



Powder Springs, Georgia

## Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2009

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**CITY OF POWDER SPRINGS, GEORGIA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**FINANCE DIRECTOR**  
**Beverly Waldrip**

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**CITY OF POWDER SPRINGS, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2009**

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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

December 28, 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 publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

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 & Cubbedge, 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, 2009. 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 complements 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.

### **Long-Term financial planning**

Unreserved, undesignated fund balance in the general fund is 23% of general fund operating expenses. This balance would cover approximately 2 ½ months of the City operating expenses and is within the Government Finance Officers Association's (GFOA) recommendation of a minimum of 2 months. The maintenance of a sufficient level of unrestricted fund balance is of critical importance particularly now, with an uncertain economic outlook with the potential of having a negative effect on the City's tax base and rate of development.

### **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. This pattern continued throughout FY 2009. There continued to be a 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, to make available commercial properties along major travel corridors throughout the City, and to implement 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**

With the downturn in the economy, it was necessary for the City to reduce its' original budget which affected projects planned for the current year. Several projects were delayed pending economic improvements. For example, the City has continued to delay construction of the Linear Park, the Lancer Sidewalk Project (Phase 2), the Preston Place Sidewalk Project, and the Seven Springs Walking Tour signage project. The completion of a black box theater planned to be located in the City's community center was also delayed. City administrative budgets were adjusted to reduce staff costs, delay capital vehicle and equipment purchases and to defer projects such as the implementation of a document imaging project.

A reduction in consumer spending has negatively affected SPLOST revenues, however bids for many of the sidewalk projects undertaken in the current year, were lower than originally anticipated. Consequently, the City was able to complete several sidewalk installations throughout the City, including those for Pinegrove, Carter and North Avenue. The City also initiated a traffic study of the entire city system, with particular focus on the downtown corridors, in anticipation of a future SPLOST program. This study will continue during fiscal year 2010 along with additional current construction projects, such as the Atlanta Street streetscape, the Linear Park pedestrian bridge, and the Forest Hill, Macedonia, Florence Road and Old Austell Road sidewalks.

The Lewis Road project construction began and is ahead of schedule, with completion expected in December 2010. All utilities were relocated and work on the overpass at the Lewis Road railroad crossing began near the end of fiscal year 2009.

During the fiscal year, the City engineer completed an evaluation of three alternate sites for the police department expansion project. The Council selected its preferred site for further evaluation and due diligence. In the upcoming fiscal year, the City will complete the acquisition of property for a new police station and initiate the design and construction of the facility. It is anticipated the renovation process will be completed in fiscal year 2011.

The City also plans to acquire and implement updated City-wide financial and operating software to improve administrative efficiency and reporting, to integrate information sharing and system processes across the City's departments, and to improve the efficient delivery of services to our citizens.

## **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, 2008. This was the nineteenth consecutive year that the City 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 professional support of our auditing staff has been instrumental to the prompt completion of the associated audit and of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining high 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, 2008

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.

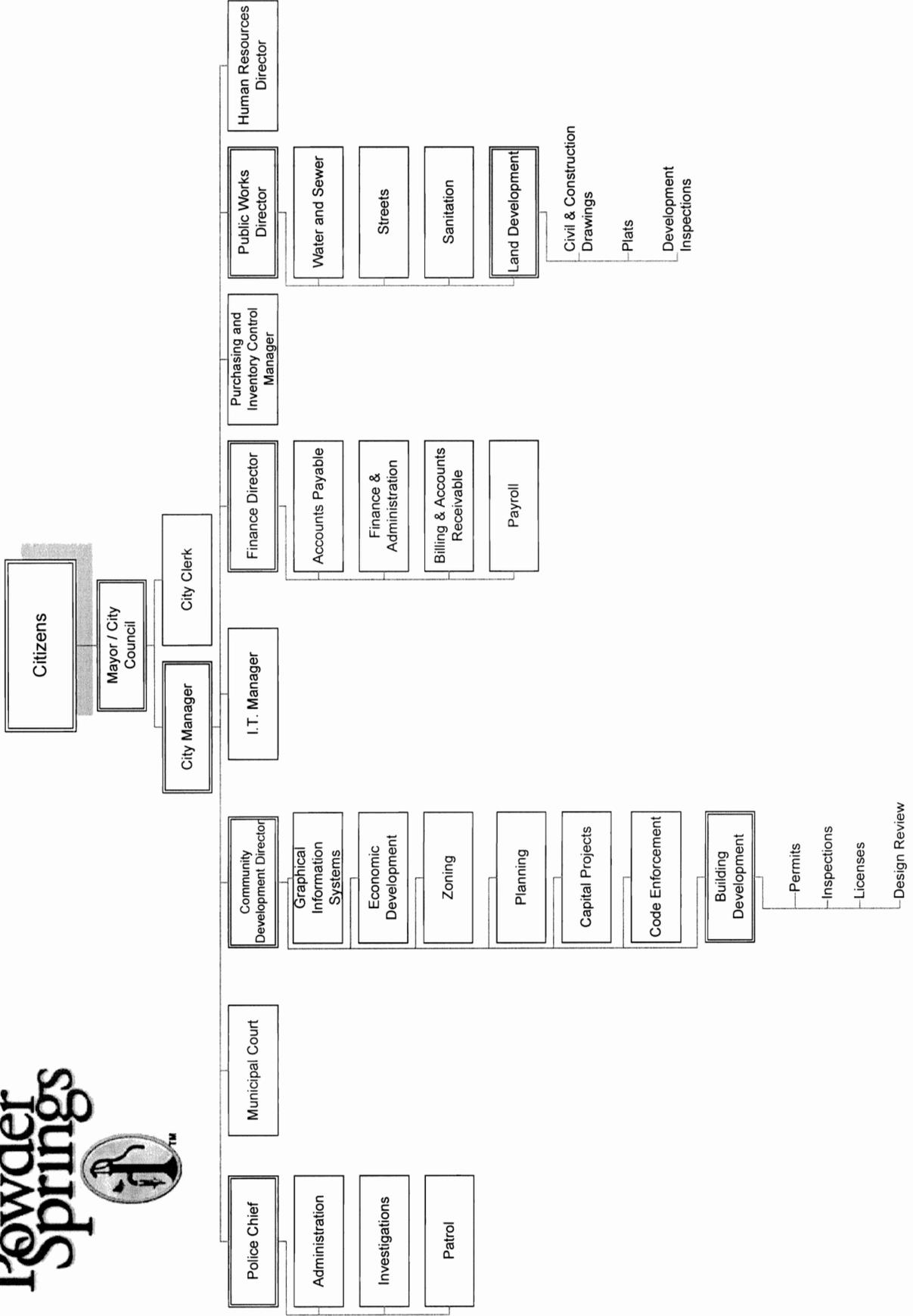


President

Executive Director

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# City of Powder Springs, Georgia Organizational Chart



**CITY OF POWDER SPRINGS, GEORGIA**  
**June 30, 2008**

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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



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## 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, 2009 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, 2009, 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 December 28, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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

December 28, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the comprehensive annual financial report for the City of Powder Springs, Georgia (the City), the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### 2009 FINANCIAL HIGHLIGHTS

The City's assets exceeded its liabilities by \$33,145,667 (total net assets) for the calendar year reported.

- Total net assets are comprised of the following:
  - (1) Capital assets, net of related debt, of \$24,450,635 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction capital assets.
  - (2) Net assets of \$4,815,046 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net assets of \$3,879,986 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$8,628,608 this year. This compares to the prior year ending fund balance of \$7,480,241 showing an increase of \$1,148,367 during the current year. Unreserved fund balance of \$4,490,541 at June 30, 2009 shows a substantial increase of \$3,931,970 from the prior year amount at June 30, 2008.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$1,565,505, or 22.33% of total General Fund expenditures.
- Overall, the City continues to maintain their financial position, in spite of a depressed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.

#### Government-Wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net assets*. This is the government-wide statement of position presenting information that includes all of the City's asset and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net assets changed during the current calendar year. All current revenues and expenses are included regardless of when cash is received or paid.

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.

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

The City has one component unit which is a separate legal entity. This component unit, the Powder Springs Downtown Development Authority has not been included in this report since it is not material to the City.

The government-wide financial statements are presented on pages 15 & 16 of this report.

### **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. The city's major funds include the General Fund, the Capital Project Fund and the SPLOST Fund.

The City has two kinds of funds:

*Governmental Funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual requirements of governmental programs and the commitment of spendable resources for the near-term.

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

The basic governmental fund financial statements are presented on pages 17 to 19 of this report.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary funds are classified as enterprise funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Sanitation Fund, which are both considered to be major funds of the City.

The basic proprietary fund financial statements are presented on pages 20 to 24 of this report.

**Notes to the Basic Financial Statements**

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 25 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s retirement system funding progress and budget presentations. Budgetary comparison schedules for the general fund are presented which demonstrate compliance with the City’s adopted and final revised budget. Required supplementary information can be found on pages 41 to 43 of this report.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The City’s net assets at fiscal year-end are \$33,145,667. The following table provides a summary of the City’s net assets:

**Summary of Net Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>% of Total</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
Assets:							
Current and other assets	\$ 10,099,187	\$ 8,755,139	\$ 4,620,442	\$ 4,577,777	14,719,629	\$ 13,332,916	32%
Capital assets	23,668,612	23,631,604	8,020,263	7,939,321	31,688,875	31,570,925	68%
Total assets	<u>33,767,799</u>	<u>32,386,743</u>	<u>12,640,705</u>	<u>12,517,098</u>	<u>46,408,504</u>	<u>44,903,841</u>	100%
Liabilities:							
Current liabilities	731,806	583,174	482,001	826,183	1,213,807	1,409,357	9%
Noncurrent liabilities	9,762,769	10,308,612	2,286,261	1,961,122	12,049,030	12,269,734	91%
Total liabilities	<u>10,494,575</u>	<u>10,891,786</u>	<u>2,768,262</u>	<u>2,787,305</u>	<u>13,262,837</u>	<u>13,679,091</u>	100%
Net Assets:							
Investment in capital assets, net of related debt	17,998,722	18,252,541	6,461,913	6,131,289	24,460,635	24,383,830	74%
Restricted	2,538,975	2,805,509	2,276,071	2,213,743	4,815,046	5,019,252	15%
Unrestricted	2,745,027	436,907	1,134,459	1,384,761	3,879,486	1,821,668	12%
Total net assets	<u>\$ 23,282,724</u>	<u>\$ 21,494,957</u>	<u>\$ 9,872,443</u>	<u>\$ 9,729,793</u>	<u>\$ 33,155,167</u>	<u>\$ 31,224,750</u>	100%

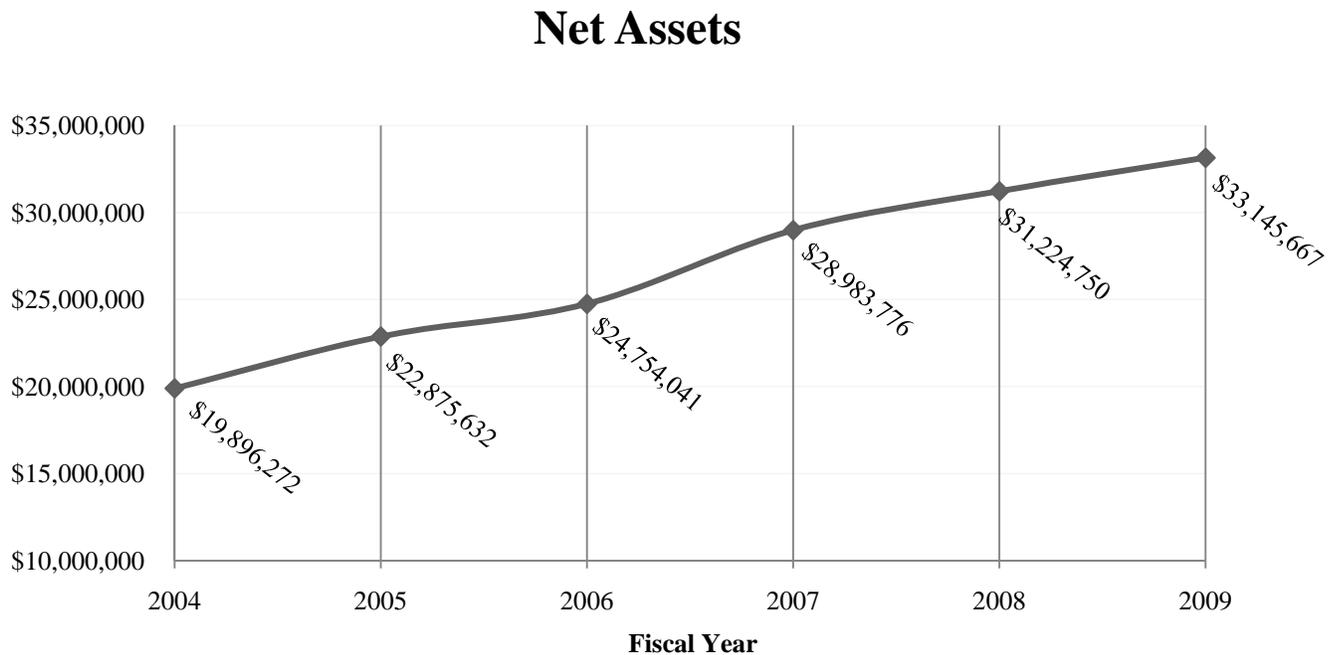
Note that in the above table, the interfund receivables and payables between governmental activities and business-type activities are not eliminated.

