

CITY OF POWDER SPRINGS, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

Prepared by:
Finance Department

Submitted by:
Pam Conner
City Manager

CITY OF POWDER SPRINGS, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

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INTRODUCTORY SECTION



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December 31, 2015

Honorable Patricia Vaughn, Mayor,
Members of the City Council,
and Citizens of Powder Springs, Georgia

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Powder Springs, Georgia, for the fiscal year ended June 30, 2015 is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. This report has been prepared in accordance with generally accepted accounting principles. All disclosures necessary to enable an interested reader to gain the maximum understanding of the City's financial activities have been included.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Powder Springs for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Powder Springs' financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor report is presented as the first component of the financial section of the report.

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

PROFILE OF THE GOVERNMENT

The City of Powder Springs was incorporated as Springville in 1838 in the lands of two Cherokee Indian chiefs, Chief Noses and Chief Ana Kanasta (Sweetwater). Gold had been discovered in Georgia ten years earlier, and the first area settlers came to find gold. They found little in the mines at Lost Mountain and off Brownsville Road. It was at about this same time that the Cherokee Indians were forced off their land and marched to Oklahoma on the "Trail of Tears." Over 4,000 died on the way. The name Springville was changed to Powder Springs in 1859. This name was derived from the seven springs in the City Limits. The water in these springs contains some 26 minerals. Minerals that turn the surrounding sand black like gunpowder – hence the name Gunpowder Springs.

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 wards. This elected body is responsible for the active coordination of community resources, to anticipate problems, and meet community needs. Policy-making and legislative authority are vested in the City Council, consisting of the Mayor and five Council members, all elected on a non-partisan basis. The Council appoints the City's manager, who in turn appoints the heads of the various departments.

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

The City provides a full range of services to approximately 14,000 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.

The City 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, and is reported as a blended component unit.

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

LONG TERM FINANCIAL PLANNING

As detailed within the following financial statements, the City's policy is to maintain a healthy General Fund balance, currently 70% of annual annual expenditures and transfers, or enough to maintain the City's operations for about 8 months. This reserve balance is necessary for periods of weak revenues (such as the last several years when the tax digest continued to decline) and emergency situations, such as the flood in 2009. As part of the financial strategic plan, the City is committed to a consistent millage rate for property taxes to facilitate the provision of city services. The City's operating millage rate of 8.5 mills has not been increased since 2005. The City also offers residents a "floating" exemption of property taxes, which maintains the taxable value of the property as long as the resident continues to own the property. Upon sale of the property the taxable value is set at the assessed value.

LOCAL ECONOMY

The local economy of Powder Springs is starting to see increasingly meaningful improvements and positive signs in its economic climate after the economic recession that began in 2008. Based on the US Bureau of Labor Statistics for the Atlanta Metro Statistical Area (MSA), the unemployment rate in Powder Springs dropped to 6.1% in 2015, down 14% the previous year (reported at 7.1%). The City issued 372 Building Permits in Fiscal Year 2015, an increase of 26.5% from the prior year. Developments in the surrounding area impact the local economy favorably.

As the national and state economies continue to improve, we believe that the City is positioned to once again continue the growth experienced in the last decade. Additionally, we hope to see an increase in economic and commercial development as a result of the past and ongoing transportation and enhancement projects designed to improve access to commercial properties along major travel corridors throughout the City and continued implementation of various economic development incentives and tools designed to aid in recruitment efforts. Continued economic recovery, enhancement projects and incentive programs will better position Powder Springs in the competitive environment of economic development.

Powder Springs continues efforts to encourage and recruit a diversified stock of residential and commercial development. The tax digest remains diversified; however, there was only a slight increase from the total assessed taxable value in 2014. The 2014 tax digest of the City increased 1.9% to a total assessed taxable value of \$321,666,855. The 2015 tax digest was approved by the Cobb County Board of Equalization at the end of June 2015. The 2015 digest had an increase of 9.45%. The increases in the taxable value along with the increase of planned developments are evidence that the economy is recovering from the recession.

MAJOR INITIATIVES FOR THIS YEAR

ROAD AND STREET IMPROVEMENTS

Completed Assessment, Design and Engineering

In order to complete prioritized transportation projects in fiscal year 2015, the City combined local and state resources (*including 2011 SPLOST, 2014 & 2015 LMIG awards as well as reserves and transfers out for Capital projects*). The City completed the assessment, design, engineering and construction for the following road resurfacing projects: New Macland Road; Brownsville Road; Marietta Street, Austell Powder Springs Road and Florence Road. The City completed work including the patching, milling and resurfacing along Pine Valley Drive, Paddocks Court and Silverbrooke Drive.

GENERAL GOVERNMENT

City Facility Upgrades

The City added two new Electronic Message Signs, one at City Hall and one located at the corner of Richard Sailors and New Macland Road. The signs provide the City another venue to inform citizens of upcoming events, meetings and other pertinent information.

PARKS, RECREATION AND CULTURAL AFFAIRS

Seven Springs Museum at the Bodiford House

In fiscal year 2014, the City acquired the historic property located at 4355 Marietta Street. This property was home to former Cobb county Judge James Bodiford. During fiscal year 2015, the City completed the design and continued the renovations to the Seven Springs Museum located at the Bodiford House. The Seven Springs Museum is an outstanding historic home. It has so much for the City to be proud of: hand painted wood graining, six fireplaces, antique chandeliers, a wrap-around porch, beautiful woodwork, an impressive staircase, a vintage kitchen, and a wonderful story of a modest home enlarged into a grand house. It is the City's goal to share this new acquisition with residents and visitors. There is also a new Welcome Center kiosk in the lobby that provides tourism information about Powder Springs and the surrounding area attractions. The Seven Springs Museum at the Bodiford House opened in October 2015.

Phase I of the Silver Comet Linear Park

The first phase of a four phase project to create a 10-acre park along the Silver Comet Trail between Powder Springs Road and New Macland Road completed partial construction in October 2014. The City completed a ribbon cutting for the completed portions of the park, which include a playground and concession area with public restroom facilities.

