets 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 the statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave). An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including public safety, public works, culture and recreation, economic development and general administration. Property taxes and franchise fees finance the majority of these activities.
- Business-type activities – The City charges a fee to customers to help recover all or most of the cost of certain services it provides. The City's water and sewer system and sanitation system are reported here.
- Component units – The City has one separate legal entity, the Powder Springs Downtown Development Authority, which has not been included in this report since it is not material to the City.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources 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. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported.

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 financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City maintains three governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balance for the General Fund, Capital Projects Fund and the SPLOST Fund. The General Fund, Capital Projects Fund, and SPLOST Fund are considered to be major funds.

Proprietary Funds. The City maintains one type of proprietary fund (enterprise funds) which is used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2008

City of Powder Springs, Georgia

funds provide the same type of information as the government-wide financial statements, but provide more detail and additional information, such as cash flows. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Sanitation Fund, both of which are considered to be major funds of the City.

Notes to the Basic Financial Statements

The financial statements include notes that explain some of the information in the financial statements and provide information that is more detailed. The notes are essential to a full understanding of the government-wide fund financial statements. The notes to the financial statements begin on page 24 of this report.

Budgetary Presentations

The City of Powder Springs adopts an annual budget for the General Fund and the Proprietary Funds and a project-length budget for the Capital Projects Fund and the SPLOST Fund. The budgetary comparison schedule for the General Fund has been provided on page 41 of this report.

City-Wide Financial Analysis

The City implemented the new financial reporting model used in this report beginning with the fiscal year ended June 30, 2004. A government-wide financial report represents the new approach mandated by the Governmental Accounting Standards Board (GASB). GASB set the uniform standards for presenting government financial reports. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$31 million at the close of the most recent fiscal year.

The following table provides a summary of the City's governmental and business-type net assets for the fiscal year.

Summary of Net Assets (Table 1)

	Governmental Activities		Business-type Activities		Total		% of Total
	2008	2007	2008	2007	2008	2007	
Assets:							
Current and							
Other Assets	\$ 8,755,139	\$ 14,586,804	\$ 4,577,777	\$ 4,740,555	\$ 13,332,916	\$ 19,327,359	30%
Capital Assets	23,631,604	16,012,430	7,939,321	8,345,055	31,570,925	24,357,485	70%
Total Assets	32,386,743	30,599,234	12,517,098	13,085,610	44,903,841	43,684,844	100%
Liabilities:							
Current Liabilities	583,174	1,109,228	826,183	879,506	1,409,357	1,988,734	10%
Noncurrent Liabilities	10,308,612	10,276,659	1,961,122	2,435,675	12,269,734	12,712,334	90%
Total Liabilities	10,891,786	11,385,887	2,787,305	3,315,181	13,679,091	14,701,068	100%
Net Assets:							
Investment in capital assets, net of related debt	18,252,541	12,294,054	6,131,289	6,088,728	24,383,830	18,382,782	78%
Restricted	2,805,509	5,069,716	2,213,743	2,963,610	5,019,252	8,033,326	16%
Unrestricted	436,907	1,849,577	1,384,761	718,091	1,821,668	2,567,668	6%
Total Net Assets	\$ 21,494,957	\$ 19,213,347	\$ 9,729,793	\$ 9,770,429	\$ 31,224,750	\$ 28,983,776	100%

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2008

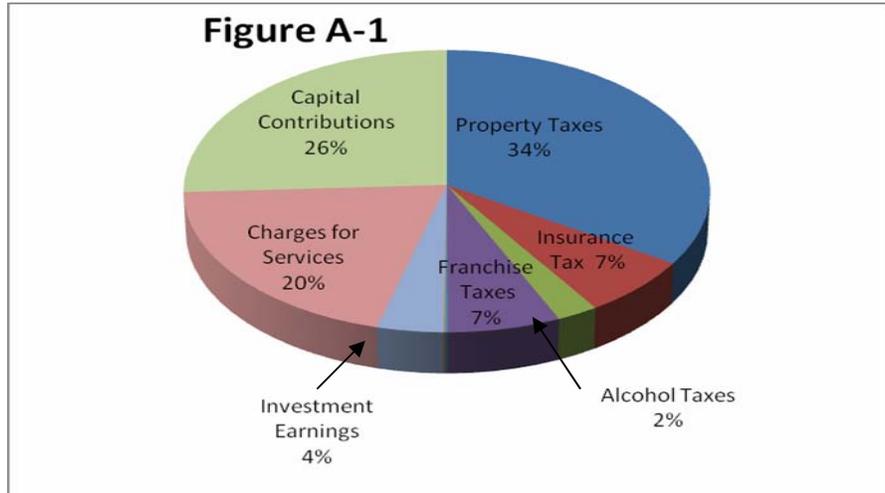
City of Powder Springs, Georgia

The following table provides a summary of the City's changes in net assets:

	Governmental Activities		Business-type Activities		Total		% of Total
	2008	2007	2008	2007	2008	2007	
Revenues:							
Program:							
Charges for services	\$ 2,014,163	\$ 1,873,965	\$ 4,721,711	\$ 5,168,875	\$ 6,735,874	\$ 7,042,840	45%
Operating Grants and Contributions	-	-	-	-	-	-	0%
Capital Grants and Contributions	2,623,179	2,804,957	-	706,780	2,623,179	3,511,737	18%
General:							
Property taxes	3,470,331	3,329,154	-	-	3,470,331	3,329,154	23%
Insurance premium taxes	682,198	654,003	-	-	682,198	654,003	5%
Alcohol taxes	248,079	226,031	-	-	248,079	226,031	2%
Settlement Proceeds	16,000	376,750	-	-	16,000	376,750	0%
Franchise taxes	678,198	664,438	-	-	678,198	664,438	5%
Unrestricted Interest	395,789	617,677	123,957	155,583	519,746	773,260	3%
Gain on sale of assets	8,000	24,625	-	-	8,000	24,625	0%
Total Revenues	10,135,937	10,571,600	4,845,668	6,031,238	14,981,605	16,602,838	100%
Expenses:							
General government	1,352,686	935,479	-	-	1,352,686	935,479	11%
Health and welfare	13,828	14,548	-	-	13,828	14,548	0%
Public works	1,104,408	1,692,422	-	-	1,104,408	1,692,422	9%
Culture and recreation	629,301	450,066	-	-	629,301	450,066	5%
Public safety	3,260,209	3,025,826	-	-	3,260,209	3,025,826	26%
Housing and development	1,070,261	1,028,017	-	-	1,070,261	1,028,017	8%
Interest and fiscal charges on long-term debt	423,634	295,689	-	-	423,634	295,689	3%
Water and Sewer Sanitation	-	-	3,808,935	3,910,989	3,808,935	3,910,989	30%
	-	-	1,077,369	1,020,067	1,077,369	1,020,067	8%
Total Expenses	7,854,327	7,442,047	4,886,304	4,931,056	12,740,631	12,373,103	100%
Increase in Net Assets before Transfers	2,281,610	3,129,553	(40,636)	1,100,182	2,240,974	4,229,735	
Transfers	-	-	-	-	-	-	
Change in Net Assets	2,281,610	3,129,553	(40,636)	1,100,182	2,240,974	4,229,735	
Beginning Net Assets	19,213,347	16,083,794	9,770,429	8,670,247	28,983,776	24,754,041	
Ending Net Assets	<u>\$ 21,494,957</u>	<u>\$ 19,213,347</u>	<u>\$ 9,729,793</u>	<u>\$ 9,770,429</u>	<u>\$ 31,224,750</u>	<u>\$ 28,983,776</u>	

Governmental Activities. Net assets of the City's governmental activities increased 12% to 21.5 million. Net assets invested in capital assets increased by approximately \$6 million due to the completion and ongoing progress of capital projects during the year. As a result of expending significant amounts on projects from proceeds received in prior years for these projects, unrestricted net assets decreased approximately 76% (\$1,412,670).

Tax revenue and charges for services increased during the current fiscal year while capital grants and contributions and interest income decreased. Revenue decreased in total, approximately 4% from the prior year. Virtually half of the City's revenue comes from tax revenue, 20% from comes from fees charged for services and most of the remaining is state, federal or local aid. (See Figure A-1)



Governmental activities expenses totaled \$7,854,327 for the year, an increase of 5.5% over the total for the prior year. Expenses by department, in order of significance were as follows (See Figure A-2):

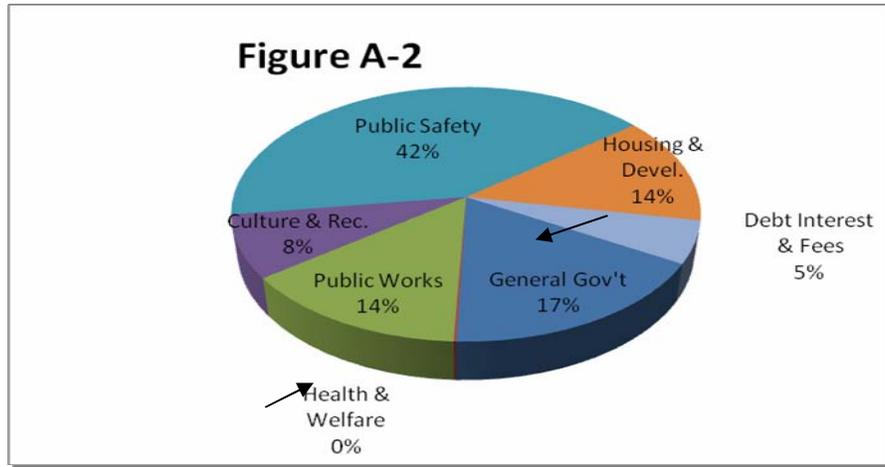
- The most significant expense for the City is Public Safety at 42% of governmental expenses during the current year and 41% for the prior fiscal year. Expenses increased by approximately 8% during the current year. Over half of the increase was due to an increase in salary and fringe costs. Expenses also increased for fuel cost, prisoner expense, and training.
- General Government activity is at 17% of governmental expenses. This compares to 13% in fiscal year 2007. General Government expenses include the general administration costs of the City including the governing body, general and financial administration, information systems and risk management, among others. Increased expenses are attributed to salary and fringe cost, training and travel, equipment maintenance and repairs and other costs associated with moving into the new City Hall.
- Public works expenses comprised 14% of total expenses as compared to 23% in the prior fiscal year. Operating expenses have remained consistent. A decrease in contributions to capital projects during the year accounts for the 34% decrease in expense.
- Housing and Development comprised 13.6% of expenses. Expenses for this department are comparable to those of the prior year.
- Expenses for Culture and Recreation increased by approximately 40% and comprised 8% of total expenses as compared to 6% in 2007. This increase was attributed to expenses associated with completing renovations at the Ford Center.
- Health and Welfare expenses comprised less than 1% of total expenses

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2008

City of Powder Springs, Georgia

- Interest and fees related to debt servicing increased by 43% over the prior year. This increase is due to paying a full year’s interest on a capital lease for an intergovernmental agreement with the Powder Springs Downtown Development Authority relating to capital projects funded by 2006 Series Bonds.



The table below illustrates the costs of governmental activity expenses along with the net costs after the deduction of program revenues:

Governmental Activities (Table 3)

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
General Government	\$ 1,352,686	\$ 935,479	\$ (873,841)	\$ (489,465)
Health and Welfare	13,828	14,548	(13,828)	(14,548)
Public Works	1,104,408	1,692,422	1,016,434	753,241
Culture and recreation	629,301	450,066	44,811	8,750
Public Safety	3,260,209	3,025,826	(2,186,593)	(1,994,711)
Housing and Development	1,070,261	1,028,017	(780,334)	(730,703)
Interest and Fiscal Charges	423,634	295,689	(423,634)	(295,689)
Total	\$ 7,854,327	\$ 7,442,047	\$ (3,216,985)	\$ (2,763,125)

The City is heavily reliant on property taxes to support core government operations. Revenues generated from charges or fees collected by specific Departments are used to offset that Department’s expenses, as follows:

- General government expenses were offset by \$478,845, (34% of total expenses) in revenues primarily consisting of occupational taxes and licenses.
- Public Works billed \$222,101 for street lights fees, which is consistent with the amount billed during the prior year. These fees offset 20% of expenses.
- Revenue from event fees in the amount of \$26,095 was collected by Culture and Recreation.
- Public Safety recovered 30.6% of its expenses during the fiscal year from the collection of fines and forfeitures. This compares to 29% in the prior year.
- Housing and Development collected \$289,927 for business licenses and permits and impact fees which offset 27% of its current year expenses. This amount is consistent with the amount of fees collected during the prior year, which covered 30% of expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2008

City of Powder Springs, Georgia

Business-Type Activities. The City's business-type activities include the Water and Sewer fund and the Sanitation fund. Net assets decreased by \$40,636, compared to an increase of \$1,100,182 in fiscal year 2007.