The City maintains a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 13.8 to 1 as compared to 15 to 1 at June 30, 2008. The business-type activities current ratio is 9.6 to 1 which compares favorably to 5.5 to 1 at June 30, 2008. Overall, the total current ratio at June 30, 2009 is 12.13 to 1 as compared to 9.5 to 1 at June 30, 2008.

Net assets increased \$1,778,267 in 2009 governmental activities or approximately 8.3% over the 2008 amount. The net assets for business-type activities increased \$142,650 or 1.5%. The City's overall financial position increased during fiscal year 2009 by \$1,920,917 or 6.2%. These increases are considered positive financial indicators.

Note that 75% of the governmental activities' net assets are tied up in capital assets compared to 85% at June 30, 2008. The City uses these capital assets to provide services to its citizens. Capital assets in business-type activities comprise 65% of its net assets which is comparable to 2008. Capital assets are used in the business-type activities to generate revenues for the Water & Sewer and Sanitation funds. Combining governmental activities with business type activities, the City has invested approximately 71% of its total assets invested in capital assets.

The following chart reports the total net asset balances from fiscal year 2004 – 2009:



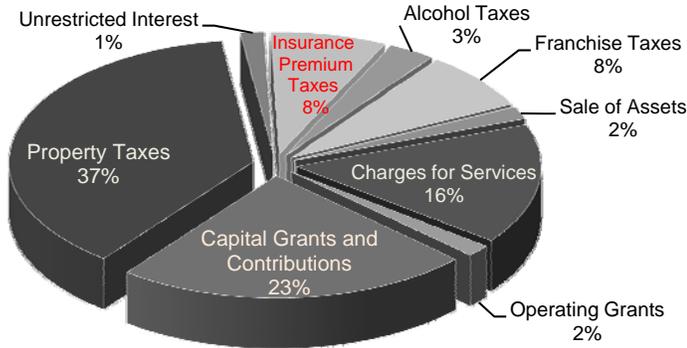
The following table provides a summary of the City's changes in net assets:

	Summary of Changes in Net Assets						% of Total
	Governmental Activities		Business-type Activities		Total		
	2009	2008	2009	2008	2009	2008	
Revenues:							
Program:							
Charges for services	\$ 1,456,795	\$ 2,014,163	\$ 4,994,699	\$ 4,721,711	\$ 6,451,494	\$ 6,735,874	45%
Capital grants and contributions	2,146,575	2,623,179	-	-	2,146,575	2,623,179	15%
General:							
Property taxes	3,416,920	3,470,331	-	-	3,416,920	3,470,331	24%
Insurance premium taxes	698,539	682,198	-	-	698,539	682,198	5%
Alcohol taxes	278,121	248,079	-	-	278,121	248,079	2%
Franchise taxes	700,127	678,198	-	-	700,127	678,198	5%
Settlement proceeds	-	16,000	-	-	-	16,000	0%
Operating grants not restricted to a specific program	144,575	-	-	-	144,575	-	1%
Unrestricted interest	140,429	395,789	71,725	123,957	212,154	519,746	1%
Gain on sale of assets	151,866	8,000	-	-	151,866	8,000	1%
<b>Total revenues</b>	<b>9,133,947</b>	<b>10,135,937</b>	<b>5,066,424</b>	<b>4,845,668</b>	<b>14,200,371</b>	<b>14,981,605</b>	<b>100%</b>
Expenses							
General government	1,294,648	1,352,686			1,294,648	1,352,686	11%
Health and welfare	15,915	13,828			15,915	13,828	0%
Public works	908,492	1,104,408			908,492	1,104,408	7%
Culture and recreation	569,561	629,301			569,561	629,301	5%
Public safety	3,360,690	3,260,209			3,360,690	3,260,209	27%
Housing and development	801,439	1,070,261			801,439	1,070,261	7%
Interest and fiscal charges on long-term debt	404,935	423,634			404,935	423,634	3%
Water and Sewer	-	-	3,915,500	3,808,935	3,915,500	3,808,935	32%
Sanitation	-	-	1,008,274	1,077,369	1,008,274	1,077,369	8%
<b>Total expenses</b>	<b>7,355,680</b>	<b>7,854,327</b>	<b>4,923,774</b>	<b>4,886,304</b>	<b>12,279,454</b>	<b>12,740,631</b>	<b>100%</b>
Revenues over expenses	1,778,267	2,281,610	142,650	(40,636)	1,920,917	2,240,974	
Transfers	-	-	-	-	-	-	
Change in net assets	1,778,267	2,281,610	142,650	(40,636)	1,920,917	2,240,974	
Beginning net assets	21,494,957	19,213,347	9,729,793	9,770,429	31,224,750	28,983,776	
Ending net assets	<b>\$ 23,273,224</b>	<b>\$ 21,494,957</b>	<b>\$ 9,872,443</b>	<b>\$ 9,729,793</b>	<b>\$ 33,145,667</b>	<b>\$ 31,224,750</b>	

**Governmental Activity Revenues**

The City is heavily reliant tax revenues to support governmental operations. Taxes provided \$5,093,707 or 73% of the City's total operating revenues (excluding capital grants and contributions), as compared to 68% in 2008. Total tax revenue is substantially unchanged as compared to the 2008 fiscal year, so the percentage increase is primarily attributed to a decrease in other operating revenue. Charges for services comprise approximately 21% of total operating revenues (excluding capital grants and contributions) as compared to 27% in 2008. This means that the government's taxpayers and the City's other general governmental revenue fund 94% of the total governmental activity. As a result, the general economy and the City's businesses have a major impact on the City's revenue streams. Also, note that charges for services cover approximately 20% of governmental operating expenses compared to 25% in 2008.

The following chart summarizes the composition of the City’s government activity revenues:



Overall, revenues decreased by \$ 781,234 or by 5%.

**Governmental Activity Expenses**

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

	<b>Total Cost of Services</b>	<b>Percentage of Total</b>	<b>Net Cost of Services</b>	<b>Percentage of Total</b>
General government	\$ 1,294,648	17.6%	\$ 904,908	24.1%
Health and welfare	15,915	0.2%	15,915	0.4%
Public works	908,492	12.4%	(1,541,700)	-41.0%
Culture and recreation	569,561	7.7%	563,695	15.0%
Public safety	3,360,690	45.7%	2,717,861	72.4%
Housing and development	801,439	10.9%	686,696	18.3%
Interest	404,935	5.5%	404,935	10.8%
<b>Total</b>	<b>\$ 7,355,680</b>	<b>100.0%</b>	<b>\$ 3,752,310</b>	<b>100.0%</b>

General government expenses were offset by \$389,740, (30% of expenses) in revenues primarily consisting of occupational taxes and licenses.

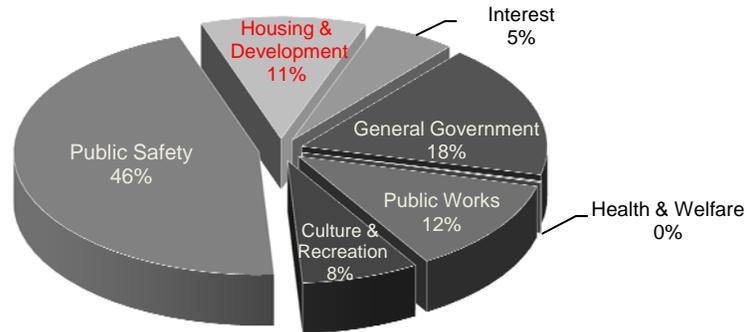
Public Works billed \$289,683 for street light fees, an increase of approximately \$68,000 from the prior year, which offset expenses by 32%. Public works expenses are also offset by \$2,116,305 in SPLOST revenues and \$44,467 in capital project grant revenue.

Revenue from rental fees in the amount of \$18,300, (3% of expenses) was collected by Culture and Recreation. This income is offset by an adjustment for an unrealized capital grant receivable.

Public Safety recovered \$642,829, (19% of expenses) primarily from fines and forfeitures and informat fees. This compares to 31% recovered in 2008.

Housing and development collected \$114,743, (14% of expenses) for business licenses, permits and impact fees as compared to \$289,927 or 27% of expenses in 2008.

The following chart summarizes the composition of the City’s government activity expenses:



The public safety function is the highest cost function with costs of \$3,360,690 or 46% of total City expenses as compared to \$3,260,209 or 42% in 2008. The general government function which includes, City administration, Finance, IT, purchasing, human resources, the Mayor’s office, City Council, Ford Center, and the City Museum, is the 2<sup>nd</sup> highest cost function with cost of \$1,294,648 at 18% of total City expenses as compared to a cost of \$1,352,686 or 17% of total expenses in 2008. Overall, expenses decreased during the current year by \$498,647 or 6%.

**Business-Type Activities**

Business-type activities, also called enterprise or proprietary funds, are established to be supported by fee revenues. The City’s business-type activities include the Water and Sewer fund and Sanitation fund.

Enterprise fund revenues increased by \$282,988 or by 6% during the current fiscal year. Water and sewer revenues increased approximately \$110,000 as a result of the use of a graduated rate schedule for the entire fiscal year. Sanitation revenues increased by approximately \$162,000, due to increased refuse collections. Operating expenses were comparable to the prior year resulting in an increase in net assets \$142,650 for the current fiscal year.

**FUND ANALYSIS**

Governmental funds are reported in the fund statements with a short-term, inflow and out flow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$8,628,608, an increase of \$1,148,367 or 15% from the prior year. The change in fund balance is a result of:

- General fund – (\$734,322) – the decrease relates primarily to the transfer of capital lease proceeds received in prior years to the capital projects fund.
- Capital projects fund – 483,825 – the increase is due to the net of the transfer of prior year capital lease proceeds from the general fund and the spending down of money set aside for capital projects.
- SPLOST fund - \$1,398,864 – the increase results from the recognition of SPLOST proceeds in excess of the amount spent on SPLOST projects during the fiscal year.

Within the ending fund balance, \$4,490,541 is unreserved indicating availability for continuing City service delivery requirements. However, \$2,447,077 of this unreserved fund balance is committed to SPLOST projects and \$477,959 of the unreserved fund balance is committed to other capital projects. The remainder of fund balance is legally restricted or reserved to indicate it is not available for new spending because it has already been committed for the following:

- \$3,994,900 reserved for projects,
- \$118,492 reserved for prepaid expenses such as liability insurance,
- \$15,308 reserved for inventories,
- \$9,367 designated for fiscal year 2009 encumbrances.