Continuity of City Operations Plan (COOP)

In fiscal year 2015, the City completed a continuity of City operations plan to guide the City's efforts in providing critical mission essential functions when faced by a threat or hazard. The City also completed emergency preparedness and training, and conducted exercises to help train City personnel on their roles and responsibilities.

PUBLIC SAFETY AND JUDICIAL

The City of Powder Springs Police Department identified officer retention and recruitment as two of its major goals in fiscal year 2015. With the adoption of the City's fiscal year 2015 budget, the City of Powder Springs' Police Department has initiated a "Take-Home Car Program" for its officers. The City is continuing its efforts to

make fleet updates, and as cars become available, officers are registering for this program. In fiscal year 2015, the City of Powder Springs also initiated body cameras. The City acquired body cameras for all sworn officers in October 2014. The City of Powder Springs Police Department also implemented a new Police Policy Manual. Through this, and other initiatives, the City achieved its State Certification in December 2014.

INITIATIVES FOR FUTURE YEARS

Unified Development Code Update

The City engaged a team of consultants to evaluate and update the City's Unified Development Code, adopted in 2002. The project will result in updated zoning and development regulations for the City of Powder Springs that will guide the City's land use and development during the upcoming decade. The new code must include revisions that will be user-friendly, provide predictability and ensure quality development. The modernized land use regulatory program will implement the City's adopted comprehensive plan. The project is expected to be completed in the winter of 2015.

Storm Water Management Plan Update

The Georgia EPD recently issued the new Phase I MS4 NPDES permit effective, June 2014. The City will begin and complete an update to the SWMP in fiscal year 2015 that will be compliant with the new permit, including the new requirement to develop an Enforcement Response Plan and to evaluate and adopt Green Infrastructure/Low Impact Development ordinances and comprehensive plan amendments.

FINANCIAL POLICIES

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

Budgetary Controls

The City maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the General Fund and enterprise funds are included in the annual appropriated budget. Capital projects are budgeted on a project length basis and are approved by the Council at the time the project is accepted. The official level of City budget control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the department level within each fund. Administrative transfers of appropriations within a department may be authorized by the Department Head or Finance to meet unforeseen needs. Transfers of appropriations between departments or functions within a fund are reviewed with the City Council prior to approval. The City's budget procedures are more fully explained in the accompanying notes to the financial statements. The City maintains an encumbrance accounting system as one means of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to the ensuing year's budget on a case by case basis.

OTHER INFORMATION

Awards and Achievements.

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 for its comprehensive annual financial report for the fiscal year ended June 30, 2014. 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 only one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments.

The preparation of the report could not have been accomplished without the efficient and dedicated efforts of the staff of the Finance Department, the Finance Director, the auditors for the City, and the cooperation of the City staff. My sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

Respectfully submitted,



Pam Conner
City Manager



Government Finance Officers Association

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

Presented to

**City of Powder Springs
Georgia**

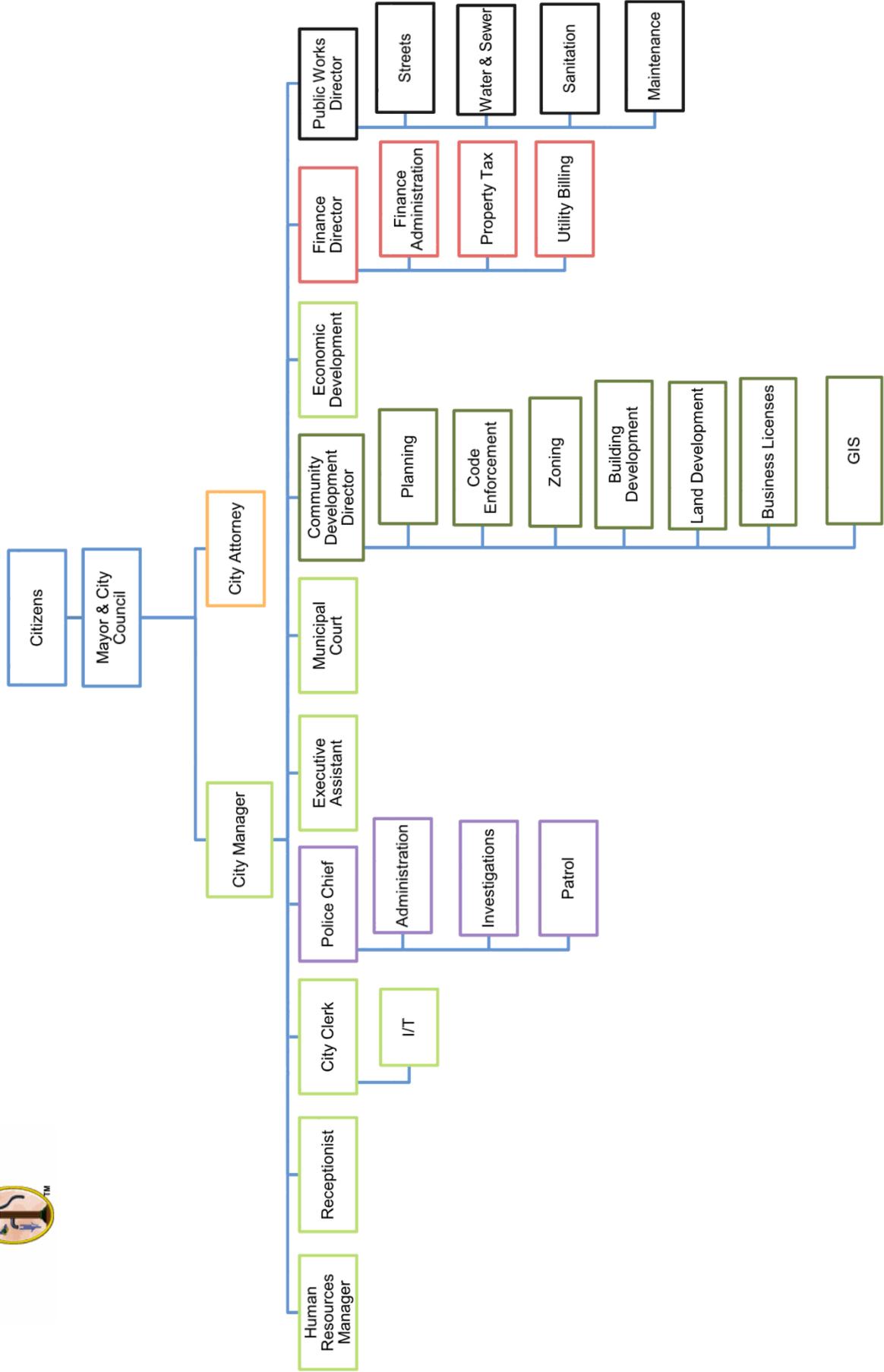
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