The Water and Sewer fund had a decrease in operating revenues of \$511,899. Operating expenses decreased, to a lesser extent by \$95,741. These factors resulted in a loss for the year of \$98,789. The decrease in income was due to water restrictions in place due to drought conditions.

Operating revenues for the Sanitation Fund increased over the prior year by \$64,735. Expenses increased by \$60,884.

Financial Analysis of the City's Funds

As noted earlier, the City of Powder Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Powder Spring's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,480,241 a decrease of \$5,444,866 in comparison with the prior year. Approximately \$559,000 of this consists of unreserved/undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is designated or reserved to indicate it is not available for new spending because it has already been committed for the following:

- \$6,843,106 reserved for projects,
- \$20,417 reserved for prepaid expenses such as liability insurance,
- \$29,624 reserved for inventories,
- \$28,523 designated for fiscal year 2008 encumbrances.

Major Governmental Funds. The General Fund is the primary operating fund of the City of Powder Springs. The fund balance of the General Fund decreased to \$6.4 million during the fiscal year. Of this amount, \$6.9 million is reserved for prepaid items, projects and inventories. At year end, the fiscal year 2008 fund balance was \$4,537,030 lower than that of the prior year.

The reduction of unreserved fund balance is primarily due to the contribution of City funds for numerous capital projects and the expenditures of proceeds received in prior years for these projects. The deficit in unreserved fund balance is the result of having long-term commitments that are greater than currently available resources.

Debt service represents 6% of the total General Fund expenditures (including transfers out) for fiscal year 2008, which is consistent with the amount represented for the prior year.

The Capital Projects Fund of the City reflects expenditures for capital projects approved by the governing body. It is considered a major fund. During fiscal year 2008 the fund balance of the Capital Projects Fund decreased to (\$5,866). The decrease is a result of decreased intergovernmental revenues. Usually funds are transferred from the General Fund to the Capital projects fund as needed to cover project expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2008

City of Powder Springs, Georgia

Proprietary Funds Overview. The City's proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The City operates a water and sewer fund which provides water and sewer service to residential and commercial customers. Fund equity of this fund at the end of the year amounted to \$9,287,505. Equity decreased by \$98,789 during the year. Fund revenue decreased by \$465,213 which accounts for the decrease in fund equity.

The sanitation fund provides disposal and recycling services to residents of the City of Powder Springs, to residents requesting services who live outside of the City's limits and to a few commercial customers. Sanitation's fund equity at the end of the year amounted to \$442,288. Equity increased by \$58,153.

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 2007, the City adopted a General Fund Budget of \$20,421,503 for General Fund expenditures (including transfers). At the end of the fiscal year, the final amended budgeted expenditures were \$20,580,503 which included an increase of \$159,000.

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)
Revenues and other financing sources	\$ 7,191,282	\$ 7,340,292	\$ 8,406,297
Expenditures and other financing uses	\$ 20,421,503	\$ 20,580,503	\$ 14,589,327

Actual expenditures (including transfers) were 29% below final amended budget and revenues were 15% above the final amended budget. Actual revenues were above budget primarily due to interest income on investments held for the Lewis Road Project and the Library Project. This along with the delay of transferring bond monies to the Capital Projects Fund for the Lewis Road project caused actual expenditures to fall below budgeted expenditures. The entire Lewis Road project was budgeted as a transfer during the current year, however expenses of the Lewis Road project will be expended over the period of several years.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$18,252,541 and \$6,131,289 respectively. These are net of accumulated depreciation and related debt. This investment includes land, buildings, machinery and equipment as well as infrastructure. As allowed under GASB Statement No. 34, the City has elected not to report major general infrastructure assets retroactively. The table below shows capital assets net of accumulated depreciation as compared to prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2008

City of Powder Springs, Georgia

**2008 Capital Assets (Table 5)
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Construction in Progress	\$ 5,260,702	\$ 4,022,030	\$ -	\$ -	\$ 5,260,702	\$ 4,022,030
Land	4,593,776	2,185,234	159,077	159,077	4,752,853	2,344,311
Buildings and Improvements	6,803,322	2,590,423	397,222	424,818	7,200,544	3,015,241
Furniture and Fixtures	80,504	56,577	2,956	317	83,460	56,894
Parks Equipment	2,465,610	2,752,997	-	-	2,465,610	2,752,997
Vehicles and Equipment	869,365	854,570	292,161	345,994	1,161,526	1,200,564
Infrastructure	3,558,325	3,550,599	-	-	3,558,325	3,550,599
Utility System	-	-	7,087,905	7,414,849	7,087,905	7,414,849
Total	\$ 23,631,604	\$ 16,012,430	\$ 7,939,321	\$ 8,345,055	\$ 31,570,925	\$ 24,357,485

There was a significant amount of capital asset additions during the current fiscal year due to the completion and capitalization of numerous projects which included: the opening of the new City Hall, the opening of the new Powder Springs/Cobb County Library, completion of renovations to the Senior Citizens Center complex, several streetscape projects and purchases of rights-of-way for the Lewis road project. Major capital assets additions during the current fiscal year included the following:

Governmental activities:

- Construction in progress of \$5,598,512
- Land \$2,408,542
- Buildings and improvements of \$4,347,022
- Vehicles and equipment of \$524,801
- Infrastructure of \$168,537

Business-type activities:

- Utility system improvements of \$175,397
- Vehicles and equipment of \$133,939

As mentioned previously, major projects nearing completion during the fiscal year and will be transferred out of the construction in progress account and into the appropriate category in fiscal year 2009.

The City began capitalizing infrastructure assets and depreciating them over the estimated useful life in fiscal year 2004. Additional information on the City's capital assets can be found in Note 7 of the Notes to the Financial Statements.

Long-term Debt. At June 30, 2008, the City had the following outstanding long-term debt (long-term portion of principal amount):

- \$4,715,000 Intergovernmental agreement liability with the Powder Springs Downtown Development Authority for the purpose of financing the renovation and expansion of a police station and City administrative offices.
- \$4,625,000 Intergovernmental agreement liability with the Powder Springs Downtown Development Authority for the purchase of the United Community Bank building, renovation of the Ford Center and acquisition of the Lewis Road right-of-way.
- \$330,000 Intergovernmental agreement liability with the Powder Springs Downtown Development Authority for the police station built in 2001.
- \$346,157 in capital leases funded through the Georgia Municipal Association for vehicles and equipment for the General Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2008

City of Powder Springs, Georgia

- \$121,388 from agreement with Cobb County for sewer system improvements.
- \$186,036 in capital leases funded through the Georgia Municipal Association and Oshkosh Capital for vehicles and equipment for the Water and Sewer Fund and the Sanitation Fund.
- \$655,000 in a FY2004 Water and Sewer Refunding Bond Issue.
- \$1,018,423 in loan payable obligations with the Georgia Environmental Facilities Authority for downtown water system conversion project.
- \$97,095 through an agreement with Cobb County for sewer system tap fees.

The City's legal debt margin is 10% of the assessed value which equates to \$44,508,886.

Additional information on the City's debt can be found in Note 8 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 2009 budget. These factors have a significant effect on the City's financial position or results of operations. Key assumptions are as follows:

- The millage rate is adopted in June of each year for the operations and maintenance in General Fund. The millage rate for 2008 was 8.50 which did not change from the prior year.
- The tax base for real and personal property has grown steadily over the past several years with growth from 2007 to 2008 being 8%. The property tax digest is not received until mid-year. Growth estimates of property taxes are based upon recent annexation, building activities and current economic conditions.
- The 2008 population is estimated at approximately 15,452 by the ARC Population and Housing Report. This is an increase of approximately 24% from the 2000 census of 12,481.
- Business license fees are based on gross receipts of establishments. The City has begun to experience an economic slowdown due the national economy which has resulted in a decline of business licenses and building permits. However, continued growth potential on Richard Sailors Parkway and the future planned business park district on Lewis Road will put the City in a position to see an increase of commercial development.
- Water and Sewer rates were adjusted to a tiered rate structure in fiscal year 2009. Water use restrictions imposed due to draught conditions over the past year have resulted in a decrease in water fees.
- Sanitation rates remained unchanged in the 2009 budget. Anticipated residential development is not expected to increase due to the economic slowdown experienced in the current year.
- Debt Service for the Fiscal Year 2009 budget reflects an increase due to new capital lease payments entered into during 2008. Increases include new capital lease agreements for vehicles for the police department, public works department, culture and recreation and equipment for public utilities. The City also entered into an agreement with Cobb County under which the County advanced sewer system tap fees to be repaid by the City when received from homeowners who elect to tap onto the County sewer system.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2008

City of Powder Springs, Georgia

- In developing the FY2009 budget the City does not anticipate the use of unreserved fund balance in the General Fund.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Finance Director at 4484 Marietta Street, Powder Springs, Georgia 30127.

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BASIC FINANCIAL STATEMENTS

CITY OF POWDER SPRINGS, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
Assets:			
Cash and cash equivalents	\$ 391,960	\$ 833,334	\$ 1,225,294
Investments	291,482	49,708	341,190
Receivables, net	421,169	609,313	1,030,482
Due from other governments	518,446	-	518,446
Internal balances	(693,925)	693,925	-
Inventories	29,624	149,909	179,533
Prepaid items	20,417	-	20,417
Other assets, net	352,709	27,845	380,554
Restricted assets	7,423,257	2,213,743	9,637,000
Capital assets, non depreciated	9,854,478	159,077	10,013,555
Capital assets, depreciated, net	13,777,126	7,780,244	21,557,370
Total assets	32,386,743	12,517,098	44,903,841
Liabilities:			
Accounts payable and other accrued liabilities	553,174	276,252	829,426
Customer deposits	-	549,931	549,931
Unearned revenue	30,000	-	30,000
Noncurrent liabilities:			
Due within one year	691,996	507,445	1,199,441
Due in more than one year	9,616,616	1,453,677	11,070,293
Total liabilities	10,891,786	2,787,305	13,679,091
Net Assets			
Invested in capital assets, net of related debt	18,252,541	6,131,289	24,383,830
Restricted for:			
Debt service	-	349,334	349,334
Completion of projects	2,805,509	-	2,805,509
Renewal and extensions	-	1,864,409	1,864,409
Unrestricted	436,907	1,384,761	1,821,668
Total net assets	\$ 21,494,957	\$ 9,729,793	\$ 31,224,750

CITY OF POWDER SPRINGS, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

Functions/Programs	Program Revenue				Net (Expense) Revenue and Change in Net Assets			
	Expenses	Charges for Services	Operating		Primary Government			
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 1,352,686	\$ 478,845	\$ -	\$ -	\$ (873,841)	\$ -	\$ -	\$ (873,841)
Health and welfare	13,828	-	-	-	(13,828)	-	-	(13,828)
Public works	1,104,408	222,101	-	1,898,741	1,016,434	-	-	1,016,434
Culture and recreation	629,301	26,095	-	648,017	44,811	-	-	44,811
Public safety	3,260,209	997,195	-	76,421	(2,186,593)	-	-	(2,186,593)
Housing and development	1,070,261	289,927	-	-	(780,334)	-	-	(780,334)
Interest & fiscal charges on long-term debt	423,634	-	-	-	(423,634)	-	-	(423,634)
Total governmental activities	7,854,327	2,014,163	-	2,623,179	(3,216,985)	-	-	(3,216,985)
Business-type activities:								
Water	1,855,113	2,055,326	-	-	-	200,213	-	200,213
Sewer	1,953,822	1,681,818	-	-	-	(272,004)	-	(272,004)
Sanitation	1,077,369	984,567	-	-	-	(92,802)	-	(92,802)
Total business-type activities	4,886,304	4,721,711	-	-	-	(164,593)	-	(164,593)
Total Primary Government	\$ 12,740,631	\$ 6,735,874	\$ -	\$ 2,623,179	(3,216,985)	(164,593)	-	(3,381,578)
General Revenues:								
Property taxes					3,470,331	-	-	3,470,331
Insurance premium tax					682,198	-	-	682,198
Alcohol taxes					248,079	-	-	248,079
Franchise taxes					678,198	-	-	678,198
Settlement proceeds					16,000	-	-	16,000
Gain on sale of capital assets					8,000	-	-	8,000
Unrestricted investment earnings					395,789	123,957	-	519,746
Total general revenues					5,498,595	123,957	-	5,622,552
Change in net assets					2,281,610	(40,636)	-	2,240,974
Net assets - beginning					19,213,347	9,770,429	-	28,983,776
Net assets - ending					\$ 21,494,957	\$ 9,729,793	\$ -	\$ 31,224,750