### **Major Governmental Funds**

**General Fund** - The General Fund is the primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund decreased to \$5,703,572 during the fiscal year. Of this amount, \$4,138,067 is reserved for encumbrances, prepaid items, projects and inventories. The ending unreserved fund balance of \$1,565,505 is considered adequate, representing the equivalent of 22.3% of annual expenditures.

*General Fund revenues* decreased during the fiscal year by \$1,420,050 or 17%. The most significant changes from fiscal year 2008 are described below:

- Fines and Forfeitures collections decreased by \$216,203 or 29% due to a reduced number of citations being issued during the year.
- Intergovernmental revenue was \$715,303 or 83% more in the prior year due to inclusion of grant proceeds and Cobb County reimbursements for Ford Center and library construction and renovation completed in the prior year.
- Investment earnings decreased \$246,913 or 64%, primarily due to lower investment rates.
- Impact fees were approximately \$100,000 less and licenses and permit fees were approximately \$92,000 less due to a slowdown of development. Tower rental fees decreased approximately \$50,000 as a result of the current year tower sale.

*General fund expenditures* were reduced, to a greater extent by \$2,374,073 or 25%. Significant changes to expenditures include:

- Expenditures for the health and welfare functions decreased by \$343,505 due to the completion of the Ford Center construction in the prior year.
- In response to the economy's effect on development during the fiscal year, housing and development eliminated the equivalent of 4½ full time positions at mid-year which accounts for the majority of the department's decrease in expenditures of \$226,388 or 22%.
- Culture and recreation function expenditures decreased \$1,549,912 or 94%, due to the completion of construction and renovation projects in the prior year. The current year expenditures reflect ongoing operating cost.

**Capital Projects Fund** - The Capital Projects Fund of the City reflects expenditures concerning the capital projects as approved by the governing body. It is considered a major fund. During fiscal year 2009 the fund balance of the Capital Projects Fund increased to \$477,959 due to the transfer of capital lease proceeds, designated to fund capital projects, from the general fund in excess of expenditures incurred during the year. Expenditures during the current fiscal year were \$375,664 as compared to \$5,361,745 in 2008.

**SPLOST Fund** – This fund is used to account for capital projects and infrastructure improvements designated to be funded from County SPLOST revenues. The fund balance increase of 133% is due to the excess of uniform SPLOST remittances from Cobb County over project expenditures during the year. Expenditures, including transfers, for SPLOST projects were \$719,491 during the year as compared to expenditures of \$1,708,009 in 2008. The transfer of SPLOST money to the general fund was a reimbursement for Park construction expenses which were paid from the general fund.

### **Major Proprietary Funds**

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 \$9,282,809. Equity decreased by \$4,696 during the year. Fund expenditures increased by \$112,948 and revenues increased to a lesser extent of \$111,451, 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 \$589,634. Equity increased by \$147,346 during the year due to the increase in operating revenues of \$161,537.

**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 2008, the City adopted a General Fund Budget of \$14,703,904 for General Fund expenditures (including transfers). At the end of the fiscal year, the final amended budgeted expenditures were \$8,061,582 which included a decrease of \$6,642,322.

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual (Budgetary Basis)</u>
Revenues and other financing sources	\$ 7,349,154	\$ 7,257,603	\$ 7,088,687
Expenditures and other financing uses	\$ 14,703,904	\$ 8,061,582	\$ 7,823,009

Significant budget amendments included the following:

- The entire amount of capital lease proceeds received and dedicated to capital projects was budgeted as a transfer out during the current year. However expenditures for these projects will be incurred over several years. Consequently, the budget for transfers out was reduced from \$5,927,826 to \$797,917, to reflect the amount expected to be transferred during the current year. This amendment decreased the original budget by \$5,129,909.
- Approximately, 1.5 million was reduced from governmental operating functions in order to limit expenditures to resources expected to be received in the current year.
- Significant reductions included:
  1. A salary freeze mid-year for all City employees.
  2. Delayed or eliminated capital asset purchases, training and travel expenses, information technology projects and software purchases resulting in a reduction of the administration function’s budget by 25% (\$560,045) and of the police budget by 8% (\$268,144).
  3. Significant housing and development department budget amendments included the eliminating all planned expenses for economic development and employee layoffs in the equivalent of 4 ½ full-time positions in response to the economic conditions which significantly affected the City’s growth and development. The total adjustments resulted in a 37% (\$471,437) reduction of the function’s budget.
  4. Public works department delayed infrastructure and paving projects, software acquisition and other planned maintenance reducing the budget by \$165,295.

The revenue budget, in total was not significantly affected. The total budgeted for revenues were reduced by approximately 2%.

A notable variance between budgeted and actual revenues includes the delayed receipt of the State property tax HTRG exemption for which the date of receipt was not readily determinable at year-end.

The City was able to limit the current year expenditures to the amended budget, with the exception of a \$31 variance in debt service.

**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, 2009, amounts to \$17,471,467 and \$6,461,913 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.

**2009 Capital Assets  
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Construction in Progress	\$ 4,824,875	\$ 5,260,702	\$ -	\$ -	\$ 4,824,875	\$ 5,260,702
Land	4,593,776	4,593,776	159,077	159,077	4,752,853	4,752,853
Buildings and Improvements	6,598,197	6,803,322	369,626	397,222	6,967,823	7,200,544
Furniture and Fixtures	57,932	80,504	2,234	2,956	60,166	83,460
Parks Equipment	2,178,223	2,465,610	-	-	2,178,223	2,465,610
Vehicles and Equipment	507,549	869,365	352,095	292,161	859,644	1,161,526
Infrastructure	4,908,060	3,558,325	-	-	4,908,060	3,558,325
Utility System	-	-	7,137,231	7,087,905	7,137,231	7,087,905
<b>Total</b>	<b>\$ 23,668,612</b>	<b>\$ 23,631,604</b>	<b>\$ 8,020,263</b>	<b>\$ 7,939,321</b>	<b>\$ 31,688,875</b>	<b>\$ 31,570,925</b>

At June 30, 2009, the depreciable capital assets for governmental activities were 36% depreciated, slightly above the 2008 percentage of 33%. This comparison indicates that the City is replacing its assets at about the same rate as they are depreciating which is a positive indicator.

Significant capital asset additions during the year included the following:

- Resurfacing, sidewalk and drainage projects funded with SPLOST funds totaling \$445,534, were completed and transferred from construction in progress
- The Frank Aiken SPLOST project for \$812,350 was also completed and moved from construction in progress
- Final Senior Center renovation expenses of \$61,737 were transferred from construction in progress.
- Police vehicles and software purchases were added for approximately \$60,000 and public works road improvements outlays were approximately \$200,000
- The water and sewer fund acquired a vacuum truck for \$159,765 and expended over \$500,000 for water and sewer line extensions and improvements and equipment

Major projects included in the construction in progress account are:

- SPLOST resurfacing, park, streetscape and sidewalk projects totaling \$852,548
- Lewis road construction of \$3,782,155
- Silver Comet Trail Park improvements of \$190,172

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 2010.

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, 2009, the City had the following outstanding long-term debt (principal portion):

- \$4,535,000 from an 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.
- \$4,515,000 from an 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.
- \$225,000 from an intergovernmental agreement liability with the Powder Springs Downtown Development Authority for the police station built in 2001.
- \$241,800 in capital leases funded through the Georgia Municipal Association for vehicles and equipment for the General Fund
- \$86,706 from agreement with Cobb County for the acquisition of property.

- \$273,416 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.
- \$330,000 in a FY2004 Water and Sewer Refunding Bond Issue.
- \$970,252 in loan payable obligations with the Georgia Environmental Facilities Authority for downtown water system conversion project.
- \$90,205 through an agreement with Cobb County for sewer system tap fees.

The City is legally required to limit outstanding general obligation debt to 10% of the assessed valuation of taxable property within the City which equates to \$43,253,406.

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 2009 was 8.50 which did not change from the prior year.
- The tax base for real and personal property is expected to decrease over the next few years due to the effect of the national economy. The property tax digest is not received until mid-year and assessed value estimates of property taxes are based upon recent annexation, building activities and current economic conditions.
- Business license fees are based on gross receipts of establishments. The City has experienced an economic slowdown due the national economy which has resulted in a decline of business licenses, building permits and other development fees. SPLOST revenues from the County are also expected to be negatively impacted by the current economy.
- Water use restrictions imposed due to draught conditions were relaxed near the end of the current year which should result in an increase in water fees in the future fiscal year.
- 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.
- Needed procurement of updated financial and systems software and IT equipment and systems planned for FY 2010. The completion of the Lewis Road Project and the Police department facility capital projects are also planned for next fiscal year.
- Employee health and retirement benefits must be analyzed in order to manage cost increases.
- In developing the FY2010 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, 2009**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,645,548	\$ 910,416	\$ 2,555,964
Investments	905,801	741	906,542
Receivables, net	743,347	716,702	1,460,049
Due from other governments	570,222	-	570,222
Internal balances	(604,846)	604,846	-
Inventories	15,308	93,563	108,871
Prepaid items	118,492	12,351	130,843
Other assets, net	340,261	5,752	346,013
Restricted assets	6,365,054	2,276,071	8,641,125
Capital assets, non depreciated	9,418,651	159,077	9,577,728
Capital assets, depreciated, net	14,249,961	7,861,186	22,111,147
<b>Total assets</b>	<b>33,767,799</b>	<b>12,640,705</b>	<b>46,408,504</b>
<b>Liabilities:</b>			
Accounts payable and other accrued liabilities	477,341	482,001	959,342
Due to other governments	2,517	-	2,517
Unearned revenue	251,948	-	251,948
<b>Noncurrent liabilities:</b>			
Due within one year	582,469	517,475	1,099,944
Due in more than one year	9,180,300	1,768,786	10,949,086
<b>Total liabilities</b>	<b>10,494,575</b>	<b>2,768,262</b>	<b>13,262,837</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	17,988,722	6,461,913	24,450,635
<b>Restricted for:</b>			
Debt service	-	347,203	347,203
Completion of projects	2,538,975	-	2,538,975
Renewal and extensions	-	1,928,868	1,928,868
Unrestricted	2,745,527	1,134,459	3,879,986
<b>Total net assets</b>	<b>\$ 23,273,224</b>	<b>\$ 9,872,443</b>	<b>\$ 33,145,667</b>

**CITY OF POWDER SPRINGS, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Change in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government</b>							
Governmental activities:							
General government	\$ 1,294,648	\$ 389,740	\$ -	\$ -	\$ (904,908)	\$ -	\$ (904,908)
Health and welfare	15,915	-	-	-	(15,915)	-	(15,915)
Public works	908,492	289,420	-	2,160,772	1,541,700	-	1,541,700
Culture and recreation	569,561	18,300	-	(12,434)	(563,695)	-	(563,695)
Public safety	3,360,690	644,592	-	(1,763)	(2,717,861)	-	(2,717,861)
Housing and development	801,439	114,743	-	-	(686,696)	-	(686,696)
Interest & fiscal charges on long-term debt	404,935	-	-	-	(404,935)	-	(404,935)
<b>Total governmental activities</b>	<b>7,355,680</b>	<b>1,456,795</b>	<b>-</b>	<b>2,146,575</b>	<b>(3,752,310)</b>	<b>-</b>	<b>(3,752,310)</b>
<b>Business-type activities:</b>							
Water	1,923,655	2,100,056	-	-	-	176,401	176,401
Sewer	1,991,845	1,748,539	-	-	-	(243,306)	(243,306)
Sanitation	1,008,274	1,146,104	-	-	-	137,830	137,830
<b>Total business-type activities</b>	<b>4,923,774</b>	<b>4,994,699</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,925</b>	<b>70,925</b>
<b>Total Primary Government</b>	<b>\$ 12,279,454</b>	<b>\$ 6,451,494</b>	<b>\$ -</b>	<b>\$ 2,146,575</b>	<b>(3,752,310)</b>	<b>70,925</b>	<b>(3,681,385)</b>
<b>General Revenues:</b>							
Property taxes				3,416,920			3,416,920
Insurance premium tax				698,539			698,539
Alcohol taxes				278,121			278,121
Franchise taxes				700,127			700,127
Gain on sale of capital assets				151,866			151,866
Operating grants not restricted to a specific program				144,575			144,575
Unrestricted investment earnings				140,429		71,725	212,154
<b>Total general revenues</b>				<b>5,530,577</b>		<b>71,725</b>	<b>5,602,302</b>
Change in net assets				1,778,267		142,650	1,920,917
Net assets - beginning				21,494,957		9,729,793	31,224,750
Net assets - ending				\$ 23,273,224		\$ 9,872,443	\$ 33,145,667