2015 Organizational Chart Fiscal Year Ended June 30, 2015



CITY OF POWDER SPRINGS, GEORGIA
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2015

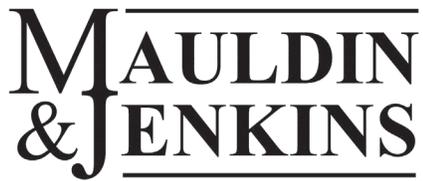
CITY COUNCIL

Patricia C. Vaughn	Mayor
Rosalyn Neal	Council Member
Cheryl Sarvis	Council Member
Chris Wizner	Council Member
Nancy Hudson	Council Member
Albert Thurman	Council Member

CITY ADMINISTRATION

Pamela Conner	City Manager
Diana Belanger	Finance Director
Michael Anderson	Public Works Director
John Robinson	Chief of Police
Tina Garver	Community Development Director
Stephanie Aylworth	Economic Development Director
Rosalyn Nealy	Human Resources Director
Kelly Axt	Clerk of Council
Tracie Jackson	Municipal Court Clerk
Gregory Doyle Calhoun & Rogers	City Attorney

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Powder Springs, Georgia (the "City")**, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Powder Springs, Georgia as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 9 and 14, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the City's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress – other postemployment benefits, the schedule of changes in the City's net pension liability and related ratios, the schedule of City's contributions, and the General Fund budgetary comparison information on pages 4-17 and 59-63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 31, 2015

The Management's Discussion and Analysis of the City of Powder Springs, Georgia's Comprehensive Annual Financial Report (CAFR) provides an overall narrative and analysis of the City's financial statements for the fiscal year ended June 30, 2015. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should also review the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- ◆ The City's combined net position totaled \$48,412,708, an increase of \$4,425,291 over the restated 2014 fiscal year. Of this amount, unrestricted net position of \$12,120,251 may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ Combined revenue totaled \$17,607,919, of which governmental activities totaled \$10,235,960 and business-type activities totaled \$7,371,959.
- ◆ Overall expenses totaled \$13,182,628 of which governmental activities totaled \$6,772,636 and business-type activities totaled \$6,409,992.
- ◆ At the end of June 30, 2015, governmental activities expenses exceeded program revenues by \$1,755,377. Operating expenses in excess of charges for services and grants & contributions are funded using general revenues (mostly taxes). Governmental activities net position increased by \$3,463,324.
- ◆ Total business-type activities program revenues exceeded business-type activities expenses by \$961,011, resulting in an increase of \$961,967 to business-type net position.
- ◆ The investment in capital assets, net of related debt, for government activities increased by \$2,673,771 and investment in capital assets, net of related debt, for business-type activities decreased by \$28,384.
- ◆ At June 30, 2015, the City's General Fund reported an unassigned fund balance of \$3,851,796, a decrease of \$662,190, over the prior fiscal year's unassigned fund balance.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements include not only the City of Powder Springs, Georgia itself but also a legally separate Powder Springs Downtown Development Authority for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

Fund Financial Statements

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

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2015

divided into two categories: governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

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

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

Major funds are reported separately. The City's major funds include the General Fund, the SPLOST Fund, and the Capital Projects Fund. The basic governmental fund statements are presented on pages 20 to 22 of this report.

Proprietary Funds

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

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the 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 can be found on pages 23-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's other postemployment schedule of funding

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2015

progress, the City's changes in the net pension liability, the City's contributions to the pension plan, and the budget presentation. A budgetary comparison schedule for the General Fund is presented which demonstrates compliance with the City's adopted and final revised budget. Required supplementary information can be found on pages 59 to 61 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$48,412,708 at June 30, 2015. The following table provides a summary of the City's governmental and business-type net position for fiscal years 2015 and 2014:

City of Powder Springs
Statement of Net Position

	Governmental Activities		Business-type Activities		Total		Percent of Total
	2015	2014 - restated	2015	2014 - restated	2015	2014 - restated	
Assets:							
Current assets	\$ 10,060,012	\$ 9,196,980	\$ 8,549,741	\$ 7,427,158	\$ 18,609,753	\$ 16,624,138	30%
Capital assets, net	35,376,726	33,142,109	5,762,183	5,724,836	41,138,909	38,866,945	70%
Total assets	<u>45,436,738</u>	<u>42,339,089</u>	<u>14,311,924</u>	<u>13,151,994</u>	<u>59,748,662</u>	<u>55,491,083</u>	
Deferred outflows of resources	301,092	107,707	53,984	50,259	355,076	157,966	100%
Liabilities							
Current liabilities	1,038,033	961,741	1,349,282	1,078,024	2,387,315	2,039,765	17%
Long-term liabilities, net	8,158,237	8,468,456	1,055,080	1,153,411	9,213,317	9,621,867	83%
Total liabilities	<u>9,196,270</u>	<u>9,430,197</u>	<u>2,404,362</u>	<u>2,231,435</u>	<u>11,600,632</u>	<u>11,661,632</u>	
Deferred inflows of resources	61,637	-	28,761	-	90,398	-	100%
Net Position							
Net investment in capital assets	28,730,880	26,057,109	5,264,412	5,236,028	33,995,292	31,293,137	71%
Restricted	2,501,319	2,109,402	-	-	2,501,319	2,109,402	5%
Unrestricted	5,247,724	4,850,088	6,668,373	5,734,790	11,916,097	10,584,878	24%
Total net position	<u>\$ 36,479,923</u>	<u>\$ 33,016,599</u>	<u>\$ 11,932,785</u>	<u>\$ 10,970,818</u>	<u>\$ 48,412,708</u>	<u>\$ 43,987,417</u>	