**CITY OF POWDER SPRINGS, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2008**

	General Fund	Capital Projects Fund	SPLOST	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 383,435	\$ 8,525	\$ -	\$ 391,960
Restricted assets	6,843,106	-	580,151	7,423,257
Investments	290,539	943	-	291,482
Accounts receivables, net	382,969	38,200	-	421,169
Prepaid items	20,417	-	-	20,417
Due from other funds	42,129	-	-	42,129
Due from other governments	13,018	17,497	487,931	518,446
Inventory	29,624	-	-	29,624
Total assets	\$ 8,005,237	\$ 65,165	\$ 1,068,082	\$ 9,138,484
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 391,354	\$ 41,031	\$ 19,869	\$ 452,254
Accrued liabilities	100,920	-	-	100,920
Due to other funds	736,054	-	-	736,054
Deferred revenue	339,015	30,000	-	369,015
Total liabilities	1,567,343	71,031	19,869	1,658,243
Fund balances:				
Reserved for:				
Encumbrances	28,523	-	-	28,523
Prepays	20,417	-	-	20,417
Inventories	29,624	-	-	29,624
Projects	6,843,106	-	-	6,843,106
Unreserved, reported in:				
General fund	(483,776)	-	-	(483,776)
Capital project funds	-	(5,866)	1,048,213	1,042,347
Special revenue funds	-	-	-	-
Total fund balances	6,437,894	(5,866)	1,048,213	7,480,241
Total liabilities and fund balances	\$ 8,005,237	\$ 65,165	\$ 1,068,082	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	23,631,604
Property tax revenue earned but unavailable is not reported in the funds.	326,750
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Unamortized bond issue costs	179,297
Intergovernmental receivables	12,265
Deposit on property	173,412
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(188,089)
Unmatured leases and contracts	(10,120,523)
Net assets of governmental activities	\$ 21,494,957

CITY OF POWDER SPRINGS, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008

	General Fund	Capital Projects Fund	SPLOST	Total Governmental Funds
Revenues:				
Taxes	\$ 5,030,210	\$ -	\$ -	\$ 5,030,210
Licenses and permits	497,912	-	-	497,912
Fines and forfeitures	739,117	-	-	739,117
Street lights	222,101	-	-	222,101
Intergovernmental	859,709	60,596	1,880,615	2,800,920
Investment earnings	384,658	4,475	6,656	395,789
Other	443,595	4,820	-	448,415
Total revenues	8,177,302	69,891	1,887,271	10,134,464
Expenditures:				
Current:				
General government	1,342,324	-	-	1,342,324
Health and welfare	358,615	-	-	358,615
Housing and development	1,014,954	-	-	1,014,954
Public safety	3,134,967	-	-	3,134,967
Public works	1,077,412	158,247	-	1,235,659
Culture and recreation	1,643,149	-	-	1,643,149
Capital outlay	-	5,203,498	1,078,009	6,281,507
Debt service	813,150	-	-	813,150
Total expenditures	9,384,571	5,361,745	1,078,009	15,824,325
Excess (deficiency) of revenues over (under) expenditures	(1,207,269)	(5,291,854)	809,262	(5,689,861)
Other financing sources (uses):				
Transfers in	1,630,000	5,204,756	-	6,834,756
Transfers out	(5,204,756)	-	(1,630,000)	(6,834,756)
Debt issued	220,995	-	-	220,995
Settlement proceeds	16,000	-	-	16,000
Sale of capital assets	8,000	-	-	8,000
Total other financing sources (uses)	(3,329,761)	5,204,756	(1,630,000)	244,995
Net change in fund balance	(4,537,030)	(87,098)	(820,738)	(5,444,866)
Fund balance at beginning of year	10,974,924	81,232	1,868,951	12,925,107
Fund balance at end of year	\$ 6,437,894	\$ (5,866)	\$ 1,048,213	\$ 7,480,241

See accompanying notes to 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, 2008

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 17) \$ (5,444,866)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$8,687,574) exceeded depreciation (\$1,068,400) in the current period. 7,619,174

The net effect of revenues in the statement of activities that do not provide the current financial resources are not reported as revenues in the funds. (22,527)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities. Also government funds report the effects of issuance cost when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued	(220,995)
Principal payments	389,516

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 the governmental funds.

Accrued compensated absences	(20,869)
Amortization for bond issue costs and loss on refunding	<u>(17,823)</u>

Change in net assets of governmental activities (page 15) \$ 2,281,610

CITY OF POWDER SPRINGS, GEORGIA
PROPRIETARY FUNDS
BALANCE SHEET
June 30, 2008

	Enterprise Funds		Totals
	Major		
	Water and Sewer	Sanitation	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 467,332	\$ 366,002	\$ 833,334
Investments	48,978	730	49,708
Accounts receivable, net of allowance for uncollectibles	413,755	170,928	584,683
Interest receivable	24,630	-	24,630
Due from other funds	736,412	-	736,412
Inventory	149,909	-	149,909
Restricted assets:			
Cash	171,834	-	171,834
Total current assets	<u>2,012,850</u>	<u>537,660</u>	<u>2,550,510</u>
Noncurrent assets:			
Restricted assets:			
Cash	292,844	-	292,844
Investment	1,749,065	-	1,749,065
Total restricted assets	<u>2,041,909</u>	<u>-</u>	<u>2,041,909</u>
Property, plant and equipment	17,809,341	1,057,168	18,866,509
Less accumulated depreciation	<u>(10,024,252)</u>	<u>(902,936)</u>	<u>(10,927,188)</u>
Property, plant and equipment, net	7,785,089	154,232	7,939,321
Other assets:			
Other receivables	16,270	-	16,270
Unamortized bond costs	11,575	-	11,575
Total other assets	<u>27,845</u>	<u>-</u>	<u>27,845</u>
Total noncurrent assets	<u>9,854,843</u>	<u>154,232</u>	<u>10,009,075</u>
Total assets	<u><u>\$ 11,867,693</u></u>	<u><u>\$ 691,892</u></u>	<u><u>\$ 12,559,585</u></u>

CITY OF POWDER SPRINGS, GEORGIA
PROPRIETARY FUNDS
BALANCE SHEET
June 30, 2008

	Enterprise Funds		Totals
	Major		
	Water and Sewer	Sanitation	
<u>LIABILITIES AND FUND EQUITY</u>			
Current liabilities:			
Customer deposits	\$ 549,931	\$ -	\$ 549,931
Accounts payable	184,792	19,596	204,388
Accrued payroll liabilities	46,788	25,076	71,864
Due to other funds	21,531	20,956	42,487
Capital lease obligation	9,213	80,189	89,402
Notes payable	51,529	-	51,529
Revenue bonds payable	325,000	-	325,000
Total current liabilities	<u>1,188,784</u>	<u>145,817</u>	<u>1,334,601</u>
Long-term liabilities (net of current portion):			
Compensated absences	26,251	8,950	35,201
Capital lease obligation	1,797	94,837	96,634
Notes payable	1,063,990	-	1,063,990
Revenue bonds payable	299,366	-	299,366
Total long term liabilities	<u>1,391,404</u>	<u>103,787</u>	<u>1,495,191</u>
Total liabilities	<u>2,580,188</u>	<u>249,604</u>	<u>2,829,792</u>
Fund equity (deficit):			
Invested in capital assets, net of related debt	6,131,289	-	6,131,289
Unrestricted	942,473	442,288	1,384,761
Restricted for:			
Debt service	349,334	-	349,334
Renewals and extensions	1,864,409	-	1,864,409
Total fund equity (deficit)	<u>9,287,505</u>	<u>442,288</u>	<u>9,729,793</u>
Total liabilities and fund equity	<u>\$ 11,867,693</u>	<u>\$ 691,892</u>	<u>\$ 12,559,585</u>

CITY OF POWDER SPRINGS, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY
For the Year Ended June 30, 2008

	Enterprise Funds		
	Major		
	Water and Sewer	Sanitation	Totals
Operating revenues:			
Charges for services	\$ 3,728,388	\$ 984,567	\$ 4,712,955
Other	8,756	-	8,756
Total operating revenues	3,737,144	984,567	4,721,711
Operating expenses:			
Water purchases	501,957	-	501,957
Sewage processing fees	1,001,549	-	1,001,549
Salaries and related costs	1,051,174	593,196	1,644,370
Other operating expenses	543,178	373,990	917,168
Depreciation and amortization	639,960	99,928	739,888
Total operating expenses	3,737,818	1,067,114	4,804,932
Operating income (loss)	(674)	(82,547)	(83,221)
Nonoperating revenues (expenses):			
Interest income	108,368	15,589	123,957
Interest expense	(71,117)	(10,255)	(81,372)
Total nonoperating revenues (expenses)	37,251	5,334	42,585
Income (loss) before transfers	36,577	(77,213)	(40,636)
Transfers in	-	135,366	135,366
Transfers out	(135,366)	-	(135,366)
Increase (decrease) in fund equity	(98,789)	58,153	(40,636)
Fund equity at beginning of year	9,386,294	384,135	9,770,429
Fund equity at end of year	\$ 9,287,505	\$ 442,288	\$ 9,729,793

CITY OF POWDER SPRINGS, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2008

	Enterprise Funds		
	Major		
	Water and Sewer	Sanitation	Totals
Cash flows provided by (used in) operating activities:			
Cash received from customers	\$ 3,927,582	\$ 871,125	\$ 4,798,707
Cash payments for goods and services	(2,885,069)	(309,044)	(3,194,113)
Cash payments for employee services and fringe benefits	(1,035,823)	(588,414)	(1,624,237)
Net cash provided by (used in) operating activities	<u>6,690</u>	<u>(26,333)</u>	<u>(19,643)</u>
Cash flows provided by (used in) noncapital financing activities:			
Transfers in	-	135,366	135,366
Transfers out	(135,366)	-	(135,366)
Net cash provided by (used in) noncapital financing activities	<u>(135,366)</u>	<u>135,366</u>	<u>-</u>
Cash flows provided by (used in) capital and related financing activities:			
Acquisition of capital assets	(312,948)	-	(312,948)
Principal payments on revenue bonds	(315,000)	-	(315,000)
Principal payments on capital lease obligations	(11,007)	(88,019)	(99,026)
Principal payments on loans payable	(49,617)	-	(49,617)
Interest paid	(71,117)	(10,255)	(81,372)
Net cash provided by (used in) capital and related financing activities	<u>(759,689)</u>	<u>(98,274)</u>	<u>(857,963)</u>
Cash flows provided by (used in) investing activities:			
Sale of investments	1,139,962	293,031	1,432,993
Interest received	115,693	18,090	133,783
Net cash provided by (used in) investing activities	<u>1,255,655</u>	<u>311,121</u>	<u>1,566,776</u>
Net increase (decrease) in cash	367,290	321,880	689,170
Cash and cash equivalents at beginning of year			
Unrestricted	329,630	44,122	373,752
Restricted	235,090	-	235,090
Total cash at beginning of year	<u>564,720</u>	<u>44,122</u>	<u>608,842</u>
Cash and cash equivalents at end of year			
Unrestricted	467,332	366,002	833,334
Restricted	464,678	-	464,678
Total cash at end of year	<u>\$ 932,010</u>	<u>\$ 366,002</u>	<u>\$ 1,298,012</u>

See accompanying notes to financial statements.
Continued on next page.

**CITY OF POWDER SPRINGS, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (Cont'd)
 For the Year Ended June 30, 2008**

	Enterprise Funds		
	Major		Totals
	Water and Sewer	Sanitation	
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	\$ (674)	\$ (82,547)	\$ (83,221)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	639,960	99,928	739,888
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	75,582	(20,070)	55,512
(Increase) decrease in other accounts receivable	6,720	-	6,720
(Increase) decrease in inventory	27,637	-	27,637
(Increase) decrease in due from other funds	(677,155)	-	(677,155)
Increase (decrease) in customer deposits	14,764	-	14,764
Increase (decrease) in accounts payable	(112,447)	(1,995)	(114,442)
Increase (decrease) in accrued payroll liabilities	31,021	15,334	46,355
Increase (decrease) in due to other funds	16,952	(26,431)	(9,479)
Increase (decrease) in compensated absences	(15,670)	(10,552)	(26,222)
Total adjustments	7,364	56,214	63,578
Net cash from (to) operating activities	\$ 6,690	\$ (26,333)	\$ (19,643)

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2008

The accounting methods and procedures adopted by the City of Powder Springs, Georgia, conform to generally accepted accounting principles as applied to governmental entities.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City operates under an elected Mayor/Council form of government. The City's major operations include public safety, culture-recreation, regulation and control of the water system, highways and streets, sanitation, and general administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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 City's net assets are reported in three parts -invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

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 customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 government considers 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 a payment is due.

Property taxes, franchise taxes, licenses, and interest 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 government.

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for resources received to be used for the acquisition or construction of capital facilities.

SPLOST Fund - The City's SPLOST (Special Purpose Local Sales Tax) Fund is used to account for financial resources to be used for the construction and expansion of roads and bridges and the replacement of 800 MHZ radios.