See accompanying notes to financial statements

**CITY OF POWDER SPRINGS, GEORGIA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2009**

	General Fund	Capital Projects Fund	SPLOST	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 1,634,975	\$ 10,573	\$ -	\$ 1,645,548
Restricted assets	3,994,900	468,046	1,902,108	6,365,054
Investments	904,845	956	-	905,801
Receivables, net	743,347	-	-	743,347
Prepaid items	118,492	-	-	118,492
Due from other funds	128,754	30,000	-	158,754
Due from other governments	-	-	570,222	570,222
Inventory	15,308	-	-	15,308
<b>Total assets</b>	<b>\$ 7,540,621</b>	<b>\$ 509,575</b>	<b>\$ 2,472,330</b>	<b>\$ 10,522,526</b>
<u>Liabilities and fund balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 352,663	\$ -	\$ 25,253	\$ 377,916
Accrued liabilities	99,425	-	-	99,425
Due to other funds	731,984	31,616	-	763,600
Due to other governments	2,517	-	-	2,517
Deferred revenue	650,460	-	-	650,460
<b>Total liabilities</b>	<b>1,837,049</b>	<b>31,616</b>	<b>25,253</b>	<b>1,893,918</b>
<u>Fund balances:</u>				
<u>Reserved for:</u>				
Encumbrances	9,367	-	-	9,367
Prepays	118,492	-	-	118,492
Inventories	15,308	-	-	15,308
Projects	3,994,900	-	-	3,994,900
<u>Unreserved, reported in:</u>				
General fund	1,565,505	-	-	1,565,505
Capital project funds	-	477,959	2,447,077	2,925,036
<b>Total fund balances</b>	<b>5,703,572</b>	<b>477,959</b>	<b>2,447,077</b>	<b>8,628,608</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,540,621</b>	<b>\$ 509,575</b>	<b>\$ 2,472,330</b>	

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.	23,668,612
Property tax revenue earned but unavailable is not reported in the funds.	398,511
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Unamortized bond issue costs	166,850
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	(170,094)
Unmatured leases and contracts	(9,592,675)
<b>Net assets of governmental activities</b>	<b>\$ 23,273,224</b>

**CITY OF POWDER SPRINGS, GEORGIA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2009**

	General Fund	Capital Projects Fund	SPLOST	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 5,024,064	\$ -	\$ -	\$ 5,024,064
Licenses and permits	406,026	-	-	406,026
Fines and forfeitures	522,914	-	-	522,914
Street lights	289,420	-	-	289,420
Intergovernmental	144,406	44,467	2,116,305	2,305,178
Investment earnings	137,745	634	2,050	140,429
Other	232,677	1,876	-	234,553
<b>Total revenues</b>	<b>6,757,252</b>	<b>46,977</b>	<b>2,118,355</b>	<b>8,922,584</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,153,712	-	-	1,153,712
Health and welfare	15,110	-	-	15,110
Housing and development	788,566	-	-	788,566
Public safety	3,054,098	-	-	3,054,098
Public works	905,381	155,064	-	1,060,445
Culture and recreation	93,237	-	-	93,237
Capital outlay	-	220,600	601,341	821,941
Debt service	1,000,394	-	-	1,000,394
<b>Total expenditures</b>	<b>7,010,498</b>	<b>375,664</b>	<b>601,341</b>	<b>7,987,503</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(253,246)</b>	<b>(328,687)</b>	<b>1,517,014</b>	<b>935,081</b>
<b>Other financing sources (uses):</b>				
Transfers in	118,150	812,512	-	930,662
Transfers out	(812,512)	-	(118,150)	(930,662)
Debt issued	61,420	-	-	61,420
Sale of capital assets	151,866	-	-	151,866
<b>Total other financing sources (uses)</b>	<b>(481,076)</b>	<b>812,512</b>	<b>(118,150)</b>	<b>213,286</b>
<b>Net change in fund balance</b>	<b>(734,322)</b>	<b>483,825</b>	<b>1,398,864</b>	<b>1,148,367</b>
<b>Fund balance at beginning of year</b>	<b>6,437,894</b>	<b>(5,866)</b>	<b>1,048,213</b>	<b>7,480,241</b>
<b>Fund balance at end of year</b>	<b>\$ 5,703,572</b>	<b>\$ 477,959</b>	<b>\$ 2,447,077</b>	<b>\$ 8,628,608</b>

**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, 2009**

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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) \$ 1,148,367

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 (\$1,222,415) exceeded depreciation (\$1,185,407) in the current period. 37,008

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. 59,496

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	(61,420)
Principal payments	595,459

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	17,995
Amortization for bond issue costs and loss on refunding	<u>(18,638)</u>

Change in net assets of governmental activities (page 15) \$ 1,778,267

**CITY OF POWDER SPRINGS, GEORGIA**  
**PROPRIETARY FUNDS**  
**BALANCE SHEET**  
**June 30, 2009**

	Enterprise Funds		Totals
	Major		
	Water and Sewer	Sanitation	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 530,827	\$ 379,589	\$ 910,416
Investments	-	741	741
Accounts receivable, net of allowance for uncollectibles	525,805	190,897	716,702
Due from other funds	701,482	91,426	792,908
Inventory	93,563	-	93,563
Restricted assets:			
Cash	169,703	-	169,703
Prepaid expenses	9,607	2,744	12,351
Total current assets	2,030,987	665,397	2,696,384
Noncurrent assets:			
Restricted assets:			
Cash	743,936	-	743,936
Investment	1,362,432	-	1,362,432
Total restricted assets	2,106,368	-	2,106,368
Property, plant and equipment	18,571,315	1,057,168	19,628,483
Less accumulated depreciation	(10,641,317)	(966,903)	(11,608,220)
Property, plant and equipment, net	7,929,998	90,265	8,020,263
Other assets:			
Unamortized bond costs	5,752	-	5,752
Total other assets	5,752	-	5,752
Total noncurrent assets	10,042,118	90,265	10,132,383
<b>Total assets</b>	<b>\$ 12,073,105</b>	<b>\$ 755,662</b>	<b>\$ 12,828,767</b>

**CITY OF POWDER SPRINGS, GEORGIA**  
**PROPRIETARY FUNDS**  
**BALANCE SHEET**  
**June 30, 2009**

	Enterprise Funds		Totals
	Major		
	Water and Sewer	Sanitation	
<b>LIABILITIES AND FUND EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 432,173	\$ 17,647	\$ 449,820
Accrued payroll liabilities	43,269	24,475	67,744
Due to other funds	166,653	21,409	188,062
Capital lease obligation	50,852	62,513	113,365
Notes payable	53,864	-	53,864
Revenue bonds payable	314,683	-	314,683
Total current liabilities	1,061,494	126,044	1,187,538
Long-term liabilities (net of current portion):			
Customer deposits	571,831	-	571,831
Compensated absences	22,650	7,661	30,311
Capital lease obligation	127,728	32,323	160,051
Notes payable	1,006,593	-	1,006,593
Total long term liabilities	1,728,802	39,984	1,768,786
<b>Total liabilities</b>	2,790,296	166,028	2,956,324
<b>Fund equity (deficit):</b>			
Invested in capital assets, net of related debt	6,466,484	(4,571)	6,461,913
Unrestricted	540,254	594,205	1,134,459
Restricted for:			
Debt service	347,203	-	347,203
Renewals and extensions	1,928,868	-	1,928,868
<b>Total fund equity</b>	9,282,809	589,634	9,872,443
<b>Total liabilities and fund equity</b>	\$ 12,073,105	\$ 755,662	\$ 12,828,767

**CITY OF POWDER SPRINGS, GEORGIA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND EQUITY**  
**For the Year Ended June 30, 2009**

	Enterprise Funds		
	Major		
	Water and Sewer	Sanitation	Totals
<b>Operating revenues:</b>			
Charges for services	\$ 3,819,090	\$ 1,145,747	\$ 4,964,837
Other	29,505	357	29,862
<b>Total operating revenues</b>	<b>3,848,595</b>	<b>1,146,104</b>	<b>4,994,699</b>
<b>Operating expenses:</b>			
Water purchases	585,676	-	585,676
Sewage processing fees	1,137,113	-	1,137,113
Salaries and related costs	1,045,375	609,060	1,654,435
Other operating expenses	444,398	328,568	772,966
Depreciation and amortization	638,204	63,967	702,171
<b>Total operating expenses</b>	<b>3,850,766</b>	<b>1,001,595</b>	<b>4,852,361</b>
<b>Operating income (loss)</b>	<b>(2,171)</b>	<b>144,509</b>	<b>142,338</b>
<b>Nonoperating revenues (expenses):</b>			
Interest income	62,209	9,516	71,725
Interest expense	(64,734)	(6,679)	(71,413)
<b>Total nonoperating revenues (expenses)</b>	<b>(2,525)</b>	<b>2,837</b>	<b>312</b>
<b>Increase (decrease) in fund equity</b>	<b>(4,696)</b>	<b>147,346</b>	<b>142,650</b>
<b>Fund equity at beginning of year</b>	<b>9,287,505</b>	<b>442,288</b>	<b>9,729,793</b>
<b>Fund equity at end of year</b>	<b>\$ 9,282,809</b>	<b>\$ 589,634</b>	<b>\$ 9,872,443</b>

**CITY OF POWDER SPRINGS, GEORGIA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

	Enterprise Funds		
	Major		
	Water and Sewer	Sanitation	Totals
<b>Cash flows provided by (used in) operating activities:</b>			
Cash received from customers	\$ 3,827,225	1,126,135	\$ 4,953,360
Cash payments for goods and services	(1,727,379)	(424,237)	(2,151,616)
Cash payments for employee services and fringe benefits	(1,052,495)	(610,950)	(1,663,445)
<b>Net cash provided by (used in) operating activities</b>	<u>1,047,351</u>	<u>90,948</u>	<u>1,138,299</u>
<b>Cash flows provided by (used in) capital and related financing activities:</b>			
Acquisition of capital assets	(548,392)	-	(548,392)
Principal payments on revenue bonds	(325,000)	-	(325,000)
Principal payments on capital lease obligations	(46,013)	(80,189)	(126,202)
Principal payments on loans payable	(55,061)	-	(55,061)
Interest paid	(64,734)	(6,679)	(71,413)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(1,039,200)</u>	<u>(86,868)</u>	<u>(1,126,068)</u>
<b>Cash flows provided by (used in) investing activities:</b>			
Sale of investments	442,098	(11)	442,087
Interest received	62,207	9,518	71,725
<b>Net cash provided by (used in) investing activities</b>	<u>504,305</u>	<u>9,507</u>	<u>513,812</u>
<b>Net increase (decrease) in cash</b>	512,456	13,587	526,043
<b>Cash and cash equivalents at beginning of year</b>			
Unrestricted	467,332	366,002	833,334
Restricted	464,678	-	464,678
<b>Total cash at beginning of year</b>	<u>932,010</u>	<u>366,002</u>	<u>1,298,012</u>
<b>Cash and cash equivalents at end of year</b>			
Unrestricted	530,827	379,589	910,416
Restricted	913,639	-	913,639
<b>Total cash at end of year</b>	<u>\$ 1,444,466</u>	<u>\$ 379,589</u>	<u>\$ 1,824,055</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, 2009**

	Enterprise Funds		
	Major		Totals
	Water and Sewer	Sanitation	
<b>Reconciliation of operating income (loss)</b>			
<b>to net cash from operating activities:</b>			
Operating income (loss)	\$ (2,171)	\$ 144,509	\$ 142,338
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	638,204	63,967	702,171
Proceeds from disposal of fixed assets	(6,487)	-	(6,487)
Change in assets and liabilities:			
(Increase) decrease in receivables	(66,680)	(19,969)	(86,649)
(Increase) decrease in other receivables	(4,470)	-	(4,470)
(Increase) decrease in inventory	56,346	-	56,346
(Increase) decrease in due from other funds	34,930	(91,426)	(56,496)
(Increase) decrease in prepaid expenses	(9,607)	(2,744)	(12,351)
Increase (decrease) in customer deposits	21,900	-	21,900
Increase (decrease) in accounts payable	247,384	(1,952)	245,432
Increase (decrease) in accrued payroll liabilities	434	1,397	1,831
Increase (decrease) in due to other funds	145,122	453	145,575
Increase (decrease) in compensated absences	(7,554)	(3,287)	(10,841)
Total adjustments	1,049,522	(53,561)	995,961
<b>Net cash from (to) operating activities</b>	<b>\$ 1,047,351</b>	<b>\$ 90,948</b>	<b>\$ 1,138,299</b>

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2009**

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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.