The City's net investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding comprise 70% of the City's total net position. Net investment in capital assets increased by \$2,702,155 in fiscal year 2015. The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities net position increased by \$3,463,324 in fiscal year 2015. The net position of business-type activities increased \$961,967. The City's overall financial position increased during fiscal year 2015 by \$4,425,291.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2015

The following table indicates the changes in net position for governmental and business-type activities in fiscal year 2015 and fiscal year 2014:

City of Powder Springs
 Changes in Net Position

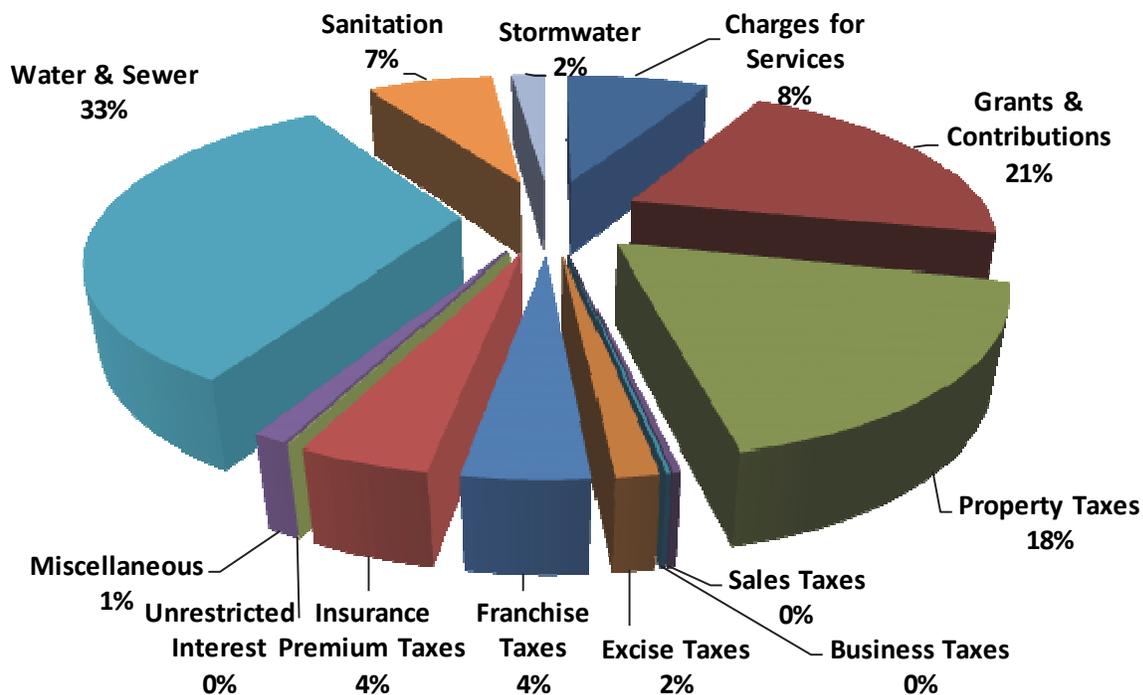
	Governmental Activities		Business-type Activities		Total		Percent of Total
	2015	2014 - restated	2015	2014 - restated	2015	2014 - restated	
Revenues:							
Program revenues:							
Charges for services	\$ 1,433,740	\$ 1,119,703	\$ 7,371,003	\$ 7,112,062	\$ 8,804,743	\$ 8,231,765	50.0%
Operating grants & cont.	454,788	331,244	-	-	454,788	331,244	2.6%
Capital grants & cont.	3,128,731	2,817,525	-	-	3,128,731	2,817,525	17.8%
General revenues:							
Property taxes	3,200,350	3,093,482	-	-	3,200,350	3,093,482	18.2%
Sales taxes	47,448	46,350	-	-	47,448	46,350	0.3%
Excise taxes	249,618	238,301	-	-	249,618	238,301	1.4%
Franchise taxes	729,939	675,157	-	-	729,939	675,157	4.1%
Other taxes	783,137	1,028,138	-	-	783,137	1,028,138	4.4%
Unrestricted interest	5,588	4,648	956	802	6,544	5,450	0.0%
Miscellaneous	202,621	25,893	-	-	202,621	25,893	1.2%
Total revenues	10,235,960	9,380,441	7,371,959	7,112,864	17,607,919	16,493,305	100%
Expenses:							
General government	881,610	900,533	-	-	881,610	900,533	6.7%
Judicial	154,306	151,596	-	-	154,306	151,596	1.2%
Public works	1,499,231	1,742,675	-	-	1,499,231	1,742,675	11.4%
Culture and recreation	290,317	408,830	-	-	290,317	408,830	2.2%
Public safety	2,858,898	2,482,731	-	-	2,858,898	2,482,731	21.7%
Community development	735,300	590,648	-	-	735,300	590,648	5.6%
Interest on long-term debt	352,974	305,452	-	-	352,974	305,452	2.7%
Water & Sewer	-	-	5,089,822	5,113,633	5,089,822	5,113,633	38.6%
Solid waste	-	-	904,705	977,570	904,705	977,570	6.9%
Stormwater	-	-	415,465	306,187	415,465	306,187	3.2%
Total expenses	6,772,636	6,582,465	6,409,992	6,397,390	13,182,628	12,979,855	100%
Increase in net position before transfers	3,463,324	2,797,976	961,967	715,474	4,425,291	3,513,450	
Transfers	-	-	-	-	-	-	
Change in net position	<u>3,463,324</u>	<u>2,797,976</u>	<u>961,967</u>	<u>715,474</u>	<u>4,425,291</u>	<u>3,513,450</u>	
Net position, beginning	<u>33,016,599</u>	<u>30,446,318</u>	<u>10,970,818</u>	<u>10,361,591</u>	<u>43,987,417</u>	<u>40,807,909</u>	
Restatement - implementation of GASB 68 & 71	-	(227,695)	-	(106,247)	-	(333,942)	
Net position, ending	<u>\$ 36,479,923</u>	<u>\$ 33,016,599</u>	<u>\$ 11,932,785</u>	<u>\$ 10,970,818</u>	<u>\$ 48,412,708</u>	<u>\$ 43,987,417</u>	