The government reports the following major proprietary funds:

The Water and Sewer Fund accounts for the operations of the City's water distribution services.

The Sanitation Fund accounts for the operation of the City's sanitation department operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation.

The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sewer, sanitation and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include amounts in demand deposits and all highly liquid investments with a maturity of three months or less when purchased. Investments in money market depository accounts and Georgia Fund 1 are reported as investments.

Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Georgia Fund 1 is the combined state general fund and local government investment pool and is managed by the Office of Treasury and Fiscal Services. Georgia Fund 1 is offered by the State of Georgia to counties, municipalities, public colleges and universities, boards of education, special districts, state agencies, and other authorized entities as a conservative, efficient and liquid investment alternative. The primary investment objectives of Georgia Fund 1 are safety of capital, liquidity, yield and diversification with primary emphasis on safety of capital and liquidity. Georgia Fund 1 invests the pooled funds in U.S. Treasury obligations, securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities, banker's acceptances and repurchase agreements contracted with highly rated counterparties, and commercial paper rated "A-1" or better. The fund may also invest in certificates of deposit issued by banks domiciled in the State of Georgia that maintain Standard & Poor's ratings of "A-1" or better. "AAAm" criteria calls for maximum average portfolio maturities of 60 days or less. The reported value of funds invested in Georgia Fund 1 is the same as the fair value of the pool shares.

Investments for the City are reported at fair value.

E. Short-Term/Long-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds."

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

F. Inventories

Inventories are valued at of average cost using the first in/first-out (FIFO) method. Inventory in the Enterprise Funds consists of expendable supplies held for consumption and items needed for repairs or improvements to the utility system. Inventory in the General Fund consists of fuel. The purchase method is used to account for inventories within the City's Funds.

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. As allowed under GASB No. 34, the City has elected not to report major general infrastructure assets retroactively. General infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals and other infrastructure assets acquired subsequent to July 1, 2003. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The capitalized threshold for capital assets is \$1,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on an estimated useful life as follows:

	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Governmental Funds</u>
Buildings and improvements	5-30 years	--	30 years
Park equipment	--	--	15 years
Utility system	30 years	--	--
Vehicles and equipment	5-30 years	3-10 years	3-5 years
Infrastructure	--	--	30 years

H. Compensated Absences

Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide and proprietary financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. A liability in the governmental funds is reported only if the benefit has matured.

Accumulated sick pay benefits for City employees have not been recorded as a liability because the payment of the benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

J. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

(2) CASH AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. Of the City's total deposits of \$8,513,484 at June 30, 2008, \$1,395,568 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The following is a summary of the City's investments at June 30, 2008:

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Georgia Fund I	AAAm	\$2,094,676	40 days

The City manages its exposure to credit risk by limiting investments to those authorized by statute, and its exposure to interest rate risk limiting investments to the highly liquid local government investment pool, Georgia Fund 1. See note 1(D).

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(3) RESTRICTED ASSETS

<u>Water and Sewer Fund</u>	<u>Cash</u>	<u>Investments</u>	<u>Interest</u>	<u>Total</u>
Debt Service Funds	\$ 349,334	\$ --	\$ --	\$ 349,334
Renewal and Extension Funds	<u>115,344</u>	<u>1,749,065</u>	<u>--</u>	<u>1,864,409</u>
	<u>\$ 464,678</u>	<u>\$1,749,065</u>	<u>\$ --</u>	<u>\$ 2,213,743</u>
<u>Governmental Funds</u>				
Impact Fee Funds	\$ 336,966	\$ --	\$ --	\$ 336,966
Escrow Funds	--	1,540,768	--	1,540,768
Project Funds	<u>1,282,859</u>	<u>4,242,731</u>	<u>19,933</u>	<u>5,545,523</u>
	<u>\$ 1,619,825</u>	<u>\$5,783,499</u>	<u>\$ 19,933</u>	<u>\$ 7,423,257</u>

(4) PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied as of July 31, 2007. The billing for the tax levy was mailed September 20, 2007. The billing is considered due upon receipt by the taxpayer; however, the actual due date is based on a period up to 60 days after the tax billing mailing, November 30, 2007. On this date, the bill becomes delinquent and penalties and interest may be assessed by the City. Liens may attach to property for unpaid taxes at any time within seven years after the due date.

Property taxes were levied on an estimated actual value of \$1,017,584,095 at a 40% assessed value for a total assessment less exemptions of \$332,107,781. Based upon the millage levy of 8.5 mills, a homeowner would pay \$8.50 per \$1,000 of the property's January 1st assessed valuation.

(5) RECEIVABLES

Receivables at June 30, 2008 consist of the following:

	<u>Taxes & Fines</u>	<u>Accrued Interest</u>	<u>Utility Accounts</u>	<u>Other</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General Fund	\$371,023	\$ 358	\$ 41,051	\$ 647	\$ (30,110)	\$ 382,969
Capital Projects Fund	--	--	--	38,200	--	38,200
Water & Sewer Fund	--	24,630	413,557	19,630	(3,162)	454,655
Sanitation Fund	<u>--</u>	<u>--</u>	<u>170,928</u>	<u>--</u>	<u>--</u>	<u>170,928</u>
	<u>\$371,023</u>	<u>\$ 24,988</u>	<u>\$ 625,536</u>	<u>\$ 58,477</u>	<u>\$ (33,272)</u>	<u>\$1,046,752</u>

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(6) INTERFUND RECEIVABLES AND PAYABLE BALANCES

Interfund loans receivable are considered “available spendable resources.”

Such balances at June 30, 2008 include Due from (to) and are summarized as follows:

<u>PAYABLE FROM</u>	<u>RECEIVABLE TO</u>			<u>Total</u>
	<u>General Fund</u>	<u>Water & Sewer</u>	<u>Sanitation</u>	
General Fund	\$ --	\$ 736,054	\$ --	\$ 736,054
Water & Sewer	21,531	--	--	21,531
Sanitation Fund	<u>20,598</u>	<u>358</u>	<u>--</u>	<u>20,956</u>
Total	<u>\$ 42,129</u>	<u>\$ 736,412</u>	<u>\$ --</u>	<u>\$ 778,541</u>

Generally, outstanding balances between funds reported as “due to/from other funds” include outstanding charges by one fund to another for services and goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds.

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(7) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Reclasses/ Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,185,234	\$ 2,408,542	\$ -	\$ 4,593,776
Construction in progress	4,022,030	5,598,512	(4,359,840)	5,260,702
Total capital assets not being depreciated	6,207,264	8,007,054	(4,359,840)	9,854,478
Capital assets, being depreciated:				
Buildings and improvements	4,285,152	4,347,022	-	8,632,174
Furniture and fixtures	78,772	47,188	-	125,960
Parks equipment	4,380,280	-	-	4,380,280
Vehicle and equipment	3,080,277	477,613	(94,664)	3,463,226
Infrastructure - streets	3,843,510	168,537	-	4,012,047
Total capital assets being depreciated	15,667,991	5,040,360	(94,664)	20,613,687
Less accumulated depreciation for:				
Buildings and improvements	(1,694,729)	(134,123)	-	(1,828,852)
Furnitures and fixtures	(22,195)	(23,261)	-	(45,456)
Parks equipment	(1,627,283)	(287,387)	-	(1,914,670)
Vehicles and equipment	(2,225,707)	(462,818)	94,664	(2,593,861)
Infrastructure - streets	(292,911)	(160,811)	-	(453,722)
Total accumulated depreciation	(5,862,825)	(1,068,400)	94,664	(6,836,561)
Total capital assets being depreciated, net	9,805,166	3,971,960	-	13,777,126
Total governmental activities capital assets, net	\$ 16,012,430	\$ 11,979,014	\$ (4,359,840)	\$ 23,631,604
Business-type activities:				
Capital assets, not being depreciated:				
Land	159,077	-	-	159,077
Total capital assets not being depreciated	159,077	-	-	159,077
Capital assets, being depreciated:				
Buildings and improvements	846,706	-	(1,193)	845,513
Furniture and fixtures	52,314	3,606	-	55,920
Utility systems	15,935,266	175,397	-	16,110,663
Vehicles and equipment	1,627,802	133,939	(66,405)	1,695,336
Total capital assets being depreciated	18,462,088	312,942	(67,598)	18,707,432
Less accumulated depreciated for:				
Building and improvements	(421,888)	(27,596)	1,193	(448,291)
Furniture and fixtures	(51,997)	(967)	-	(52,964)
Utility systems	(8,520,417)	(502,341)	-	(9,022,758)
Vehicles and equipment	(1,281,808)	(187,772)	66,405	(1,403,175)
Total accumulated depreciation	(10,276,110)	(718,676)	67,598	(10,927,188)
Total capital assets being depreciated, net	8,185,978	(405,734)	-	7,780,244
Total business-type activities capital assets, net	\$ 8,345,055	\$ (405,734)	\$ -	\$ 7,939,321

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

The beginning balances have been adjusted to correctly classify certain costs and accumulated depreciation amounts.

(7) CAPITAL ASSETS (Continued)

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

Governmental activities		
General government	\$	154,696
Public safety		353,901
Public works, including depreciation of general infrastructure		117,712
Housing and development		15,812
Culture and recreation		425,476
Health and welfare		<u>803</u>
Total depreciation expense - governmental activities		<u>\$ 1,068,400</u>
Business-type activities:		
Water	\$	297,138
Sewer		321,609
Sanitation		<u>99,928</u>
Total depreciation expense - business-type activities		<u>\$ 718,676</u>

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities of the City for the year ended June 30, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 10,132,654	\$ 220,995	\$ (337,492)	\$10,016,157	\$ 550,694
Less deferred amounts on refunding	(23,215)	--	6,193	(17,022)	--
Intergovernmental contracts	--	173,412	(52,024)	121,388	34,682
Compensated absences	<u>167,220</u>	<u>267,025</u>	<u>(246,156)</u>	<u>188,089</u>	<u>106,620</u>
Governmental activity Long-term liabilities	<u>\$ 10,276,659</u>	<u>\$ 661,432</u>	<u>\$ (629,479)</u>	<u>\$10,308,612</u>	<u>\$ 691,996</u>
Business-type activities:					
Capital leases	\$ 285,068	\$ --	\$ (99,032)	\$ 186,036	\$ 89,402
Loans payable	1,165,134	--	(49,616)	1,115,518	51,529
Revenue bonds	970,000	--	(315,000)	655,000	325,000
Less deferred amounts on refunding	(45,950)	--	15,317	(30,633)	--
Compensated absences	<u>61,423</u>	<u>106,679</u>	<u>(91,387)</u>	<u>76,715</u>	<u>41,514</u>
Business-type activity Long-term liabilities	<u>\$ 2,435,675</u>	<u>\$106,679</u>	<u>\$ (539,718)</u>	<u>\$ 2,002,636</u>	<u>\$ 507,445</u>

Compensated absences are typically liquidated in the general fund.

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(8) LONG-TERM OBLIGATIONS (Continued)

Governmental Activities:

Capital Leases

On September 1, 2001, the Powder Springs Downtown Development Authority issued \$715,000 in serial revenue bonds and \$490,000 in term revenue bonds for the purpose of providing funding for the cost of the acquisition, construction, furnishing and equipping of a new police station.

On September 1, 2001, the City and the Powder Springs Downtown Development Authority entered into an intergovernmental contract. The contract obligated the City to make lease payments directly to the Trustee for the purpose of paying the principal and interest on the outstanding balance of the 2001 Revenue Bonds issued by the Authority. The contract enabled the City to lease from the Authority the facilities constructed by the Authority. The lease was a direct financing lease in accordance with generally accepted accounting principles.

On March 30, 2004, the Authority issued \$680,000 in Series 2004 Revenue Refunding Bonds (Police Station Project) for the purpose of refunding the Authority's 2001 Revenue Bonds.

On March 30, 2004, the City and the Powder Springs Downtown Development Authority entered into a new intergovernmental contract. The contract obligates the City to make lease payments directly to the Trustee for the purpose of paying the principal and interest on the outstanding balance of the 2004 refunding Revenue Bonds issued by the Authority. This contract enables the City to lease from the Authority the facilities constructed by the Authority. The lease is a direct financing lease in accordance with generally accepted accounting principles. The contract will not expire until full payment of the bonds. Prior to expiration of the lease upon payment in full of the bonds outstanding, the City may purchase the project from the Authority for \$100.

As a result of the refunding, the City decreased its total debt service requirement by \$67,500 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$65,093.

On March 30, 2005, the Authority issued \$4,895,000 in Series 2005 Revenue Bonds 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.

On March 30, 2005, the City and the Powder Springs Downtown Development Authority entered into a new intergovernmental contract. The contract obligates the City to make lease payments directly to the Trustee for the purpose of paying the principal and interest on the outstanding balance of the 2005 Revenue Bonds issued by the Authority. This contract enables the City to lease from the Authority the facilities purchased by the Authority. The lease is a direct financing lease in accordance with generally accepted accounting principles. The contract will not expire until full payment of the bonds. Prior to expiration of the lease upon payment in full of the bonds outstanding, the City may purchase the project from the Authority for \$100.