In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No 14. "The Financial Reporting Entity", the financial statements had previously included the Powder Springs Downtown Development Authority as a component unit of the City. However, the financial information of the Powder Springs Development Authority is not material to the City and therefore is not included in the current year presentation.

**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.

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2009**

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**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

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, 2009**

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**(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, 2009**

**(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 &amp; 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. The consumption method is used to account for prepaid items within the City's funds.

J. Fund Equity

Reserves represent those portions of fund equity not appropriate 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, 2009**

**(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. As of June 30, 2009, the City was not exposed to custodial credit risk.

The following is a summary of the City's investments at June 30, 2009:

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Georgia Fund I	AAAm	\$3,136,792	41 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).

Interest Rate Risk – The City does not have a formal policy addressing interest rate risk.

Credit Risk – The City does not have a formal policy addressing credit risk.

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2009**

**(3) RESTRICTED ASSETS**

<u>Water and Sewer Fund</u>	<u>Cash</u>	<u>Investments</u>	<u>Interest</u>	<u>Total</u>
Debt Service Funds	\$ 347,203	\$ --	\$ --	\$ 347,203
Renewal and Extension Funds	<u>566,436</u>	<u>1,362,432</u>	<u>--</u>	<u>1,928,868</u>
	<u>\$ 913,639</u>	<u>\$1,362,432</u>	<u>\$ --</u>	<u>\$ 2,276,071</u>
<u>Governmental Funds</u>				
General Fund	\$ 584,987	\$3,342,877	\$ 67,036	\$ 3,994,900
SPLOST Fund	1,902,108	--	--	1,902,108
Project Funds	<u>--</u>	<u>468,046</u>	<u>--</u>	<u>468,046</u>
	<u>\$ 2,487,095</u>	<u>\$3,810,923</u>	<u>\$ 67,036</u>	<u>\$ 6,725,054</u>

**(4) PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied as of July 31, 2008. The billing for the tax levy was mailed September 21, 2008. 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 21, 2008. 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 \$1,081,335,148 at a 40% assessed value for a total assessment less exemptions of \$358,139,186. Based upon the millage levy of 8.5 mills, a homeowner would pay \$8.50 per \$1,000 of the property's January 1<sup>st</sup> assessed valuation.

**(5) RECEIVABLES**

Receivables at June 30, 2009 consist of the following:

	<u>Taxes &amp; Fines</u>	<u>Accrued Interest</u>	<u>Utility Accounts</u>	<u>Other</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General Fund	\$450,003	\$ 358	\$ 49,259	\$281,619	\$ (37,892)	\$ 743,347
Water & Sewer Fund	--	17,254	490,973	20,740	(3,162)	525,805
Sanitation Fund	<u>--</u>	<u>--</u>	<u>190,897</u>	<u>--</u>	<u>--</u>	<u>190,897</u>
	<u>\$450,003</u>	<u>\$ 17,612</u>	<u>\$ 731,129</u>	<u>\$ 302,359</u>	<u>\$ (41,054)</u>	<u>\$1,460,049</u>

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2009**

**(6) INTERFUND RECEIVABLES AND PAYABLE BALANCES**

Interfund loans receivable are considered “available spendable resources.”

Such balances at June 30, 2009 include Due from (to) and are summarized as follows:

<u>PAYABLE FROM</u>	RECEIVABLE TO				<u>Total</u>
	General Fund	Water & Sewer	Capital Projects	Sanitation	
General Fund	\$ -	\$ 701,443	\$ 30,000	\$ 541	\$ 731,984
Capital Projects Fund	31,616	-	-	-	31,616
Water & Sewer	75,768	-	-	90,885	166,653
Sanitation Fund	21,370	39	-	-	21,409
Total	\$ 128,754	\$ 701,482	\$ 30,000	\$ 91,426	\$ 951,662

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, 2009**

**(7) CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Reclasses/ Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,593,776	\$ -	\$ -	\$ 4,593,776
Construction in progress	5,260,702	883,794	(1,319,621)	4,824,875
<b>Total capital assets not being depreciated</b>	<b>9,854,478</b>	<b>883,794</b>	<b>(1,319,621)</b>	<b>9,418,651</b>
Capital assets, being depreciated:				
Buildings and improvements	8,632,174	73,889	-	8,706,063
Furniture and fixtures	125,960	-	-	125,960
Parks equipment	4,380,280	-	-	4,380,280
Vehicle and equipment	3,463,226	65,611	-	3,528,837
Infrastructure - streets	4,012,047	1,518,742	-	5,530,789
<b>Total capital assets being depreciated</b>	<b>20,613,687</b>	<b>1,658,242</b>	<b>-</b>	<b>22,271,929</b>
Less accumulated depreciation for:				
Buildings and improvements	(1,828,852)	(279,014)	-	(2,107,866)
Furnitures and fixtures	(45,456)	(22,572)	-	(68,028)
Parks equipment	(1,914,670)	(287,387)	-	(2,202,057)
Vehicles and equipment	(2,593,861)	(427,427)	-	(3,021,288)
Infrastruture - streets	(453,722)	(169,007)	-	(622,729)
<b>Total accumulated depreciation</b>	<b>(6,836,561)</b>	<b>(1,185,407)</b>	<b>-</b>	<b>(8,021,968)</b>
<b>Total capital assets being depreciated, net</b>	<b>13,777,126</b>	<b>472,835</b>	<b>-</b>	<b>14,249,961</b>
<b>Total governmental activities capital assets, net</b>	<b>\$ 23,631,604</b>	<b>\$ 37,011</b>	<b>\$ (1,319,621)</b>	<b>\$ 23,668,612</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 159,077	\$ -	\$ -	\$ 159,077
<b>Total capital assets not being depreciated</b>	<b>159,077</b>	<b>-</b>	<b>-</b>	<b>159,077</b>
Capital assets, being depreciated:				
Buildings and improvements	845,513	-	-	845,513
Furniture and fixtures	55,920	-	-	55,920
Utility systems	16,110,663	542,555	-	16,653,218
Vehicles and equipment	1,695,336	219,419	-	1,914,755
<b>Total capital assets being depreciated</b>	<b>18,707,432</b>	<b>761,974</b>	<b>-</b>	<b>19,469,406</b>
Less accumulated depreciated for:				
Building and improvements	(448,291)	(27,596)	-	(475,887)
Furniture and fixtures	(52,964)	(722)	-	(53,686)
Utility systems	(9,022,758)	(493,229)	-	(9,515,987)
Vehicles and equipment	(1,403,175)	(159,485)	-	(1,562,660)
<b>Total accumulated depreciation</b>	<b>(10,927,188)</b>	<b>(681,032)</b>	<b>-</b>	<b>(11,608,220)</b>
<b>Total capital assets being depreciated, net</b>	<b>7,780,244</b>	<b>80,942</b>	<b>-</b>	<b>7,861,186</b>
<b>Total business-type activities capital assets, net</b>	<b>\$ 7,939,321</b>	<b>\$ 80,942</b>	<b>\$ -</b>	<b>\$ 8,020,263</b>

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
For the Fiscal Year Ended June 30, 2009

**(7) CAPITAL ASSETS (Continued)**

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

Governmental activities	
General government	\$ 171,086
Public safety	353,564
Public works, including depreciation of general infrastructure	108,904
Housing and development	12,989
Culture and recreation	538,061
Health and welfare	<u>803</u>
Total depreciation expense - governmental activities	<u>\$ 1,185,407</u>
Business-type activities:	
Water	\$ 321,605
Sewer	295,460
Sanitation	<u>63,967</u>
Total depreciation expense - business-type activities	<u>\$ 681,032</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, 2009:

	Beginning Balance (As Revised)	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Capital leases	\$ 10,016,157	\$ 61,420	\$ (560,777)	\$ 9,516,800	\$ 547,787
Less deferred amounts on refunding	(17,022)	--	6,191	(10,831)	--
Intergovernmental contracts	121,388	--	(34,682)	86,706	34,682
Compensated absences	<u>188,089</u>	<u>88,625</u>	<u>(106,620)</u>	<u>170,094</u>	<u>96,954</u>
Governmental activity Long-term liabilities	<u>\$ 10,308,612</u>	<u>\$ 150,045</u>	<u>\$ (695,888)</u>	<u>\$ 9,762,769</u>	<u>\$ 582,469</u>
<b>Business-type activities:</b>					
Capital leases	\$ 186,036	\$ 213,582	\$ (126,202)	\$ 273,416	\$ 113,365
Loans payable	1,115,518	--	(55,061)	1,060,457	53,864
Revenue bonds	655,000	--	(325,000)	330,000	330,000
Less deferred amounts on refunding	(30,633)	--	15,316	(15,317)	(15,317)
Customer deposits	549,931	21,900	--	571,831	--
Compensated absences	<u>76,715</u>	<u>30,673</u>	<u>(41,514)</u>	<u>65,874</u>	<u>35,563</u>
Business-type activity Long-term liabilities	<u>\$ 2,552,567</u>	<u>\$ 266,155</u>	<u>\$ (532,461)</u>	<u>\$ 2,286,261</u>	<u>\$ 517,475</u>

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2009**

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**(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, 2009**

**(8) LONG-TERM OBLIGATIONS (Continued)**

Additionally, the City is obligated under capital leases for vehicles and equipment. The gross amount of assets recorded under capital leases at June 30, 2009 is \$1,835,252 for the police facility and City Hall renovations, and \$589,089 for the vehicles & equipment. Accumulated depreciation related to these assets at June 30, 2009 is \$751,972 and \$280,144, respectively.

The following is a schedule of future lease payments as of June 30, 2009:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 547,787	\$ 385,162	\$ 933,849
2011	496,342	265,808	762,150
2012	457,650	348,718	806,368
2013	455,027	313,348	786,375
2014	475,000	313,444	788,444
2015-2019	2,674,998	1,264,532	3,939,530
2020-2024	3,294,996	665,060	3,960,056
2025-2026	<u>1,115,000</u>	<u>65,544</u>	<u>1,180,544</u>
	<u>\$ 9,516,800</u>	<u>\$ 3,639,616</u>	<u>\$ 13,156,416</u>

The City has entered into an intergovernmental contract with Cobb County, Georgia for the acquisition of property totaling \$173,412. The City is currently making quarterly payments of \$8,670 over a five year period to the County. Interest is due only if the remittance is late. Title to the property will be transferred to the City in fiscal year 2012 when the amounts have been paid in full.