Changes in Overall Net Position from Operating Results

Revenues

Total governmental activities revenues increased by \$855,519. This increase is primarily attributed to increases in program revenues, such as Charges for Services (\$314,037), Operating and Capital Grants and Contributions, (\$123,544 and \$311,206, respectively). These increases account for \$748,787 (over prior year revenue). The Charges for Services revenue sources include fees for services such as building permits, facility rentals and municipal court fines. Other notable changes in governmental activities revenues include an increase in property taxes revenue of \$106,868 due to only a slight increase in property values (2% more than prior year assessed values) combined with a slightly lower collection rate. The City is heavily reliant on tax revenues to support governmental activities operations. Taxes provided \$5,010,492 or 49% of the City’s governmental revenue. Charges for services provided \$1,433,740 or 14% of operating revenues. Accordingly, the City’s taxpayers and purchases of City services fund 63% of governmental operating activity. As a result, the condition of the local economy and the economy’s impact on local businesses has a major effect on the City’s revenue streams.

Business-type activities, also called enterprise or proprietary funds, are established to be supported by fee revenues. Water and sewer revenues increased slightly over prior year revenues (\$139,177 or 2%). This increase is due to a 4% rate increase that became effective and was implemented mid-year in fiscal year 2015 to cover increased charges for water purchases from Cobb County. Sanitation revenue increased by \$119,804 (11% more than prior year revenue), primarily due to an increase in billing charges. In fiscal year 2013, the City established the Storm Water Fund, through the establishment of a Storm Water utility fee rate billed annually with property taxes. The Storm Water Fund billed a total \$352,539 for the utility fees in 2015, a decrease of \$40 or 0% from fiscal year 2014.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2015

Expenses

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

	Operating Expenses	Percentage of Total	Net Cost of Services	Percentage of Total
General government	\$ 881,610	6.7%	\$ (1,426,700)	-179.6%
Public safety	2,858,898	21.7%	2,700,571	340.0%
Community development	735,300	5.5%	735,300	92.6%
Public works	1,499,231	11.4%	(540,200)	-68.0%
Judicial	154,306	1.2%	(134,074)	-16.9%
Culture and recreation	290,317	2.2%	67,506	8.5%
Water & sewer	5,089,822	38.6%	(676,928)	-85.2%
Solid waste	904,705	6.9%	(347,009)	-43.7%
Stormwater	415,465	3.1%	62,926	7.9%
Interest and fiscal charges	352,974	2.7%	352,974	44.4%
Total	<u>\$ 13,182,628</u>	<u>100.0%</u>	<u>\$ 794,366</u>	<u>100.0%</u>

The City’s total expenses increased by \$202,773 or by 1.6%.

Governmental activities’ expenses increased by \$190,171 in fiscal year 2015 from expenses incurred in fiscal year 2014. Significant variances from prior year expenses included:

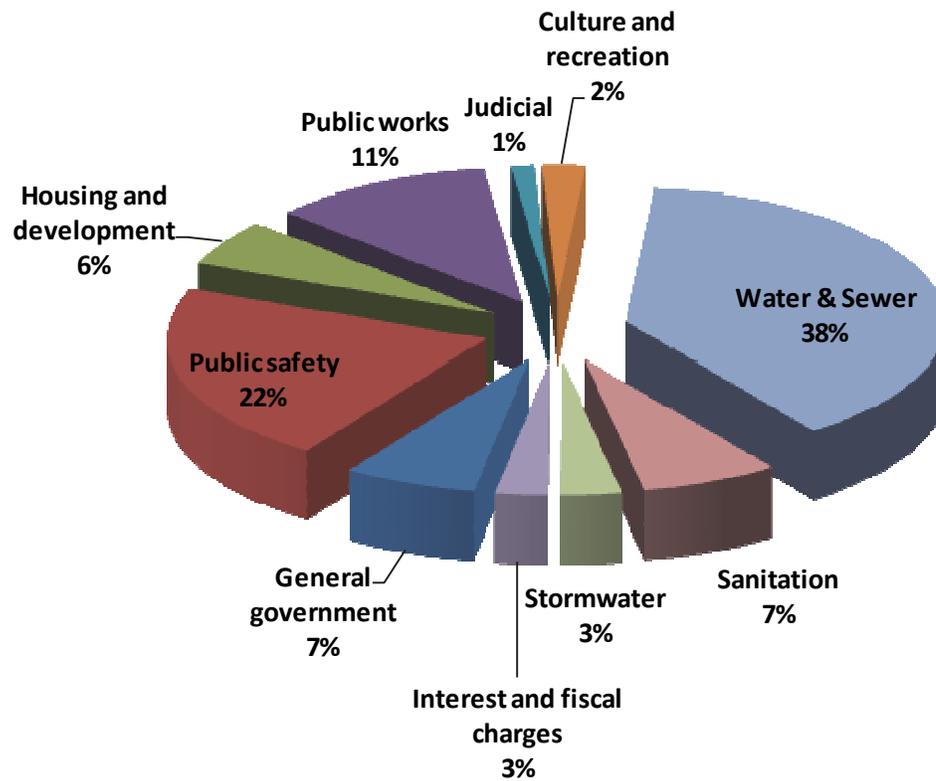
- Public Works expenses decreased \$243,444 due to decreased SPLOST spending from fiscal year 2014; Major projects completed in fiscal year 2015 include:
 - Lewis Road design and engineering phase complete;
 - Resurfacing completed for Marietta Street, Austell Powder Springs Road and Florence Road; and
 - 2014 and 2015 LMIG projects completed which include patching, milling and resurfacing along Pine Valley Drive, Paddocks Court and Silverbrooke Drive.
- Expenses for Public Safety increased \$376,167 in fiscal year 2015. This increase is displayed in personnel expenses categories. The personnel expenses increased \$70,809 in 2015.
- Culture and Recreation expenses decreased \$118,513.