On August 29, 2006, the Authority issued \$4,715,000 in Series 2006 Revenue Bonds for the purpose of financing the renovation and expansion of a police station and the City Administrative offices, and acquiring and renovating a building to be used as a City Museum. Concurrent with the bond issuances the City entered into an intergovernmental contract with the Powder Springs Downtown Development Authority whereby the City has agreed to purchase the projects through a capital lease over the life of the bonds.

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(8) LONG-TERM OBLIGATIONS (Continued)

The gross amount of assets recorded under capital leases at June 30, 2008 is \$1,835,252 for the police facility and City Hall renovations, and \$513,898 for the vehicles. Accumulated depreciation related to these assets at June 30, 2008 is \$629,623 and \$192,632, respectively.

The following is a schedule of future lease payments as of June 30, 2008:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 550,694	\$ 403,931	\$ 954,625
2010	527,730	383,668	911,398
2011	475,419	365,004	840,423
2012	447,293	348,583	795,876
2013	455,027	331,348	786,375
2014-2018	2,570,000	1,368,750	3,938,750
2019-2023	3,159,994	796,076	3,956,070
2024-2026	<u>1,830,000</u>	<u>143,754</u>	<u>1,973,754</u>
	<u>\$ 10,016,157</u>	<u>\$ 4,141,115</u>	<u>\$ 14,157,272</u>

Business-type Activities:

On April 6, 2004, the City issued \$1,775,000 in Series 2004A, 2004B, and 2004C Water and Sewer Revenue Refunding Bonds, which are secured by the revenues of the water and sewer system, for the purpose of refunding the Series 1993 Revenue Bonds in order to achieve interest cost savings. The original bonds were issued for the purpose of financing the costs of making additions, extensions and improvements to the City's water and sewer system. As a result of the refunding, the City decreased its total debt service requirements by \$116,581 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$86,438.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 325,000	\$ 18,667	\$ 343,667
2010	330,000	9,404	339,404
Total	<u>\$ 655,000</u>	<u>\$ 28,071</u>	<u>\$ 683,071</u>

The City's enterprise funds are obligated under capital leases covering vehicles and equipment.

The gross amounts of these assets under capital lease for the Water and Sewer and Sanitation funds are \$33,281 and \$466,544, respectively. Accumulated depreciation related to these assets is \$15,871 and \$315,868, respectively. The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 200:

Sanitation Fund

Capital leases covering vehicles:

Year Ending June 30,	Principal	Interest	Total
2009	80,189	6,680	86,869
2010	62,513	3,604	66,117
2011	<u>32,323</u>	<u>734</u>	<u>33,057</u>
	<u>\$175,025</u>	<u>\$ 11,018</u>	<u>\$ 186,043</u>

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(8) LONG-TERM OBLIGATIONS (Continued)

Water and Sewer Fund

Capital leases covering vehicles and equipment:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	9,213	324	9,537
2010	1,798	19	1,817
	<u>\$ 11,011</u>	<u>\$ 343</u>	<u>\$ 11,354</u>

Additionally, the City is obligated under loans payable to the Georgia Environmental Facilities Authority. The original principal amount of the loans totaled \$1,173,725, the proceeds of which were used to fund water and sewer facilities improvements and additions. The notes are payable over 18-20 years and bear interest at 3.8% - 4.1%. The following is a schedule of future payments on these loans at June 30, 2008.

Water and Sewer Fund

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 48,169	\$ 39,252	\$ 87,421
2010	50,096	37,316	87,412
2011	52,110	35,301	87,411
2012	54,206	33,206	87,412
2013	56,386	31,027	87,413
2014-2018	317,824	119,238	437,062
2019-2023	272,828	55,701	328,529
2024-2027	166,804	13,024	179,828
	<u>\$ 1,018,423</u>	<u>\$ 364,065</u>	<u>\$ 1,382,488</u>

During fiscal year 2001, the City entered into an agreement with the County under which the County advanced \$146,200 in tap fees for 34 lots. The City collects tap fees from the homeowners when the sewer system is tapped onto in either a lump sum or in monthly installments over 10 years. The fees collected are then remitted to the County. At June 30, 2008, amounts due to the City from homeowners who had elected to tap onto the system totaled \$19,630. \$3,360 of this total will be repaid during fiscal year 2008.

The portion due to the County in fiscal year 2009 totaled \$3,360 at June 30, 2008. The remaining \$93,735 will be payable in fiscal year 2009 and thereafter as additional homeowners choose to tap onto the system.

(9) FUND BALANCE RESERVES AND DESIGNATIONS

The City maintains reserves and designated fund balance in various funds for specific purposes. The nature and purpose of these reserves is explained below.

Fund Balance Reserved for:

	<u>General Fund</u>
Completion of projects	\$ 6,843,106
Prepaid insurance for 2008 coverage	20,417
Inventories	29,624
Encumbrances	28,523
	<u>\$ 6,921,670</u>

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(10) TRANSFERS

Interfund transfers for the current year were as follows:

Transfer In To	Transfer Out From			Total
	General Fund	SPLOST	Water and Sewer Fund	
General Fund	\$ --	\$ 1,630,000	\$ --	\$ 1,630,000
Capital Projects Fund	5,204,756	--	--	5,204,756
Sanitation Fund	--	--	135,366	135,366
TOTAL	\$ 5,204,756	\$ 1,630,000	\$ 135,366	\$ 6,970,122

Transfers and payments within the reporting entity are substantially for the purposes of funding capital projects, asset acquisitions, and operating expenses.

(11) COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

B. Commitments

The City has a contract with the Cobb County Water System to purchase substantially all of the City's water and to provide sewer service. Under the contract, the City pays a rate based on water usage. The rates charged are subject to minimum annual contract payments. Expense for the fiscal year ended June 30, 2008 was \$1,503,506.

The City also has active construction projects at June 30, 2008.

(12) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in the Georgia Interlocal Risk Management Agency (GIRMA) whereby the risk is pooled with other entities. Participation in this pool allows the City to share liability, crime, motor vehicle and property damage risks. The retention of the pool is \$100,000 for property and \$300,000 for liability. Coverage is subject to a per occurrence deductible of \$1,000.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(12) RISK MANAGEMENT (Continued)

The City must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA 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 Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purpose of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City is also exposed to risks 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.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

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 preview 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.

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(13) JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the ten county Atlanta region is a member of the Atlanta Regional Commission (ARC). Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the officials of political subdivisions and private citizens representing districts with the Atlanta region. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Atlanta Regional Commission
40 Courtland Street, NE
Atlanta, Georgia 30303

(14) EMPLOYEE RETIREMENT SYSTEM

The City contributes to the Georgia Municipal Employees Benefit System (“System”), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. The City joined the system during fiscal year 2003. For the fiscal year ended June 30, 2008, the City’s payroll for employees covered by the System was \$2,821,431. The Plan also provides death benefits for early retirees.

The benefit provisions and all other requirements are established by the System and the Adoption Agreement executed by the City.

All full-time City employees are eligible to participate in the System upon completion of one year of service; elected officials have no waiting period for eligibility. Benefits vest after completing seven years of service. Employees who retire after age 65 with 5 years of service or after age 55 with 10 years of credited service are entitled to a retirement benefit. The monthly benefit is determined using a split benefit formula, incorporating the employees’ final average earnings, years of service and rate of 1.5%.

The City makes all contributions to the Plan. Employees are not required to make contributions to the Plan

Total pension contributions for the year ended June 30, 2008 was \$160,434.

The net pension obligation was computed as part of an actuarial valuation performed as of March 1, 2007. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0% a year, and (b) projected salary increases of 5.5% a year.

Contributions are determined under the projected unit credit actuarial cost method and the asset valuation method (sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year.) The actuarial value is adjusted, if necessary, to be within 20% of market value.

The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 2003 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Employer contributions represented 5.7% of current year covered payroll. The normal contribution requirement was \$163,541.

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Fiscal Year Ended June 30, 2008

(14) EMPLOYEE RETIREMENT SYSTEM (Continued)

ANNUAL PENSION COST AND NET PENSION OBLIGATION (ASSET)

The City's annual pension cost and net pension obligation (asset) for the current year were as follows:

Annual required contribution	\$ 163,541
Interest on net pension asset	156
Adjustment to annual required contribution	<u>(145)</u>
Annual pension cost	163,552
Contributions made	<u>(160,434)</u>
Increase (decrease) in net pension obligation	3,118
Net pension obligation (asset), beginning of year	<u>1,955</u>
Net pension obligation (asset), end of year	<u>\$ 5,073</u>

This amount is not considered material and has not been included in the accompanying financial statements.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year <u>Ended</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>	Net Pension <u>Obligation (Asset)</u>
6/30/06	\$ 110,505	100%	\$ (4,157)
6/30/07	145,960	96%	1,955
6/30/08	163,541	98%	5,073

The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

Georgia Municipal Association
Risk Management and Employee Benefit Service
201 Pryor Street, SW
Atlanta, Georgia 30303

(15) POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides, through passage of local ordinance, certain health care insurance benefits for retired employees. City employees who retire with a minimum of ten years' service and whose age and years of service total at least 80 are eligible for these benefits. The cost of retiree health care insurance benefits is recognized as an expenditure as premiums are paid. As of June 30, 2008, there were two retirees eligible for the benefits. For 2008, the cost of providing these benefits totaled \$10,069.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POWDER SPRINGS, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 PUBLIC EMPLOYEE RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
3/1/05	\$259,275	\$ 380,145	\$(120,870)	68.2%	\$2,344,516	5%
3/1/06	\$392,621	\$ 645,127	\$(252,506)	60.9%	\$2,450,904	10%
3/1/07	\$547,083	\$ 834,224	\$ 287,141	65.6%	\$2,821,431	10%

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, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 5,046,000	\$ 5,046,000	\$ 5,030,210	\$ (15,790)
Licenses and permits	208,160	208,160	497,912	289,752
Fines and forfeitures	565,000	565,000	859,709	294,709
Street Lights	482,065	482,065	222,101	(259,964)
Intergovernmental	373,382	518,382	739,117	220,735
Investment earnings	100,375	100,385	384,658	284,273
Other	178,800	182,800	443,595	260,795
Total revenues	<u>6,953,782</u>	<u>7,102,792</u>	<u>8,177,302</u>	<u>1,074,510</u>
Expenditures:				
Current:				
General administration	1,978,750	1,581,414	1,342,324	239,090
Health and welfare	379,392	383,392	3,134,967	(2,751,575)
Housing and development	1,166,896	1,166,896	1,077,412	89,484
Public safety	3,344,356	3,351,181	358,615	2,992,566
Public works	1,364,375	1,364,375	1,014,954	349,421
Culture and recreation	2,048,031	2,058,031	1,643,149	414,882
Debt service	258,703	794,214	813,150	(18,936)
Total expenditures	<u>10,540,503</u>	<u>10,699,503</u>	<u>9,384,571</u>	<u>1,314,932</u>
Excess (deficiency) of revenues over expenditures	<u>(3,586,721)</u>	<u>(3,596,711)</u>	<u>(1,207,269)</u>	<u>2,389,442</u>
Other financing sources (uses):				
Debt issued	232,500	232,500	220,995	(11,505)
Proceeds from disposal of assets	5,000	5,000	8,000	3,000
Transfers out	(9,881,000)	(9,881,000)	(5,204,756)	4,676,244
Total other financing sources (uses)	<u>(9,643,500)</u>	<u>(9,643,500)</u>	<u>(4,975,761)</u>	<u>4,667,739</u>
Net change in fund balance	<u>\$ (13,230,221)</u>	<u>\$ (13,240,211)</u>	<u>(6,183,030)</u>	<u>\$ 7,057,181</u>
Reconciliation to GAAP basis:				
Unbudgeted transfer in			1,630,000	
Unbudgeted settlement proceeds			16,000	
Fund balance at beginning of year- GAAP basis			<u>10,974,924</u>	
Fund balance at end of year- GAAP basis			<u>\$ 6,437,894</u>	

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2008

A. Budgets and Budgetary Accounting

An operating budget is legally adopted each fiscal year for the General Fund. A project length budget is adopted for the Capital Projects fund and SPLOST fund.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that transfers in and settlement proceeds are not budgeted for in the General Fund. Actual GAAP transfers in and settlement proceeds in the General Fund have been adjusted to the budgetary basis for comparison within this report.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the City Council by the City Manager.
2. A public hearing on the budget is held, giving notice thereof at least fourteen days in advance by publication in the official Powder Springs newspaper.
3. The budget is then revised and adopted or amended by the Council at the first regular meeting following the hearing.
4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing the same.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgeted amounts are as originally adopted, or as amended, by Council.