**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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 330,000	\$ 9,404	\$ 339,404

Additionally, 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 \$246,863 and \$420,824, respectively. Accumulated depreciation related to these assets is \$41,909 and \$362,264, 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, 2009:

Sanitation Fund

Capital leases covering vehicles:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 62,513	\$ 3,604	\$ 66,117
2011	<u>32,323</u>	<u>734</u>	<u>33,057</u>
	<u>\$ 94,836</u>	<u>\$ 4,338</u>	<u>\$ 99,174</u>

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2009**

**(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>
2010	\$ 50,852	\$ 6,137	\$ 56,989
2011	50,965	4,208	55,173
2012	52,467	2,225	54,692
2013	21,508	294	21,802
2014	<u>2,788</u>	<u>29</u>	<u>2,817</u>
	<u>\$178,580</u>	<u>\$ 12,893</u>	<u>\$ 191,473</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, 2009.

Water and Sewer Fund

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 50,084	\$ 37,328	\$ 87,412
2011	52,110	35,301	87,411
2012	54,206	33,206	87,412
2013	56,386	31,027	87,413
2014	58,654	28,759	87,413
2015-2019	330,649	106,455	437,104
2020-2024	243,567	45,496	289,063
2025-2027	<u>124,596</u>	<u>7,253</u>	<u>131,849</u>
	<u>\$ 970,252</u>	<u>\$ 324,825</u>	<u>\$ 1,295,077</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, 2009, amounts due to the City from homeowners who had elected to tap onto the system totaled \$20,740. \$3,780 of this total will be repaid during fiscal year 2009.

The portion due to the County in fiscal year 2010 totaled \$3,780 at June 30, 2009. The remaining \$86,425 will be payable in fiscal year 2010 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	\$ 3,994,900
Prepaid insurance for 2009 coverage	118,492
Inventories	15,308
Encumbrances	<u>9,367</u>
	<u>\$ 4,138,067</u>

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2009**

**(10) TRANSFERS**

Interfund transfers for the current year were as follows:

	<b>Transfer Out From</b>		
<b>Transfer In To</b>	<b>General Fund</b>	<b>SPLOST</b>	<b>Total</b>
General Fund	\$ --	\$ 118,150	\$ 118,150
Capital Projects Fund	<u>812,512</u>	<u>--</u>	<u>812,512</u>
TOTAL	<u>\$ 812,512</u>	<u>\$ 118,150</u>	<u>\$ 930,662</u>

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, 2009 was \$1,722,789.

The City also has active construction projects at June 30, 2009.

**(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, 2009**

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**(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, 2009**

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**(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, 2009, the City's payroll for employees covered by the System's defined benefit plan was \$3,115,062. 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, 2009 was \$193,179.

The net pension obligation was computed as part of an actuarial valuation performed as of March 1, 2008. 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 6.2% of current year covered payroll. The normal contribution requirement was \$202,133.

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2009**

**(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	\$ 202,133
Interest on net pension asset	406
Adjustment to annual required contribution	<u>(385)</u>
Annual pension cost	202,154
Contributions made	<u>(193,179)</u>
Increase (decrease) in net pension obligation	8,975
Net pension obligation, beginning of year	<u>5,073</u>
Net pension obligation, end of year	<u>\$ 14,048</u>

This amount is not considered material to Governmental Activities 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</u>
6/30/07	\$ 145,960	96%	\$ 1,955
6/30/08	163,541	98%	5,073
6/30/09	202,133	96%	14,048

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)
3/1/06	\$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%
3/1/08	\$725,132	\$1,184,206	\$(459,074)	61.2%	\$3,115,062	15%

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, 2009, there were two retirees eligible for the benefits. For 2009, the cost of providing these benefits totaled \$12,960.



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## REQUIRED SUPPLEMENTARY INFORMATION

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

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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)
3/1/06	\$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%
3/1/08	\$725,132	\$1,184,206	\$(459,074)	61.2%	\$3,115,062	15%

**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, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 4,919,316	\$ 5,157,403	\$ 5,024,064	\$ (133,339)
Licenses and permits	496,500	378,575	406,026	27,451
Fines and forfeitures	625,000	478,237	522,914	44,677
Street Lights	258,000	250,000	289,420	39,420
Intergovernmental	145,000	183,265	144,406	(38,859)
Investment earnings	100,250	114,250	137,745	23,495
Other	397,000	253,137	232,677	(20,460)
<b>Total revenues</b>	<b>6,941,066</b>	<b>6,814,867</b>	<b>6,757,252</b>	<b>(57,615)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General administration	1,727,728	1,167,683	1,153,712	13,971
Health and welfare	33,500	33,700	15,110	18,590
Housing and development	1,302,203	830,766	788,566	42,200
Public safety	3,347,375	3,079,231	3,054,098	25,133
Public works	1,145,311	980,016	905,381	74,635
Culture and recreation	250,900	171,906	93,237	78,669
Debt service	969,061	1,000,363	1,000,394	(31)
<b>Total expenditures</b>	<b>8,776,078</b>	<b>7,263,665</b>	<b>7,010,498</b>	<b>253,167</b>
Excess (deficiency) of revenues over expenditures	(1,835,012)	(448,798)	(253,246)	195,552
<b>Other financing sources (uses):</b>				
Debt issued	401,838	61,420	61,420	-
Transfers in	-	163,450	118,150	(45,300)
Proceeds from disposal of assets	6,250	217,866	151,865	(66,001)
Transfers out	(5,927,826)	(797,917)	(812,511)	(14,594)
<b>Total other financing sources (uses)</b>	<b>(5,519,738)</b>	<b>(355,181)</b>	<b>(481,076)</b>	<b>(125,895)</b>
<b>Net change in fund balance</b>	<b>\$ (7,354,750)</b>	<b>\$ (803,979)</b>	<b>(734,322)</b>	<b>\$ 69,657</b>
Fund balance at beginning of year- GAAP basis			6,437,894	
Fund balance at end of year- GAAP basis			<u>\$ 5,703,572</u>	

**CITY OF POWDER SPRINGS, GEORGIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2009**

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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).

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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## 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	44-49
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	50-57
<b>Debt Capacity</b>	
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.	58-61
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indications to help the reader understand the environment within which the government's financial activities take place.	62-63
<b>Operating Information</b>	
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.	64-66

**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 Six Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year Ended June 30,					
	2004	2005	2006	2007	2008	2009
<b>Governmental Activities</b>						
Invested in capital assets, net of related debt	\$ 6,112,288	\$ 8,669,471	\$ 9,479,531	\$ 12,294,054	\$ 18,252,541	\$ 17,988,722
Restricted	2,745,866	2,654,193	2,659,796	4,620,570	2,805,509	2,538,975
Unrestricted	3,127,268	3,234,750	3,944,467	2,298,723	436,907	2,745,527
<b>Subtotal Governmental Activities Net Assets</b>	<b>11,985,422</b>	<b>14,558,414</b>	<b>16,083,794</b>	<b>19,213,347</b>	<b>21,494,957</b>	<b>23,273,224</b>
<b>Business-Type Activities</b>						
Invested in capital assets, net of related debt	5,128,000	5,087,132	5,026,093	6,088,728	6,131,289	6,461,913
Restricted	1,432,665	2,102,246	3,031,512	2,963,610	2,213,743	2,276,071
Unrestricted	1,350,185	1,127,840	612,642	718,091	1,384,761	1,134,459
<b>Subtotal Business-Type Activities Net Assets</b>	<b>7,910,850</b>	<b>8,317,218</b>	<b>8,670,247</b>	<b>9,770,429</b>	<b>9,729,793</b>	<b>9,872,443</b>
<b>Primary Government</b>						
Invested in capital assets, net of related debt	11,240,288	13,756,603	14,505,624	18,382,782	24,383,830	24,450,635
Restricted	4,178,531	4,756,439	5,691,308	7,584,180	5,019,252	4,815,046
Unrestricted	4,477,453	4,362,590	4,557,109	3,016,814	1,821,668	3,879,986
<b>Total Primary Government Net Assets</b>	<b>\$ 19,896,272</b>	<b>\$ 22,875,632</b>	<b>\$ 24,754,041</b>	<b>\$ 28,983,776</b>	<b>\$ 31,224,750</b>	<b>\$ 33,145,667</b>

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

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

Source	Fiscal Year Ended June 30,					
	2004	2005	2006	2007	2008	2009
<b>Expenses:</b>						
General government	\$ 1,054,401	\$ 1,030,922	\$ 1,044,646	\$ 280,769	\$ 1,352,686	\$ 1,294,648
Public safety	2,466,338	2,611,125	2,901,659	3,025,826	3,260,209	3,360,690
Housing and development	408,971	516,158	771,398	1,686,974	1,070,261	801,439
Public works	728,336	865,445	816,897	1,692,422	1,104,408	908,492
Health and welfare	9,354	7,747	11,134	128,352	13,828	15,915
Culture and recreation	308,220	276,631	507,775	332,015	629,301	569,561
Interest and fiscal charges	50,475	25,980	177,509	295,689	423,634	404,935
<b>Total Expenses</b>	<b>5,026,095</b>	<b>5,333,908</b>	<b>6,231,018</b>	<b>7,442,047</b>	<b>7,854,327</b>	<b>7,355,680</b>
<b>Program Revenues:</b>						
Charges for Services:						
General government	325,095	390,892	391,248	446,014	478,845	389,740
Public safety	621,151	610,733	728,961	890,445	997,195	644,592
Housing and development	391,087	406,136	230,557	297,314	289,927	114,743
Public works	-	3,632	229,596	222,587	222,101	289,420
Culture and recreation	25,633	37,660	34,782	17,605	26,095	18,300
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	2,146,575
<b>Total Program Revenues</b>	<b>3,045,398</b>	<b>3,198,817</b>	<b>2,487,088</b>	<b>4,678,922</b>	<b>4,637,342</b>	<b>3,603,370</b>
<b>Net (Expense) Revenue</b>	<b>(1,980,697)</b>	<b>(2,135,091)</b>	<b>(3,743,930)</b>	<b>(2,763,125)</b>	<b>(3,216,985)</b>	<b>(3,752,310)</b>
<b>General Revenues and Transfers:</b>						
General revenues:						
Property taxes	2,204,644	2,824,621	3,118,107	3,329,154	3,470,331	3,416,920
Insurance premium taxes	536,123	586,399	625,092	654,003	682,198	698,539
Alcohol taxes	157,836	198,212	216,835	226,031	248,079	278,121
Gain (loss) on sale of capital assets	-	-	67,993	24,625	8,000	151,866
Franchise taxes	506,210	560,334	583,713	664,438	678,198	700,127
Operating grants not restricted to a specific program	-	-	-	-	-	144,575
Unrestricted investment earnings	96,590	131,269	276,009	617,677	395,789	140,429
Settlement proceeds	-	-	-	376,750	16,000	-
Transfers	-	407,248	381,561	-	-	-
<b>Total General Revenues and Transfers</b>	<b>3,501,403</b>	<b>4,708,083</b>	<b>5,269,310</b>	<b>5,892,678</b>	<b>5,498,595</b>	<b>5,530,577</b>
<b>Change in Net Assets</b>	<b>\$ 1,520,706</b>	<b>\$ 2,572,992</b>	<b>\$ 1,525,380</b>	<b>\$ 3,129,553</b>	<b>\$ 2,281,610</b>	<b>\$ 1,778,267</b>

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 Six Fiscal Years  
 (accrual basis of accounting)