Business-type operating expenses increased \$12,602 during the current fiscal year. Significant cost variances included:

- Increases in water purchases from Cobb Marietta Water Authority and sewer processing expenses totaled \$133,688, primarily due to increase water rate charges paid to Cobb County as well as increases in consumption. The City is currently undergoing an analysis of the GIS mapping of the water and sewer lines to determine funding for future capital needs assessment. As such, current repairs and maintenance have decreased by \$19,991.
- There was also an increase in collections in fiscal year 2015, which resulted in a decrease to bad debt expense by \$56,788 from fiscal year 2014.
- In the Sanitation Fund, expenses decreased \$72,865 from fiscal year 2014. This reduction is mostly attributed to reduction of indirect costs totaling \$96,997.
- The Storm Water Fund also contributed to an increase in overall business-type operating expenses. Expenses increased by \$109,278 from the prior fiscal year. The increase in expenses is due to timing of ongoing repairs and maintenance for the City’s Storm Water system.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2015

Enterprise funds' net costs decreases resulted in an increase in net position of \$961,967 in the current fiscal year.



Fund Analysis

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,868,064, an increase of \$786,715 or 10% from the prior year. The change in fund balance is a result of:

- *General Fund* fund balance decreased by \$270,756 to an ending balance of \$4,991,695, due to one-time spending on capital project transfers.
- *Capital Projects Fund* fund balance increased by \$167,724 to an ending balance of \$912,812. This increase is attributed to the additional transfers of funds set aside for future capital projects.
- *SPLOST Fund* fund balance increased \$913,478 to an ending fund balance of \$2,938,264. The increase results from the recognition of SPLOST proceeds in excess of the amount spent on SPLOST projects during the fiscal year. Most of the 2005 SPLOST projects are completed and many of the 2011 SPLOST projects either completed the assessment, design and engineering phases, or will begin construction in fiscal year 2016.

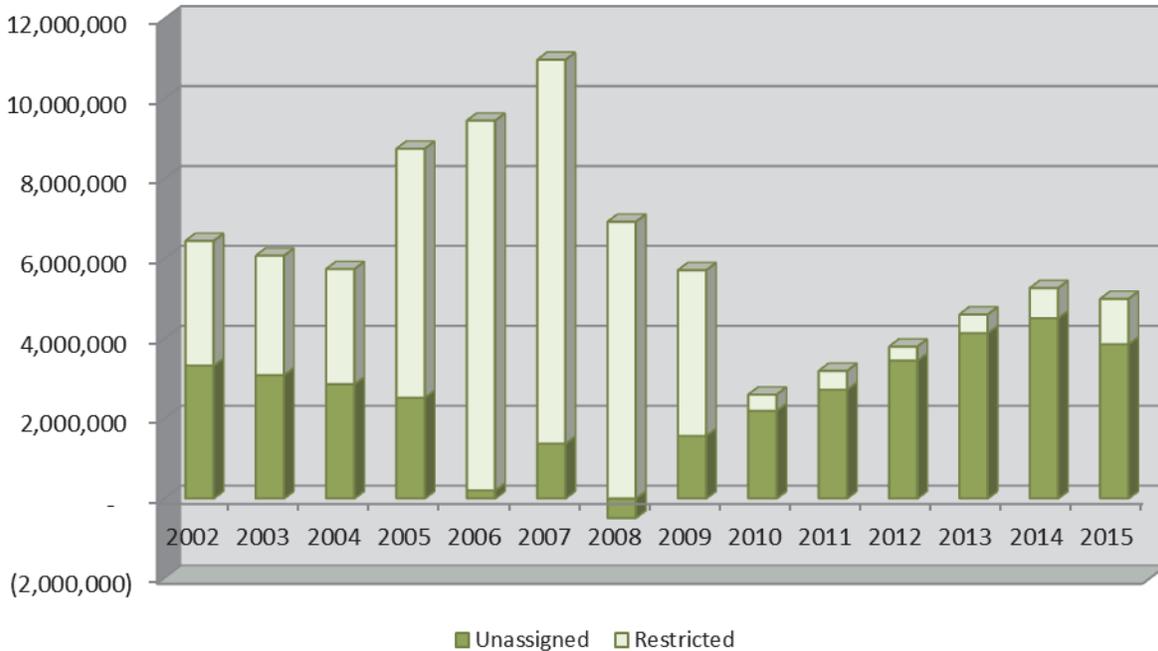
Within the ending fund balance of governmental funds, \$3,851,796 is unassigned, indicating availability for continuing City service delivery requirements. The remainder is restricted, assigned or non-spendable to indicate that it is not available for new spending because it is obligated as follows:

- **Non-spendable balance:**
 - \$33,171 for inventories
 - \$1,386,159 for prepaid items
- **Restricted balance:**
 - \$2,476,026 for capital projects
 - \$24,502 for law enforcement equipment
 - \$791 for debt service
- **Assigned balance:**
 - \$700,365 for use in 2016 Budget
 - \$395,254 for Capital Projects

Major Governmental Fund

General Fund – The General Fund is the primary operating fund and the largest source of day-to-day service delivery. The unassigned fund balance at June 30, 2015 of \$3,851,796 is considered sufficient, representing the equivalent of 54% of fiscal year 2015 General Fund expenditures and transfers out, or approximately 6 months of the current years' operating expenditures.