The level of control (the level at which expenditures may not legally exceed appropriations) for each of the above adopted budgets is at the department level.

Budgeted amounts reflected in the accompanying budget and actual comparisons are as originally adopted, or as amended, by the Council.

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SUPPLEMENTAL INFORMATION

**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***

The Honorable Patricia C. Vaughn, Mayor
Members of the City Council
City of Powder Springs, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Powder Springs, Georgia as of and for the year ended June 30, 2008, which collectively comprise the City of Powder Springs, Georgia's basic financial statements and have issued our report thereon dated March 26, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Powder Springs, Georgia's internal control over financial reporting as a basis of designing our auditing procedures 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 of Powder Springs, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Powder Springs, Georgia's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Powder Springs, Georgia's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of City of Powder Springs, Georgia's financial statements that is more than inconsequential will not be prevented or detected by City of Powder Springs, Georgia's internal control.

We consider the deficiency described below to be a significant deficiency in internal control over financial reporting:

Controls over the financial reporting process did not prevent misstatements from occurring in the fund financial statements.

Management concurs with this finding.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by City of Powder Springs, Georgia's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

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

The City of Powder Springs, Georgia's response to the finding identified in our audit is described above. We did not audit the City of Powder Springs Georgia's response and, accordingly, we express no opinion on it.

This report is intended for the information of the finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moore & Cubbedge, LLP
Moore & Cubbedge, LLP

March 26, 2009



STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	46-51
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	52-59
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	60-63
Demographic and Economic Information	
These schedules offer demographic and economic indications to help the reader understand the environment within which the government's financial activities take place.	64-65
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	66-68

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

CITY OF POWDER SPRINGS, GEORGIA
GOVERNMENT - WIDE NET ASSETS BY CATEGORY
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,				
	2004	2005	2006	2007	2008
Governmental Activities					
Invested in capital assets, net of related debt	\$ 6,112,288	\$ 8,669,471	\$ 9,479,531	\$12,294,054	\$ 18,252,541
Restricted	2,745,866	2,654,193	2,659,796	5,069,716	2,805,509
Unrestricted	3,127,268	3,234,750	3,944,467	1,849,577	436,907
Subtotal Governmental Activities Net Assets	<u>11,985,422</u>	<u>14,558,414</u>	<u>16,083,794</u>	<u>19,213,347</u>	<u>21,494,957</u>
Business-Type Activities					
Invested in capital assets, net of related debt	5,128,000	5,087,132	5,026,093	6,088,728	6,131,289
Restricted	1,432,665	2,102,246	3,031,512	2,963,610	2,213,743
Unrestricted	1,350,185	1,127,840	612,642	718,091	1,384,761
Subtotal Business-Type Activities Net Assets	<u>7,910,850</u>	<u>8,317,218</u>	<u>8,670,247</u>	<u>9,770,429</u>	<u>9,729,793</u>
Primary Government					
Invested in capital assets, net of related debt	11,240,288	13,756,603	14,505,624	18,382,782	24,383,830
Restricted	4,178,531	4,756,439	5,691,308	8,033,326	5,019,252
Unrestricted	4,477,453	4,362,590	4,557,109	2,567,668	1,821,668
Total Primary Government Net Assets	<u>\$ 19,896,272</u>	<u>\$ 22,875,632</u>	<u>\$24,754,041</u>	<u>\$28,983,776</u>	<u>\$ 31,224,750</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2004.

CITY OF POWDER SPRINGS, GEORGIA
CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES
Last Five Fiscal Years
(accrual basis of accounting)

Source	Fiscal Year Ended June 30,				
	2004	2005	2006	2007	2008
Expenses:					
General government	\$ 1,054,401	\$ 1,030,922	\$ 1,044,646	\$ 935,479	\$ 1,352,686
Public safety	2,466,338	2,611,125	2,901,659	3,025,826	3,260,209
Housing and development	408,971	516,158	771,398	1,028,017	1,070,261
Public works	728,336	865,445	816,897	1,692,422	1,104,408
Health and welfare	9,354	7,747	11,134	14,548	13,828
Culture and recreation	308,220	276,531	507,775	450,066	629,301
Interest and fiscal charges	50,475	25,980	177,509	295,689	423,634
Total Expenses	5,026,095	5,333,908	6,231,018	7,442,047	7,854,327
Program Revenues:					
Charges for Services:					
General government	325,095	390,892	391,248	446,014	478,845
Public safety	621,151	610,733	728,961	890,445	997,195
Housing and development	391,087	406,136	230,557	297,314	289,927
Public works	-	3,632	229,596	222,587	222,101
Culture and recreation	25,633	37,660	34,782	17,605	26,095
Operating grants and contributions	2,390	60	-	-	-
Capital grants and contributions	1,680,042	1,749,704	871,944	2,804,957	2,623,179
Total Program Revenues	3,045,398	3,198,817	2,487,088	4,678,922	4,637,342
Net (Expense) Revenue	(1,980,697)	(2,135,091)	(3,743,930)	(2,763,125)	(3,216,985)
General Revenues and Transfers:					
General revenues:					
Property taxes	2,204,644	2,824,621	3,118,107	3,329,154	3,470,331
Insurance premium taxes	536,123	586,399	625,092	654,003	682,198
Alcohol taxes	157,836	198,212	216,835	226,031	248,079
Gain (loss) on sale of capital assets	-	-	67,993	24,625	8,000
Franchise taxes	506,210	560,334	583,713	664,438	678,198
Unrestricted investment earnings	96,590	131,269	276,009	617,677	395,789
Settlement proceeds	-	-	-	376,750	16,000
Transfers	-	407,248	381,561	-	-
Total General Revenues and Transfers	3,501,403	4,708,083	5,269,310	5,892,678	5,498,595
Change in Net Assets	\$ 1,520,706	\$ 2,572,992	\$ 1,525,380	\$ 3,129,553	\$ 2,281,610

Note: The City implemented GASB Statement No. 34 in fiscal year 2004.

CITY OF POWDER SPRINGS, GEORGIA
CHANGES IN NET ASSETS - BUSINESS-TYPE ACTIVITIES
Last Five Fiscal Years
(accrual basis of accounting)

Source	Fiscal Year Ended June 30,				
	2004	2005	2006	2007	2008
Expenses:					
Water & sewer	\$ 3,481,961	\$ 3,434,755	\$ 3,819,093	\$3,910,989	\$ 3,808,935
Sanitation	821,081	926,767	1,131,230	1,020,067	1,077,369
Total Expenses	4,303,042	4,361,522	4,950,323	4,931,056	4,886,304
Program Revenues:					
Charges for Services:					
Water & sewer	3,612,450	4,125,371	4,555,288	4,249,043	3,737,144
Sanitation	841,892	922,456	937,202	919,832	984,567
Operating grants and contributions	-	-	-		
Capital grants and contributions	20,960	74,970	70,620	706,780	-
Total Program Revenues	4,475,302	5,122,797	5,563,110	5,875,655	4,721,711
Net (Expense) Revenue	172,260	761,275	612,787	944,599	(164,593)
General Revenues and Transfers:					
Unrestricted investment earnings	46,042	52,341	111,358	155,583	123,957
Gain on sale of capital assets	26,577	-	10,445	-	-
Transfers	-	(407,248)	(381,561)	-	-
Total General Revenues and Transfers	72,619	(354,907)	(259,758)	155,583	123,957
Changes in Net Assets	\$ 244,879	\$ 406,368	\$ 353,029	\$1,100,182	\$ (40,636)

Note: The City implemented GASB Statement No. 34 in fiscal year 2004.

CITY OF POWDER SPRINGS, GEORGIA
CHANGES IN NET ASSETS - TOTAL
Last Five Fiscal Years
(accrual basis of accounting)

Source	Fiscal Year Ended June 30,				
	2004	2005	2006	2007	2008
Expenses:					
Governmental activities	\$5,026,095	\$5,333,908	\$ 6,231,018	\$7,442,047	\$ 7,854,327
Business-type activities	4,303,042	4,361,522	4,950,323	4,931,056	4,886,304
Total Expenses	<u>9,329,137</u>	<u>9,695,430</u>	<u>11,181,341</u>	<u>12,373,103</u>	<u>12,740,631</u>
Program Revenues:					
Governmental activities	3,045,398	3,198,817	2,487,088	4,678,922	4,637,342
Business-type activities	4,475,302	5,122,797	5,563,110	5,875,655	4,721,711
Total Program Revenues	<u>7,520,700</u>	<u>8,321,614</u>	<u>8,050,198</u>	<u>10,554,577</u>	<u>9,359,053</u>
Net (Expense) Revenue	<u>(1,808,437)</u>	<u>(1,373,816)</u>	<u>(3,131,143)</u>	<u>(1,818,526)</u>	<u>(3,381,578)</u>
General Revenues and Transfers:					
Governmental activities	3,501,403	4,708,083	5,269,310	5,892,678	5,498,595
Business-type activities	72,619	(354,907)	(259,758)	155,583	123,957
Total General Revenues and Transfers	<u>3,574,022</u>	<u>4,353,176</u>	<u>5,009,552</u>	<u>6,048,261</u>	<u>5,622,552</u>
Changes in Net Assets	<u>\$1,765,585</u>	<u>\$2,979,360</u>	<u>\$ 1,878,409</u>	<u>\$4,229,735</u>	<u>\$ 2,240,974</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2004.

CITY OF POWDER SPRINGS, GEORGIA
FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 680,267	\$ 79,610	\$ 3,206,487	\$ 3,117,893	\$ 2,985,189	\$ 2,878,179	\$ 6,226,778	\$ 6,250,061	\$ 9,603,346	\$ 6,921,670
Unreserved	1,657,459	2,428,487	3,393,221	3,323,390	3,088,330	2,958,911	2,522,298	3,201,242	1,371,578	(483,776)
Subtotal General Fund	2,337,726	2,508,097	6,599,708	6,441,283	6,073,519	5,837,090	8,749,076	9,451,303	10,974,924	6,437,894
General Fund Percentage Change	22.0%	7.3%	163.1%	-2.4%	-5.7%	-3.9%	49.9%	8.0%	16.1%	-41.3%
All Other Governmental Funds										
Reserved	302,494	152,466	438,004	623,802	-	300,691	695,643	-	-	-
Unreserved	9,347	-	-	(438,532)	285	-	-	(68,307)	81,232	(5,866)
Special Revenue Fund	-	-	-	-	-	-	-	540,179	1,868,951	1,048,213
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
SPLOST Fund	-	-	-	-	-	-	-	-	-	-
Subtotal All Other Governmental Funds	311,841	152,466	438,004	185,270	285	300,691	695,643	471,872	1,950,183	1,042,347
Total Governmental Funds										
Reserved	982,761	232,076	3,644,491	3,741,695	2,985,189	3,178,870	6,922,421	6,250,061	9,603,346	6,921,670
Unreserved	1,666,806	2,428,487	3,393,221	2,884,858	3,088,615	2,958,911	2,522,298	3,673,114	3,321,761	558,571
Total Governmental Funds	2,649,567	2,660,563	7,037,712	6,626,553	6,073,804	6,137,781	9,444,719	9,923,175	12,925,107	7,480,241
Restatement	-	-	-	-	-	-	134,284	-	-	-
As Restated	\$2,649,567	\$2,660,563	\$7,037,712	\$6,626,553	\$6,073,804	\$6,137,781	\$9,579,003	\$9,923,175	\$12,925,107	\$7,480,241
All Governmental Funds Percentage Change	13.0%	0.4%	164.5%	-5.8%	-8.3%	1.1%	56.1%	5.1%	30.3%	-42.1%