Source	Fiscal Year Ended June 30,					
	2004	2005	2006	2007	2008	2009
<b>Expenses:</b>						
Water & sewer	\$ 3,481,961	\$ 3,434,755	\$3,819,093	\$ 3,910,989	\$ 3,808,935	\$ 3,915,500
Sanitation	821,081	926,767	1,131,230	1,020,067	1,077,369	1,008,274
<b>Total Expenses</b>	<b>4,303,042</b>	<b>4,361,522</b>	<b>4,950,323</b>	<b>4,931,056</b>	<b>4,886,304</b>	<b>4,923,774</b>
<b>Program Revenues:</b>						
Charges for Services:						
Water & sewer	3,612,450	4,125,371	4,555,288	4,249,043	3,737,144	3,848,595
Sanitation	841,892	922,456	937,202	919,832	984,567	1,146,104
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	20,960	74,970	70,620	706,780	-	-
<b>Total Program Revenues</b>	<b>4,475,302</b>	<b>5,122,797</b>	<b>5,563,110</b>	<b>5,875,655</b>	<b>4,721,711</b>	<b>4,994,699</b>
<b>Net (Expense) Revenue</b>	<b>172,260</b>	<b>761,275</b>	<b>612,787</b>	<b>944,599</b>	<b>(164,593)</b>	<b>70,925</b>
<b>General Revenues and Transfers:</b>						
Unrestricted investment earnings	46,042	52,341	111,358	155,583	123,957	71,725
Gain on sale of capital assets	26,577	-	10,445	-	-	-
Transfers	-	(407,248)	(381,561)	-	-	-
<b>Total General Revenues and Transfers</b>	<b>72,619</b>	<b>(354,907)</b>	<b>(259,758)</b>	<b>155,583</b>	<b>123,957</b>	<b>71,725</b>
<b>Changes in Net Assets</b>	<b>\$ 244,879</b>	<b>\$ 406,368</b>	<b>\$ 353,029</b>	<b>\$ 1,100,182</b>	<b>\$ (40,636)</b>	<b>\$ 142,650</b>

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

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

Source	Fiscal Year Ended June 30,					
	2004	2005	2006	2007	2008	2009
<b>Expenses:</b>						
Governmental activities	\$5,026,095	\$ 5,333,908	\$6,231,018	\$ 7,442,047	\$ 7,854,327	\$ 7,355,680
Business-type activities	4,303,042	4,361,522	4,950,323	4,931,056	4,886,304	4,923,774
<b>Total Expenses</b>	<b>9,329,137</b>	<b>9,695,430</b>	<b>11,181,341</b>	<b>12,373,103</b>	<b>12,740,631</b>	<b>12,279,454</b>
<b>Program Revenues:</b>						
Governmental activities	3,045,398	3,198,817	2,487,088	4,678,922	4,637,342	3,603,370
Business-type activities	4,475,302	5,122,797	5,563,110	5,875,655	4,721,711	4,994,699
<b>Total Program Revenues</b>	<b>7,520,700</b>	<b>8,321,614</b>	<b>8,050,198</b>	<b>10,554,577</b>	<b>9,359,053</b>	<b>8,598,069</b>
<b>Net (Expense) Revenue</b>	<b>(1,808,437)</b>	<b>(1,373,816)</b>	<b>(3,131,143)</b>	<b>(1,818,526)</b>	<b>(3,381,578)</b>	<b>(3,681,385)</b>
<b>General Revenues and Transfers:</b>						
Governmental activities	3,501,403	4,708,083	5,269,310	5,892,678	5,498,595	5,530,577
Business-type activities	72,619	(354,907)	(259,758)	155,583	123,957	71,725
<b>Total General Revenues and Transfers</b>	<b>3,574,022</b>	<b>4,353,176</b>	<b>5,009,552</b>	<b>6,048,261</b>	<b>5,622,552</b>	<b>5,602,302</b>
<b>Changes in Net Assets</b>	<b>\$1,765,585</b>	<b>\$ 2,979,360</b>	<b>\$1,878,409</b>	<b>\$ 4,229,735</b>	<b>\$ 2,240,974</b>	<b>\$ 1,920,917</b>

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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>										
Reserved	\$ 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	\$ 4,138,067
Unreserved	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)	1,565,505
<b>Subtotal General Fund</b>	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	5,703,572
<b>General Fund Percentage Change</b>	7.3%	163.1%	-2.4%	-5.7%	-3.9%	49.9%	8.0%	16.1%	-41.3%	-11.4%
<b>All Other Governmental Funds</b>										
Reserved	152,466	438,004	623,802	-	300,691	695,643	-	-	-	-
Unreserved	-	-	(438,532)	285	-	-	(68,307)	81,232	(5,866)	477,959
Special Revenue Fund	-	-	-	-	-	-	540,179	1,868,951	1,048,213	2,447,077
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
SPLOST Fund	-	-	-	-	-	-	-	-	-	-
∞	-	-	-	-	-	-	-	-	-	-
<b>Subtotal All Other Governmental Funds</b>	152,466	438,004	185,270	285	300,691	695,643	471,872	1,950,183	1,042,347	2,925,036
<b>Total Governmental Funds</b>										
Reserved	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	4,138,067
Unreserved	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	4,490,541
<b>Total Governmental Funds</b>	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	8,628,608
<b>Restatement</b>	-	-	-	-	-	134,284	-	-	-	-
<b>As Restated</b>	\$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	\$8,628,608
<b>All Governmental Funds Percentage Change</b>	0.4%	164.5%	-5.8%	-8.3%	1.1%	56.1%	5.1%	30.3%	-42.1%	15.4%

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

Source	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues:</b>										
Taxes	\$ 2,179,821	\$ 2,599,993	\$ 2,952,515	\$ 3,236,320	\$ 3,377,436	\$ 4,108,125	\$ 4,505,142	\$ 4,842,799	\$ 5,030,210	\$ 5,024,064
Licenses and permits	272,442	344,607	360,059	427,983	476,468	510,268	581,747	506,555	497,912	406,026
Intergovernmental	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	2,305,178
Fines and forfeitures	366,315	447,179	585,754	537,265	503,887	404,986	446,554	625,164	739,117	522,914
Charges for services	177,255	177,781	201,628	197,635	208,769	733,175	229,596	222,587	222,101	289,420
Fees	37,604	-	-	-	-	-	-	-	-	-
Railyard Settlement Fund	-	4,207,000	-	-	-	-	-	-	-	-
Investment earnings	-	188,195	232,896	119,911	96,590	131,269	276,009	617,677	395,789	140,429
Other	274,544	37,723	35,995	129,086	176,232	236,880	210,869	372,162	448,415	234,553
<b>Total revenues</b>	<b>4,385,864</b>	<b>9,160,176</b>	<b>5,446,954</b>	<b>5,093,096</b>	<b>6,519,424</b>	<b>7,947,130</b>	<b>7,268,244</b>	<b>10,052,600</b>	<b>10,134,464</b>	<b>8,922,584</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General administration	597,037	797,328	837,873	860,731	397,347	774,929	919,865	985,663	1,342,324	1,153,712
Health and welfare	-	-	-	-	9,354	7,281	10,337	131,796	358,615	15,110
Housing and development	170,204	181,509	169,207	359,496	274,880	480,712	752,589	934,299	1,014,954	788,566
Public safety	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	3,054,098
Public works	392,773	456,761	595,649	548,140	714,683	850,543	670,296	983,664	1,235,659	1,060,445
Culture and recreation	-	-	-	72,347	78,024	53,635	90,007	1,416,553	1,643,149	93,237
Capital outlay	1,735,864	1,488,179	2,175,009	1,450,481	2,232,940	4,355,535	1,671,594	4,236,881	6,281,507	821,941
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	111,917	110,993	138,234	310,293	296,493	311,294	369,243	344,334	397,403	595,459
Interest	65,591	67,000	67,879	72,965	50,475	21,260	177,509	389,652	415,747	404,935
Issue costs & fees	-	-	-	-	32,831	99,228	-	-	-	-
<b>Total expenditures</b>	<b>4,684,998</b>	<b>4,961,517</b>	<b>5,969,911</b>	<b>5,794,055</b>	<b>6,607,538</b>	<b>9,644,807</b>	<b>7,288,284</b>	<b>12,392,471</b>	<b>15,824,325</b>	<b>7,987,503</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(299,134)</b>	<b>4,198,659</b>	<b>(522,957)</b>	<b>(700,959)</b>	<b>(88,114)</b>	<b>(1,697,677)</b>	<b>(20,040)</b>	<b>(2,339,871)</b>	<b>(5,689,861)</b>	<b>935,081</b>
<b>Other financing sources (uses):</b>										
Capital leases/debt issued	70,743	78,490	121,589	158,836	792,091	5,004,615	81,246	4,940,428	220,995	61,420
Proceeds from disposal of assets	-	-	-	-	-	-	82,966	24,625	8,000	151,866
Settlement proceeds	-	-	-	-	-	-	-	376,750	16,000	-
Transfers in	444,405	761,176	538,902	375,000	770,253	2,060,000	1,061,455	3,498,657	6,834,756	930,662
Payment to refunding agent	-	-	-	-	(640,000)	-	-	-	-	-
Operating transfer to component unit	-	-	(9,791)	(10,626)	-	-	-	-	-	-
Transfers out	(205,018)	(661,176)	(538,902)	(375,000)	(770,253)	(2,060,000)	(861,455)	(3,498,657)	(6,834,756)	(930,662)
<b>Total other financing sources (uses)</b>	<b>310,130</b>	<b>178,490</b>	<b>111,798</b>	<b>148,210</b>	<b>152,091</b>	<b>5,004,615</b>	<b>364,212</b>	<b>5,341,803</b>	<b>244,995</b>	<b>213,286</b>
<b>Net change in fund balances</b>	<b>\$ 10,996</b>	<b>\$ 4,377,149</b>	<b>\$ (411,159)</b>	<b>\$ (552,749)</b>	<b>\$ 63,977</b>	<b>\$ 3,306,938</b>	<b>\$ 344,172</b>	<b>\$ 3,001,932</b>	<b>\$ (5,444,866)</b>	<b>\$ 1,146,367</b>
<b>Debt service as a % of noncapital expenditures</b>	<b>6.4%</b>	<b>5.4%</b>	<b>5.7%</b>	<b>9.7%</b>	<b>5.0%</b>	<b>8.5%</b>	<b>10.6%</b>	<b>11.9%</b>	<b>12.9%</b>	<b>17.4%</b>

**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
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
2009	3,053,036	266,585	698,539	278,121	27,656	700,127	5,024,064

Percentage Change In Dollars Over 10 Years      173.4%      55.2%      150.4%      105.3%      -26.4%      59.3%      130.5%

CITY OF POWDER SPRINGS, GEORGIA  
 TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY  
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Amounts										Estimated Actual Value	Annual Percentage Change	
	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			Total Direct Tax Rate
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%
2009	320,621,864	197,812	105,067,948	7,984,989	328,488	5,924,520	31,986,064	15,483	1,667,042	470,460,126	8.50	1,176,150,315	5.7%

Note: 1 - All property is assessed at 40% of fair market value  
 2 - 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)*

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>1 Underlying Rates</b>			<b>Total Underlying and Direct</b>
		<b>Cobb County</b>	<b>Cobb County Schools</b>	<b>State of Georgia</b>	
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
2009	8.50	9.60	18.90	0.25	37.25

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, 2009 and 1999

	2009			1999		
	Principal Taxpayer	Taxable Assessed Value	Rank	Principal Taxpayer	Taxable Assessed Value	Rank
						Percentage of Total Taxable Assessed Value
Home Depot	\$ 6,574,058	1	Rhodes, Inc.	\$ 6,013,626	1	3.01%
Sembler Family Partnership	5,433,280	2	Foster, W. M.	1,637,416	2	0.74%
Kroger Company	3,531,699	3	M G International, Inc.	1,477,854	3	0.52%
Foster, W. M.	2,978,316	4	Sembler Family Partnership	1,027,948	4	0.82%
Weingarten Realty Investors	2,778,640	5	McNeel Builders, Inc.	875,801	5	0.44%
McNeel Builders, Inc.	2,777,752	6	Hubert Properties, L. P.	667,864	6	0.33%
3380 Florence Road LLC	2,704,800	7	VF Powder Springs Associates Real Estate	575,901	7	0.29%
Priske Jones	1,600,800	8				
Standex Air Distribution Products	1,558,600	9				
SEA 101 LLC	1,474,920	10				
<b>Total Principal Taxpayers</b>	<b>31,412,865</b>			<b>12,276,410</b>		<b>6.15%</b>
<b>All Other Taxpayers</b>	<b>401,121,198</b>			<b>187,221,943</b>		<b>93.85%</b>
<b>Total</b>	<b>\$ 432,534,063</b>			<b>\$ 199,498,353</b>		<b>100.00%</b>