The following chart reports General Fund balances from fiscal year 2003 -2015:



General Fund revenues in the current year increased by \$194,754 from fiscal year 2014 revenues. Expenditures increased by a greater amount of \$1,121,745.

Capital Projects Fund – The Capital Projects Fund of the City reflects expenditures for capital projects as approved by the governing body. In fiscal year 2015, it is considered a major fund. The fund balance of the Capital Projects Fund increased \$167,724 as a result of transfers to fund future designated capital projects. Revenues, which are primarily, impact fees and transfers in from the General Fund, increased by \$890,562. Expenditures during the current fiscal year increased \$901,552 as a result of the acquisition and renovation of the new Seven Springs Museum at the Bodiford House.

SPLOST Fund - The SPLOST Fund is used to account capital projects and infrastructure improvements designated to be funded from the County’s 2006 and 2011 one percent Special Purpose Local Option Sales Tax. The fund balance increase of \$913,478 or 45% is due to the timing of collection of proceeds versus the corresponding expenditures on projects. SPLOST project expenditures were \$1,935,636 during the year as compared to expenditures of \$3,325,275 in fiscal year 2014. Revenues are received uniformly from Cobb County based on Cobb’s budgeted allocation to the City.

Major Proprietary Funds

The activities of the City that render services to the general public on a user charge basis, or that require periodic determination of revenues for public policy are accounted for as Proprietary Funds.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2015

The Proprietary Fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Water and Sewer Fund at the end of the year was \$10,526,493. Net position increased by \$677,114 during the year. Fund expenses decreased by \$23,811 primarily due to decreases in water and sewer line repairs. Revenues increased by \$139,166 as a result of the City's rate increase necessary to pass through increased costs in fees for water purchases and sewer processing.

The Sanitation Fund's net position at the end of the year was \$1,228,238. Net position increased by \$347,779 during the year as a result of significant budget cuts and conservative spending.

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 2014, the City adopted a General Fund Budget of \$7,083,452. At the end of the fiscal year, the final amended budgeted expenditures and transfers out were \$8,514,952, an increase of \$1,431,500. Actual General Fund revenue was \$115,683 in excess of final budgeted revenues for fiscal year 2015. Actual expenditures were \$524,423 less than final budgeted expenditures.

The most significant expenditure amendments are summarized as follows:

- Public Safety had an adjustment to capital outlay in the amount of \$255,686 for the purchase of new vehicles and equipment. These purchases were funded through an increase in revenue from the Federal Equitable Sharing Program.
- Transfers Out to Capital Projects budget was increased by \$464,089, using a combination of fund balance and current year revenue, as projections for increases in actual revenues were known. The revenue increases included gas franchise fees, insurance premiums, and HB 489 funding from Cobb County. This funding was used to complete renovations to the Bodiford House located at 4355 Marietta Street. This property will be the new home of the Seven Springs Museum.
- Transfers Out to Capital Projects budget was increased by \$350,000, using fund balance. This funding will be used to complete road resurfacing projects.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental activities amounts to \$35,376,726 and in the business-type activities the balance was \$5,762,183, as of June 30, 2015. This investment in capital assets includes land, buildings, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, streets and sidewalks, drainage systems and other similar items. As allowed under GASB Statement No. 34, the City has elected not to report major general infrastructure retroactively.

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2015

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

	2015 Capital Assets (Net of depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Construction in Progress	\$ 1,789,055	\$ 4,387,668	\$ 200,399	\$ -	\$ 1,989,454	\$ 4,387,668
Land	4,767,188	4,767,188	159,077	159,077	4,926,265	4,926,265
Buildings and Improvements	11,636,460	9,502,926	205,169	232,766	11,841,629	9,735,692
Furniture and Fixtures	4,820	7,409	-	-	4,820	7,409
Parks Equipment	685,604	902,120	-	-	685,604	902,120
Vehicles and Equipment	600,402	351,736	371,212	161,623	971,614	513,359
Infrastructure	15,893,197	13,223,062	-	-	15,893,197	13,223,062
Utility Systems	-	-	4,826,326	5,171,370	4,826,326	5,171,370
Total	\$ 35,376,726	\$ 33,142,109	\$ 5,762,183	\$ 5,724,836	\$ 41,138,909	\$ 38,866,945

At June 30, 2015, the depreciable capital assets for governmental activities were 34% depreciated. This comparison indicates that the City is replacing its assets more quickly than they are depreciating which is a positive indicator. Conversely, the depreciable capital assets of business-type activities were 73% depreciated indicating a slower rate of replacement or improvement.

The significant capital asset transfers during the year included the completion of the following projects from construction in progress to infrastructure and facilities include:

- SPLOST resurfacing, sidewalk and bridge improvements totaling \$3,280,155 additions to infrastructure;
- Additions to Phase 1 of Linear Park totaling \$1,295,552;
- Signage renovations and other City site improvements totaling \$57,390; and
- Facility renovations totaling \$1,224,723 additions to buildings and improvements.

Major projects included in the construction in progress account at June 30, 2015 are:

- SPLOST resurfacing, sidewalk and bridge improvements as well as general street improvements totaling \$443,254; with additional road resurfacing and LMIG projects totaling \$321,882;
- City facility improvements totaling \$226,001;
- Seven Springs Museum renovations totaling \$600,012;
- Signage renovations and other City site improvements totaling \$55,252; and
- Construction at Wild Horse Creek and Powder Springs Park totaling \$142,652.

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

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2015

Long-Term Debt

As of June 30, 2015, the City’s total outstanding long-term debt (principal portion) totaled \$7,487,771 and included obligations as follows:

Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the acquisition of City administrative offices, renovation of the Ford Center and acquisition of right-of-way for the Lewis Road improvement project.	\$3,295,000
Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the renovation and expansion of a police station and municipal court facilities and to finance the acquisition of a new City museum.	\$3,555,000
Loan payable obligations with the Georgia Environmental Facilities Authority for downtown water system conversion project.	\$637,771

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 \$32,166,686.