CITY OF POWDER SPRINGS, GEORGIA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Source	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Taxes	\$ 2,508,088	\$ 2,179,821	\$ 2,589,993	\$ 2,952,515	\$ 3,236,320	\$ 3,377,436	\$ 4,108,125	\$ 4,505,142	\$ 4,842,799	\$ 5,030,210
Licenses and permits	259,921	272,442	344,607	360,059	427,983	476,468	510,268	581,747	506,555	497,912
Intergovernmental	135,544	1,077,883	1,167,698	1,078,107	444,896	1,680,042	1,822,427	1,018,327	2,865,656	2,800,920
Fines and forfeitures	371,750	366,315	447,179	585,754	537,265	503,887	404,986	446,554	625,164	739,117
Charges for services	175,436	171,255	177,781	201,628	197,635	208,769	733,175	229,596	222,587	222,101
Fees	59,044	37,604	-	-	-	-	-	-	-	-
Railyard Settlement Fund	-	-	4,207,000	-	-	-	-	-	-	-
Investment earnings	-	-	186,195	232,896	119,911	96,590	131,269	276,009	617,677	395,789
Other	235,593	274,544	37,723	35,995	129,086	176,232	236,880	210,869	372,162	448,415
Total revenues	3,745,376	4,385,864	9,160,176	5,446,954	5,093,096	6,519,424	7,947,130	7,288,244	10,052,600	10,134,464
Expenditures:										
Current:										
General administration	582,779	597,037	797,328	837,873	860,731	397,347	774,929	919,865	965,663	1,342,324
Health and welfare	-	-	-	-	-	9,354	7,281	10,337	131,796	358,615
Housing and development	131,113	170,204	181,509	169,207	359,496	274,880	480,712	752,569	934,299	1,014,954
Public safety	1,641,501	1,611,612	1,879,747	1,986,060	2,119,602	2,520,511	2,690,390	2,626,864	2,969,629	3,134,967
Public works	380,679	392,773	456,761	595,649	548,140	714,683	850,543	670,296	983,664	1,235,659
Culture and recreation	-	-	-	-	72,347	78,024	53,635	90,007	1,416,553	1,643,149
Capital outlay	757,744	1,735,864	1,468,179	2,175,009	1,450,481	2,232,940	4,355,535	1,671,594	4,236,881	6,281,507
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	-	111,917	110,993	138,234	310,293	296,493	311,294	369,243	344,334	397,403
Interest	-	65,591	67,000	67,879	72,965	50,475	21,260	177,509	389,652	415,747
Issue costs & fees	-	-	-	-	-	32,831	99,228	-	-	-
Total expenditures	3,483,816	4,684,998	4,961,517	5,969,911	5,794,055	6,607,538	9,644,807	7,288,284	12,392,471	15,824,325
Excess (deficiency) of revenues over expenditures	251,560	(299,134)	4,198,659	(522,957)	(700,959)	(88,114)	(1,697,677)	(20,040)	(2,339,871)	(5,689,861)
Other financing sources (uses):										
Capital leases/debt issued	51,925	70,743	78,490	121,589	158,836	792,091	5,004,615	81,246	4,940,428	220,995
Proceeds from disposal of assets	-	-	-	-	-	-	-	82,966	24,625	8,000
Settlement proceeds	-	-	-	-	-	-	-	-	376,750	16,000
Transfers in	123,773	444,405	761,176	538,902	375,000	770,253	2,060,000	1,061,455	3,498,657	6,834,756
Payment to refunding agent	-	-	-	(9,791)	(10,626)	(640,000)	-	-	-	-
Operating transfer to component unit	-	-	-	-	-	-	-	-	-	-
Transfers out	(122,348)	(205,018)	(661,176)	(538,902)	(375,000)	(770,253)	(2,060,000)	(661,455)	(3,498,657)	(6,834,756)
Total other financing sources (uses)	53,350	310,130	178,490	111,798	148,210	152,091	5,004,615	364,212	5,341,803	244,995
Net change in fund balances	\$ 304,910	\$ -10,996	\$ 4,377,149	\$ (411,159)	\$ (552,749)	\$ 63,977	\$ 3,306,938	\$ 344,172	\$ 3,001,932	\$ (5,444,866)
Debt service as a % of noncapital expenditures	0.0%	6.4%	5.4%	5.7%	9.7%	5.0%	8.5%	10.6%	11.9%	12.9%

CITY OF POWDER SPRINGS, GEORGIA
TAX REVENUES BY SOURCE
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year Ended June 30,	Property	Ad Valorem	Insurance Premium	Alcoholic Beverage	Intangible	Franchise	Total
1999	\$ 1,126,154	\$ 130,691	\$ 269,334	\$ 127,788	\$ 53,445	\$ 439,664	\$ 2,147,076
2000	1,116,634	171,771	278,988	135,485	37,556	439,387	2,179,821
2001	1,427,563	205,296	296,323	158,498	41,634	460,679	2,589,993
2002	1,508,652	222,232	453,360	168,573	79,163	520,535	2,952,515
2003	1,765,203	238,124	497,440	191,424	72,178	471,951	3,236,320
2004	1,885,419	220,826	536,123	157,836	71,022	506,210	3,377,436
2005	2,477,698	230,648	586,399	198,212	54,834	560,334	4,108,125
2006	2,749,964	262,352	625,092	216,834	67,187	583,713	4,505,142
2007	2,970,212	270,310	654,003	226,031	57,805	664,438	4,842,799
2008	3,097,747	274,050	682,198	248,079	49,938	678,198	5,030,210

Percentage Change In Dollars Over 10 Years	175.1%	109.7%	153.3%	94.1%	-6.6%	54.3%	134.3%
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CITY OF POWDER SPRINGS, GEORGIA
TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Amounts										Total Direct Tax Rate	Estimated Actual Value	Annual Percentage Change
	1	2	3	4	5	6	7	8	9	10			
	Residential Property	Agricultural Property	Commercial Property	Industrial Property	Conservation Use Property	Utility Property	Motor Vehicles and Mobile Homes	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value			
1999	\$ 123,732,376	\$ 10,908	\$ 44,702,640	\$ 938,794	\$ 109,909	\$ 4,688,016	\$ 8,127,409	\$ -	\$ 3,942,459	\$ 178,367,593	7.00	\$ 445,918,983	n/a
2000	132,464,622	29,329	46,570,056	1,157,230	147,541	4,675,366	20,947,986	-	2,586,994	203,405,136	7.00	508,512,840	14.0%
2001	142,657,481	29,329	47,764,897	1,100,299	147,541	5,184,604	23,118,665	31,937	2,608,280	217,426,473	7.00	543,566,183	6.9%
2002	171,811,432	51,391	47,024,713	1,101,313	185,341	4,767,040	27,769,035	27,344	2,410,849	250,326,760	7.00	625,816,900	15.1%
2003	201,559,686	44,840	58,043,355	4,697,968	204,468	5,027,206	30,207,357	2,767	2,999,380	296,788,267	7.00	741,970,668	18.6%
2004	220,994,678	151,664	61,629,365	4,442,446	644,240	5,894,102	33,184,325	11,242	5,567,394	321,384,668	7.00	803,461,670	8.3%
2005	240,741,640	151,344	76,820,922	6,206,789	296,624	5,629,432	32,547,277	20,458	6,765,516	355,648,970	8.50	889,122,425	10.7%
2006	262,786,804	197,812	81,783,042	8,525,426	328,488	5,903,299	30,855,374	36,702	4,920,002	385,496,945	8.50	963,742,363	8.4%
2007	290,503,809	197,812	85,894,537	6,966,918	328,488	6,324,951	29,389,390	85,964	2,255,120	417,486,046	8.50	1,043,715,115	8.3%
2008	310,005,150	175,272	92,015,239	6,472,704	215,812	6,468,347	31,542,786	44,085	1,850,532	445,088,863	8.50	1,112,722,158	6.6%

Note: 1 - Full year of Fiscal Year Ended June 30, 1999 motor vehicle amounts not available prior to digest submission due to the change to staggered due dates for motor vehicle taxes
 2 - All property is assessed at 40% of fair market value
 3 - Tax rates expressed in rate per \$1,000

Source: Tax Digest provided by the Cobb County Tax Commissioner's Office

CITY OF POWDER SPRINGS, GEORGIA
DIRECT AND UNDERLYING PROPERTY TAX RATES
Last Ten Fiscal Years
(rate per \$1,000 of assessed taxable value)

1					
Underlying Rates					
Fiscal Year	City Direct Rate	Cobb County	Cobb County Schools	State of Georgia	Total Underlying and Direct
1999	7.00	11.55	19.90	0.25	38.70
2000	7.00	9.12	19.90	0.25	36.27
2001	7.00	8.99	19.90	0.25	36.14
2002	7.00	9.87	19.90	0.25	37.02
2003	7.00	9.72	19.90	0.25	36.87
2004	7.00	9.72	19.90	0.25	36.87
2005	8.50	9.72	19.90	0.25	38.37
2006	8.50	9.72	19.90	0.25	38.37
2007	8.50	9.72	19.90	0.25	38.37
2008	8.50	9.72	19.90	0.25	38.37

Note: 1 - Underlying rates are those of Cobb County, Cobb County School System and the State of Georgia that apply to property owners within the City of Powder Springs.

Source: Cobb County Tax Commissioner's Office

CITY OF POWDER SPRINGS, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
 Fiscal Year Ended June 30, 2008 and 1998

2008		1998	
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Sembler Family Partnership	\$ 5,412,560	1	1.22%
Home Depot	4,106,556	2	0.92%
Weingarten Realty Investors	2,711,760	3	0.61%
Foster, W. M.	2,668,736	4	0.60%
3380 Florence Road LLC	2,520,000	5	0.57%
Kroger Company	2,445,360	6	0.55%
Principal Life Insurance Company	1,474,920	7	0.33%
Standex Air Distribution Products	1,366,680	8	0.31%
Sweetwater Financial Group, Inc.	974,680	9	0.22%
Walgreens	859,780	10	0.19%
Total Principal Taxpayers	24,541,032		6.17%
All Other Taxpayers	420,547,831		93.83%
Total	\$ 445,088,863		100.00%

Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Rhodes, Inc.	\$ 3,310,058	1	1.75%
M G International, Inc.	2,353,505	2	1.25%
Rhodes Furniture #70	2,328,329	3	1.23%
Foster, W. M.	1,189,521	4	0.63%
McNeel Builders, Inc.	933,146	5	0.49%
Sunbelt Dix, Inc.	872,674	6	0.46%
Marvin Waldip Realty	722,391	7	0.38%
West Cobb Associates	722,384	8	0.38%
Hubert Properties, L. P.	688,636	9	0.36%
McNeel Builders, Inc.	647,509	10	0.34%
Total Principal Taxpayers	13,768,153		8.81%
All Other Taxpayers	175,208,256		91.19%
Total	\$ 188,976,409		100.00%

Source: City Tax Collector's Office

CITY OF POWDER SPRINGS, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30, 2008	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	1,157,765	1,126,154	97.27%	29,333	1,155,487	99.80%
2000	1,199,662	1,103,804	92.01%	86,604	1,190,408	99.23%
2001	1,468,841	1,313,436	89.42%	148,072	1,461,508	99.50%
2002	1,534,600	1,462,407	95.30%	64,621	1,527,028	99.51%
2003	1,736,175	1,679,655	96.74%	42,945	1,722,600	99.22%
2004	1,824,133	1,775,836	97.35%	34,037	1,809,873	99.22%
2005	2,445,897	2,344,785	95.87%	59,830	2,404,615	98.31%
2006	2,691,845	2,595,938	96.44%	87,304	2,683,242	99.68%
2007	3,056,073	2,955,328	96.70%	32,066	2,987,394	97.75%
2008	3,044,184	2,971,048	97.60%	-	2,971,048	97.60%

Source: City Tax Collector's Office

**CITY OF POWDER SPRINGS, GEORGIA
WATER AND SEWER RATES
Last Ten Fiscal Years**

Fiscal Year	Water					
	Inside City Limits			Outside City Limits		
	(1)	(2)		(1)	(2)	
	<u>Base Rate</u>	<u>Usage Rate</u>		<u>Base Rate</u>	<u>Usage Rate</u>	
		<u>*Gallons</u>			<u>*Gallons</u>	
1999	5.14		2.57	10.14		2.57
2000	5.14		2.57	10.14		2.57
2001	5.14		2.57	10.14		2.57
2002	5.14		2.57	10.14		2.57
2003	5.26		2.63	10.26		2.63
2004	6.76		2.66	11.83		2.66
2005	6.93		3.47	12.12		3.54
2006	7.02		3.51	12.27		3.58
2007	7.09		3.58	12.34		3.65
2008	8.20	2001-6000	4.10	13.38	2001-6000	4.17
		6001-15000	5.13		6001-15000	5.21
		15001-999999	6.15		15001-999999	6.26

	Sewer			
	Inside City Limits		Outside City Limits	
	(1)	(2)	(1)	(2)
	<u>Base Rate</u>	<u>Usage Rate</u>	<u>Base Rate</u>	<u>Usage Rate</u>
1999	5.88	2.94	6.60	3.30
2000	5.88	2.94	6.60	3.30
2001	5.88	2.94	6.60	3.30
2002	6.76	3.38	7.60	3.80
2003	6.76	3.38	7.60	3.80
2004	9.12	3.45	9.98	3.88
2005	9.48	4.75	10.38	5.20
2006	9.67	4.84	10.58	5.30
2007	9.80	4.97	10.71	5.43
2008	10.84	5.42	11.80	5.90

Notes: (1) 0 - 2,000 gallons

(2) Rate per each additional 1,000 gallons

* Graduated rate schedule implemented in 2008

Source: City Utility Billing Office

CITY OF POWDER SPRINGS, GEORGIA
WATER CONSUMED
Last Ten Fiscal Years

Fiscal Year	Gallons of Water Consumed (1)	Total Direct Rate							
		Inside the City Limits			Outside the City Limits				
		Water	Sewer	Total	Water	Sewer	Total		
	Base Rate (2)	Usage Rate (3)	*Gallons	Base Rate (2)	Usage Rate (3)	*Gallons	Base Rate (2)	Usage Rate (3)	*Gallons
1999	231,186,863	5.14	2.57	5.88	2.94	10.14	2.57	6.60	3.30
2000	426,793,942	5.14	2.57	5.88	2.94	10.14	2.57	6.60	3.30
2001	423,319,681	5.14	2.57	5.88	2.94	10.14	2.57	6.60	3.30
2002	430,160,540	5.14	2.57	6.76	3.38	10.14	2.57	7.60	3.80
2003	369,677,527	5.26	2.63	6.76	3.38	10.26	2.63	7.60	3.80
2004	420,900,177	6.76	2.66	9.12	3.45	11.83	2.66	9.98	3.88
2005	424,409,260	6.93	3.47	9.48	4.75	12.12	3.54	10.38	5.20
2006	431,593,749	7.02	3.51	9.67	4.84	12.27	3.58	10.58	5.30
2007	452,627,952	7.09	3.58	9.80	4.97	12.34	3.65	10.71	5.43
2008	345,214,885	8.20	4.10	10.84	5.42	13.38	4.17	11.80	5.90
			6001-15000	5.13			6001-15000	5.21	
			15001-999999	6.15			15001-999999	6.26	

Note: (1) The City converted to new utility billing software in FY 1997 and 1998; therefore, total consumption is not available for those years.