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, 2009	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
2000	1,199,662	1,103,804	92.01%	86,622	1,190,426	99.23%
2001	1,468,841	1,313,436	89.42%	148,644	1,462,080	99.54%
2002	1,534,600	1,462,407	95.30%	65,651	1,528,058	99.57%
2003	1,736,175	1,679,655	96.74%	43,981	1,723,636	99.28%
2004	1,824,133	1,775,836	97.35%	39,020	1,814,856	99.49%
2005	2,445,897	2,344,785	95.87%	76,858	2,421,643	99.01%
2006	2,691,845	2,595,938	96.44%	76,079	2,672,017	99.26%
2007	2,887,406	2,786,661	96.51%	81,410	2,868,071	99.33%
2008	3,056,073	2,971,048	97.22%	32,224	3,003,272	98.27%
2009	3,283,867	3,146,542	95.82%	-	3,146,542	95.82%

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) Base Rate	(2) Usage Rate *Gallons	(1) Base Rate	(2) Usage Rate *Gallons		
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 6001-15000 15001-999999	4.10 5.13 6.15	13.38	2001-6000 6001-15000 15001-999999	4.17 5.21 6.26
2009	8.20	2001-6000 6001-15000 15001-999999	4.10 5.13 6.15	12.86	2001-6000 6001-15000 15001-999999	4.16 5.20 6.26

	Sewer			
	Inside City Limits		Outside City Limits	
	(1) Base Rate	(2) Usage Rate	(1) Base Rate	(2) Usage Rate
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
2009	10.84	5.42	11.70	5.85

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	Total Direct Rate										
		Inside the City Limits					Outside the City Limits					
		Water		Sewer		Base Rate (1)	Water		Sewer		Base Rate (1)	
Usage Rate (2)	Base Rate (1)	Usage Rate (2)	Base Rate (1)	Usage Rate (2)	Base Rate (1)		Usage Rate (2)	Base Rate (1)				
2000	426,793,942	5.14	2.57	5.88	10.14	2.94	2.57	5.88	10.14	2.57	6.60	3.30
2001	423,319,681	5.14	2.57	5.88	10.14	2.94	2.57	5.88	10.14	2.57	6.60	3.30
2002	430,160,540	5.14	2.57	6.76	10.14	3.38	2.57	6.76	10.14	2.57	7.60	3.80
2003	369,677,527	5.26	2.63	6.76	10.26	3.38	2.63	6.76	10.26	2.63	7.60	3.80
2004	420,900,177	6.76	2.66	9.12	11.83	3.45	2.66	9.12	11.83	2.66	9.98	3.88
2005	424,409,260	6.93	3.47	9.48	12.12	4.75	3.47	9.48	12.12	3.54	10.38	5.20
2006	431,593,749	7.02	3.51	9.67	12.27	4.84	3.51	9.67	12.27	3.58	10.58	5.30
2007	452,627,952	7.09	3.58	9.80	12.34	4.97	3.58	9.80	12.34	3.65	10.71	5.43
2008	345,214,885	8.20	4.10	10.84	13.38	5.42	4.10	10.84	13.38	4.17	11.80	5.90
			5.13				6001-15000			5.21		
			6.15				15001-999999			6.26		
2009	364,975,200	8.20	4.10	10.84	12.86	5.42	2001-6000			4.16	11.70	5.85
			5.13				6001-15000			5.20		
			6.15				15001-999999			6.26		

(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 SOLD BY TYPE OF CUSTOMER**

Last Ten Fiscal Years  
(in millions of gallons)

<u>Type of Customer</u>	<u>Fiscal Year 2000</u>		<u>Fiscal Year 2001</u>		<u>Fiscal Year 2002</u>		<u>Fiscal Year 2003</u>		<u>Fiscal Year 2004</u>	
	<u>Gallons</u>	<u>%</u>								
Residential	409.9	96%	416.7	98%	419.9	98%	358.5	97%	382.8	91%
Commercial	16.9	4%	6.6	2%	10.3	2%	11.2	3%	38.1	9%
<b>Total</b>	<b>426.8</b>	<b>100%</b>	<b>423.3</b>	<b>100%</b>	<b>430.2</b>	<b>100%</b>	<b>369.7</b>	<b>100%</b>	<b>420.9</b>	<b>100%</b>
	<u>Fiscal Year 2005</u>		<u>Fiscal Year 2006</u>		<u>Fiscal Year 2007</u>		<u>Fiscal Year 2008</u>		<u>Fiscal Year 2009</u>	
	<u>Gallons</u>	<u>%</u>								
Residential	386.2	91%	393.7	91%	413.8	91%	362.3	91%	322.2	88%
Commercial	38.2	9%	37.8	9%	38.9	9%	35.1	9%	42.7	12%
<b>Total</b>	<b>424.4</b>	<b>100%</b>	<b>431.5</b>	<b>100%</b>	<b>452.7</b>	<b>100%</b>	<b>397.4</b>	<b>100%</b>	<b>364.9</b>	<b>100%</b>

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

Fiscal Year Ended June 30,	Governmental-Type Activities					Other Governmental Activities Debt	
	General Obligation Bonds	Estimated Actual Value of Taxable Property	Percentage of Estimated Actual Value	Population	Per Capita	Capital Leases	Intergovernmental Contracts
2000	-	508,512,840	0.00%	11,100	-	977,967	-
2001	-	543,566,183	0.00%	12,481	-	945,464	-
2002	-	625,816,903	0.00%	12,481	-	928,246	-
2003	-	741,970,668	0.00%	12,481	-	920,807	361,840
2004	-	803,461,670	0.00%	12,481	-	862,163	260,836
2005	-	889,122,425	0.00%	12,481	-	5,696,681	121,878
2006	-	963,742,363	0.00%	12,481	-	5,488,942	41,620
2007	-	1,043,715,115	0.00%	12,481	-	10,132,654	-
2008	-	1,112,722,158	0.00%	12,481	-	10,016,157	121,388
2009	-	1,176,150,315	0.00%	12,481	-	9,516,800	86,706

Fiscal Year Ended June 30,	Business-Type Activities				Percentage of Estimated Actual Value	
	Capital Leases	Loans Payable	Revenue Bonds	Total Primary Government	Estimated Actual Value	Per Capita
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
2009	273,416	1,060,457	330,000	11,267,379	0.96%	903

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, 2009 (Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Cobb County General Obligation Debt (including Tax Anticipation Notes)	\$153,815,000	1.40%	\$ 2,153,410
<b>Other debt</b>			
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%	745,290
Subtotal, overlapping debt			3,175,130
<b>City direct debt</b>			<u>9,603,506</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 12,778,636</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.

<sup>1</sup>The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the 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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Assessed Value</b>	\$ 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	\$ 432,534,063
<b>Legal Debt Margin</b>										
Debt Limit (10% of assessed value)	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	43,253,406
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
<b>Legal Debt Margin</b>	\$ 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	\$ 43,253,406
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**  
**PLEGGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**

Fiscal Year	Water Revenue Bonds					Coverage
	1 Utility Service Charges	2 Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	
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	3,845,512	3,097,858	747,654	325,000	18,667	218%
2009	3,910,804	3,212,562	698,242	330,000	9,404	206%

Notes: 1 - Includes interest income

2 - Excludes depreciation expense

**CITY OF POWDER SPRINGS, GEORGIA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
June 30, 2009**

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<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, 2009 and 2006 (Unaudited)

2009		*2006	
Employer	Number of Employees	Employer	Number of Employees
	Rank		Rank
Brian Center Nursing Care	235	Brian Center Nursing Care	260
City of Powder Springs	112	Star Acquisitions	200
Kroger	106	Kroger	150
Powder Springs Elementary	106	Home Depot	120
Home Depot	100	Powder Springs Elementary	120
Star Acquisitions	96	Tapp Middle School	118
Tapp Middle School	95	City of Powder Springs	115
Publix	85	Compton Elementary School	110
Compton Elementary School	81	Alco Manufacturing	100
Alco Manufacturing	80	Publix	100
Caldwell Insulation	80		
<b>Total Principal Employees</b>	<b>1,176</b>		<b>1,393</b>

\*Information prior to 2006 is not readily available

Source: City Department of Economic Development

The total number employed in the City in 2009 is not available

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

Function / Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Administration</b>										
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	-	-
Administration	2	3	5	7	11	11	12	10	11	10
Information Technology	-	-	-	-	-	-	-	1	1	1
Purchasing	-	-	-	-	-	-	-	1	1	1
Municipal Court	5	5	6	6	5	5	6	8	6	3
<b>Total General Administration</b>	<b>13</b>	<b>14</b>	<b>18</b>	<b>20</b>	<b>23</b>	<b>23</b>	<b>25</b>	<b>27</b>	<b>25</b>	<b>21</b>
<b>Housing and Development</b>										
Building Inspection	2	2	1	1	2	2	2	2	2	1
Community Development	2	2	3	3	3	4	7	8	8	6
Code Enforcement	-	1	1	2	2	2	1	3	3	2
<b>Total Housing and Development</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>10</b>	<b>13</b>	<b>13</b>	<b>9</b>
<b>Public Safety</b>										
Police	23	36	41	49	51	51	53	51	57	48
<b>Public Works</b>										
Streets	4	4	5	6	6	8	8	6	6	5
<b>Water &amp; Sewer</b>										
Water	8	8	9	12	8	10	10	11	12	11
Sewer	2	3	6	9	6	5	6	5	6	4
<b>Total Water &amp; Sewer</b>	<b>10</b>	<b>11</b>	<b>15</b>	<b>21</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>18</b>	<b>15</b>
<b>Sanitation</b>										
	5	5	7	6	8	9	13	13	14	14
<b>Total</b>	<b>59</b>	<b>75</b>	<b>91</b>	<b>108</b>	<b>109</b>	<b>114</b>	<b>125</b>	<b>126</b>	<b>133</b>	<b>112</b>

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

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Building Permits Issued	211	214	185	319	272	233	246	211	(1) 173	249
Police										
Physical Arrests	N/A	N/A	668	714	726	660	664	810	882	485
Citations Issued	2,652	4,275	4,813	4,595	4,191	5,047	5,785	8,811	8,592	6,313
Refuse Collection										
Refuse Collected (tons per day)	N/A	N/A	N/A	N/A	N/A	N/A	35	35	35	42
Water										
Average Daily Consumption	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	999,932

N/A - Information not available  
 (1) Updated

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	11	12	12	13	12	14	15	14	37	36
Refuse Collection	N/A	N/A	N/A	4	4	4	5	5	4	4
Collection Trucks										
Other Public Works Streets (miles)	N/A	N/A	N/A	N/A	N/A	N/A	60	61	61	61
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	2,000	2,000	2,000	2,000
Water										
Water mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	70	70	70	70
Wastewater										
Sanitary Sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	70	70	70	70

N/A - Information not available

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



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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, 2009, which collectively comprise the City of Powder Springs, Georgia's basic financial statements and have issued our report thereon dated December 28, 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:

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

Management Response: Staff changes and position vacancies contributed to the City's deficiencies in controls over the financial reporting process. Procedures are being implemented to provide for adequate segregation of duties and daily checks and balances of transactions.

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

December 28, 2009