(2) 0 - 2,000 gallons

(3) Rate per each additional 1,000 gallons

* Graduated rate schedule implemented in 2008

Source: City Utility Billing Office

**CITY OF POWDER SPRINGS, GEORGIA
WATER SOLD BY TYPE OF CUSTOMER
Last Ten Fiscal Years
(in millions of gallons)**

<u>Type of Customer</u>	<u>Fiscal Year 1999</u>		<u>Fiscal Year 2000</u>		<u>Fiscal Year 2001</u>		<u>Fiscal Year 2002</u>	
	<u>Gallons</u>	<u>%</u>	<u>Gallons</u>	<u>%</u>	<u>Gallons</u>	<u>%</u>	<u>Gallons</u>	<u>%</u>
Residential	221.0	96%	409.9	96%	416.7	98%	419.9	98%
Commercial	10.2	4%	16.9	4%	6.6	2%	10.3	2%
Total	231.2	100%	426.8	100%	423.3	100%	430.2	100%

	<u>Fiscal Year 2003</u>		<u>Fiscal Year 2004</u>		<u>Fiscal Year 2005</u>		<u>Fiscal Year 2006</u>	
	<u>Gallons</u>	<u>%</u>	<u>Gallons</u>	<u>%</u>	<u>Gallons</u>	<u>%</u>	<u>Gallons</u>	<u>%</u>
Residential	358.5	97%	382.8	91%	386.2	91%	393.7	91%
Commercial	11.2	3%	38.1	9%	38.2	9%	37.8	9%
Total	369.7	100%	420.9	100%	424.4	100%	431.5	100%

	<u>Fiscal Year 2007</u>		<u>Fiscal Year 2008</u>	
	<u>Gallons</u>	<u>%</u>	<u>Gallons</u>	<u>%</u>
Residential	413.8	91%	362.3	91%
Commercial	38.9	9%	35.1	9%
Total	452.7	100%	397.4	100%

Source: City Utility Billing Office

CITY OF POWDER SPRINGS, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

Governmental-Type Activities									
Fiscal Year Ended June 30,	General Obligation Bonds	Estimated Actual Value of Taxable Property	1		Population	Per Capita	Other Governmental Activities Debt		
			Estimated Actual Value	Percentage of Estimated Actual Value			Capital Leases	Intergovernmental Contracts	Intergovernmental Contracts
1999	\$ -	\$ 445,918,983	0.00%		11,100	-	\$ 1,018,438	\$ -	-
2000	-	508,512,840	0.00%		11,100	-	977,967	-	-
2001	-	543,566,183	0.00%		12,481	-	945,464	-	-
2002	-	625,816,900	0.00%		12,481	-	928,246	-	-
2003	-	741,970,668	0.00%		12,481	-	920,807	-	-
2004	-	803,461,670	0.00%		12,481	-	862,163	361,840	-
2005	-	889,122,425	0.00%		12,481	-	5,696,681	260,836	-
2006	-	963,742,363	0.00%		12,481	-	5,488,942	121,878	-
2007	-	1,043,715,115	0.00%		12,481	-	10,132,654	41,620	-
2008	-	1,112,722,158	0.00%		12,481	-	10,016,157	121,388	-

Business-Type Activities						
Fiscal Year Ended June 30,	Capital Leases	Loans Payable	Revenue Bonds	1		
				Total Primary Government	Percentage of Estimated Actual Value	Per Capita
1999	\$ 117,157	\$ -	\$ 3,280,000	\$ 4,415,595	0.99%	398
2000	83,496	184,507	3,045,000	4,290,970	0.84%	387
2001	50,079	358,122	2,800,000	4,153,665	0.76%	333
2002	175,184	627,812	2,545,000	4,276,242	0.68%	343
2003	178,330	619,617	2,275,000	4,355,594	0.59%	349
2004	192,425	938,965	1,775,000	4,029,389	0.50%	323
2005	140,429	1,169,509	1,570,000	8,698,497	0.98%	697
2006	362,182	1,138,121	1,275,000	8,305,865	0.86%	665
2007	285,068	1,165,134	970,000	12,552,856	1.20%	1,006
2008	186,036	1,115,518	655,000	12,094,099	1.09%	969

Note: 1 - Estimated actual value was used since personal income not available
 2 - U. S. Census Bureau population used beginning Fiscal Year 2001

CITY OF POWDER SPRINGS, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Cobb County General Obligation Debt (including Tax Anticipation Notes)	\$153,815,000	1.40%	\$ 2,153,410
Other debt			
Cobb County Recreation Authority	3,040,000	1.40%	42,560
Cobb County Solid Waste Disposal	13,910,000	1.40%	194,740
Cobb County Administration Building	2,795,000	1.40%	39,130
Cobb-Marietta Coliseum and Exhibit Hall	53,235,000	1.40%	<u>745,290</u>
Subtotal, overlapping debt			3,175,130
City direct debt			<u>10,137,545</u>
Total direct and overlapping debt			<u><u>\$ 13,312,675</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Cobb County Board of Equalization and Assessment. Debt outstanding data provided by each governmental unit.

Notes: 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 City'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.

¹The 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 government'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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assessed Value	\$ 178,367,593	\$ 203,405,136	\$ 217,426,473	\$ 250,326,760	\$ 296,788,267	\$ 321,384,668	\$ 355,648,970	\$ 385,496,945	\$ 417,486,046	\$ 445,088,863
Legal Debt Margin										
Debt Limit (10% of assessed value)	17,836,759	20,340,514	21,742,647	25,032,676	29,678,827	32,138,467	35,564,897	38,549,695	41,748,605	44,508,886
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 17,836,759	\$ 20,340,514	\$ 21,742,647	\$ 25,032,676	\$ 29,678,827	\$ 32,138,467	\$ 35,564,897	\$ 38,549,695	\$ 41,748,605	\$ 44,508,886
As a percentage of debt limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Notes: 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 valuation of taxable property within the City.

Source: Tax Digest provided by the Cobb County Tax Commissioner's Office.

CITY OF POWDER SPRINGS, GEORGIA
PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds						Coverage
	1	2	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	
1999	\$ 2,581,437	\$ 1,914,892	\$ 666,545	\$ 235,000	\$ 171,815	164%	
2000	2,997,171	2,426,273	570,898	245,000	159,588	141%	
2001	2,993,344	2,473,202	520,142	255,000	148,073	129%	
2002	3,228,014	2,571,798	656,216	270,000	135,705	162%	
2003	3,278,272	2,913,652	364,620	280,000	122,205	91%	
2004	3,652,193	3,062,875	589,318	205,000	37,238	243%	
2005	4,171,546	2,990,802	1,180,744	295,000	44,745	348%	
2006	4,652,025	3,144,303	1,507,722	305,000	36,337	442%	
2007	4,389,895	3,234,689	1,155,206	315,000	27,645	337%	
2008	3,892,198	3,097,858	794,340	325,000	18,667	231%	

Notes: 1 - Includes interest income
 2 - Excludes depreciation expense

**CITY OF POWDER SPRINGS, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
June 30, 2008**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
1950	619	\$ -	\$ -	N/A	N/A
1960	746	1,802,336	2,416	N/A	N/A
1970	2,559	7,331,535	2,865	25.4	N/A
1980	3,381	23,142,945	6,845	29.5	N/A
1990	6,893	104,401,378	15,146	29.5	1.9%
2000	12,481	302,040,200	24,200	32.0	2.9%

Source: U. S. Census Bureau

CITY OF POWDER SPRINGS, GEORGIA
PRINCIPAL EMPLOYERS
 Fiscal Year Ended June 30, 2008 and 1997

2008		*1997					
Employer	Number of Employees	Rank	Percentage of Total City Employment	Employer	Number of Employees	Rank	Percentage of Total City Employment
Brian Center Nursing Care	270	1	3.50%	Brian Center Nursing Care	350	1	9.63%
Kroger	140	2	1.81%	MG International, Inc.	220	2	6.06%
Powder Springs Elementary	130	3	1.68%	Rhodes Furniture	179	3	4.93%
City of Powder Springs	129	4	1.67%	Atlanta Structural Concrete Company	85	4	2.34%
Home Depot	110	5	1.42%	City of Powder Springs	44	5	1.21%
Tapp Middle School	105	6	1.36%	Shady Vent Aluminum	36	6	0.99%
Compton Elementary School	87	7	1.13%	Unity Construction, Company	27	7	0.74%
Star Acquisitions	76	8	0.98%	Georgia Metals, Inc.	25	8	0.69%
Publix	75	9	0.97%	Independent Bank & Trust	24	9	0.66%
Alco Manufacturing	70	10	0.91%	Ajay Chemicals	23	10	0.63%
Total Principal Employees	1,192		15.44%		1,013		27.88%
Other Employees	6,529		84.56%		2,620		72.12%
Total Employees	7,721		100.00%		3,633		100.00%

*1998 Information on number of Employees was not readily available

Source: City Department of Economic Development

CITY OF POWDER SPRINGS, GEORGIA
CITY EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function / Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Administration										
Council	5	5	5	5	5	5	5	5	5	5
Mayor	1	1	1	1	1	1	1	1	1	1
Elections	-	-	-	1	1	1	1	1	1	-
Financial Administration	1	2	3	5	7	11	11	12	10	11
Information Technology (IT)	-	-	-	-	-	-	-	-	-	1
Purchasing	-	-	-	-	-	-	-	-	-	1
Municipal Court	5	5	5	6	6	5	5	6	8	6
Total General Administration	12	13	14	18	20	23	23	25	27	25
Housing and Development										
Building Inspection	2	2	2	1	1	2	2	2	2	2
Community Development	1	2	2	3	3	3	4	7	8	8
Code Enforcement	-	-	1	1	2	2	2	1	3	3
Total Housing and Development	3	4	5	5	6	7	8	10	13	13
Public Safety										
Police	19	23	36	41	49	51	51	53	51	57
Public Works										
Streets	2	4	4	5	6	6	8	8	6	6
Water & Sewer										
Water	8	8	8	9	12	8	10	10	11	12
Sewer	2	2	3	6	9	6	5	6	5	6
Total Water & Sewer	10	10	11	15	21	14	15	16	16	18
Sanitation										
Sanitation	5	5	5	7	6	8	9	13	13	14
Total	51	59	75	91	108	109	114	125	126	133

Source: City Payroll Department

CITY OF POWDER SPRINGS, GEORGIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Building Permits Issued	169	211	214	185	319	272	233	246	211	122
Police										
Physical Arrests	N/A	N/A	N/A	668	714	726	660	664	810	882
Citations Issued	3,145	2,652	4,275	4,813	4,595	4,191	5,047	5,785	8,811	8,592
Refuse Collection										
Refuse Collected (tons per day)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	35	35	35
Water										
Average Daily Consumption	633,389	1,169,298	1,159,780	1,178,522	1,012,815	1,153,151	1,162,765	1,182,449	1,270,000	1,088,940

N/A - Information not available

Source: City Community Development Department, Police Department, Sanitation Department, Utility Billing Department

CITY OF POWDER SPRINGS, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	9	11	12	12	13	12	14	15	14	37
Refuse Collection Collection Trucks	N/A	N/A	N/A	N/A	4	4	4	5	5	4
Other Public Works Streets (miles)	N/A	60	61	61						
Streetlights	N/A	2,000	2,000	2,000						
Water										
Water mains (miles)	N/A	70	70	70						
Wastewater										
Sanitary Sewers (miles)	N/A	70	70	70						

N/A - Information not available

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