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

Economic Factors Affecting the City of Powder Springs

The Mayor and Council consider many factors when adopting the fiscal year 2016 budget. These factors have a significant impact on the City’s financial position or results of operations. Key assumptions are as follows:

- Budget adopted for the General Fund estimates expenditures in the amount of \$7,588,856. The expected unassigned fund balance for the General Fund at the end of the fiscal year 2016 to be approximately \$3.4 million.
- The millage rate is adopted in June of each year for the operations and maintenance in General Fund. The millage rate for 2014 was 8.50. This rate has not changed since fiscal year 2005.
- The 2014 taxable digest was \$321,666,855; which was \$6,074,877 or 2% higher than the prior year. The budget is adopted in June and the approved digest is received shortly thereafter. Property taxes are a primary revenue stream and also subject to changes based on reassessments and development.
- Water and sewer rates paid to Cobb County have increased as well as other costs of doing business. Auto fuel cost increases are uncertain.
- New health insurance regulations, increased costs of benefits and retirement contributions, as well as reductions in income on retirement investments have a significant effect on the City’s benefit costs.

Given the economic times facing everyone; the City continues to take steps to reduce expenditures and control operational costs. By doing so, the City has maintained a positive fund balance.

Contacting the City's Financial Management

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,931,500	\$ 7,399,928	\$ 15,331,428
Receivables, net of allowance for uncollectibles	33,187	819,514	852,701
Taxes receivable	173,547	-	173,547
Inventories	33,171	94,891	128,062
Prepaid items	1,386,159	95,408	1,481,567
Restricted cash and cash equivalents	55,003	-	55,003
Internal balances	(140,000)	140,000	-
Due from other governments	587,445	-	587,445
Capital assets:			
Non-depreciable	6,556,243	359,476	6,915,719
Depreciable, net of accumulated depreciation	28,820,483	5,402,707	34,223,190
Total assets	45,436,738	14,311,924	59,748,662
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on refundings	204,154	-	204,154
Pension plan experience differences	2,581	1,204	3,785
Pension plan contributions subsequent to measurement date	94,357	52,780	147,137
Total deferred outflows of resources	301,092	53,984	355,076
LIABILITIES			
Accounts payable	986,851	530,515	1,517,366
Accrued liabilities	51,182	16,866	68,048
Customer deposits	-	801,901	801,901
Interest payable	147,610	-	147,610
Bonds payable, due within one year	560,000	-	560,000
Bonds payable, due in more than one year	6,290,000	-	6,290,000
Note payable, due within one year	-	63,453	63,453
Note payable, due in more than one year	-	574,318	574,318
Intergovernmental contracts, due within one year	-	1,065	1,065
Intergovernmental contracts, due in more than one year	-	54,456	54,456
Compensated absences, due within one year	83,466	45,900	129,366
Compensated absences, due in more than one year	62,966	34,626	97,592
Net pension liability, due in more than one year	262,956	122,702	385,658
Net OPEB obligation, due in more than one year	751,239	158,560	909,799
Total liabilities	9,196,270	2,404,362	11,600,632
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual pension plan investment earnings	48,004	22,399	70,403
Pension plan assumption changes	13,633	6,362	19,995
Total deferred inflows of resources	61,637	28,761	90,398
NET POSITION			
Net investment in capital assets	28,730,880	5,264,412	33,995,292
Restricted for:			
Law enforcement	24,502	-	24,502
Debt service	791	-	791
Capital projects	2,476,026	-	2,476,026
Unrestricted	5,247,724	6,668,373	11,916,097
Total net position	\$ 36,479,923	\$ 11,932,785	\$ 48,412,708

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

CITY OF POWDER SPRINGS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General government	\$ 881,610	\$ 906,669	\$ 454,788	\$ 1,426,700	\$ -	\$ 1,426,700
Judicial	154,306	288,380	-	134,074	-	134,074
Public safety	2,858,898	76,391	81,936	(2,700,571)	-	(2,700,571)
Public works	1,499,231	-	2,039,431	540,200	-	540,200
Community development	735,300	-	-	(735,300)	-	(735,300)
Culture and recreation	290,317	162,300	-	(67,506)	-	(67,506)
Interest on long-term debt	352,974	-	-	(352,974)	-	(352,974)
Total governmental activities	6,772,636	1,433,740	3,128,731	(1,755,377)	-	(1,755,377)
Business-type activities:						
Water & Sewer	5,089,822	5,766,750	-	-	676,928	676,928
Solid waste	904,705	1,251,714	-	-	347,009	347,009
Stormwater	415,465	352,539	-	-	(62,926)	(62,926)
Total business-type activities	6,409,992	7,371,003	-	-	961,011	961,011
Total primary government	\$ 13,182,628	\$ 8,804,743	\$ 3,128,731	(1,755,377)	961,011	(794,366)
General revenues:						
Property taxes				3,200,350	-	3,200,350
Sales taxes				47,448	-	47,448
Franchise taxes				729,939	-	729,939
Excise taxes				249,618	-	249,618
Business and occupational taxes				31,340	-	31,340
Insurance premium taxes				751,797	-	751,797
Unrestricted investment earnings				5,588	956	6,544
Miscellaneous				202,621	-	202,621
Total general revenues				5,218,701	956	5,219,657
Change in net position				3,463,324	961,967	4,425,291
Net position, beginning of year, restated				33,016,599	10,970,818	43,987,417
Net position, end of year				\$ 36,479,923	\$ 11,932,785	\$ 48,412,708

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

CITY OF POWDER SPRINGS, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	SPLOST Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 5,394,884	\$ 1,586,827	\$ 923,856	\$ 25,933	\$ 7,931,500
Taxes receivable	173,547	-	-	-	173,547
Accounts receivable	33,187	-	-	-	33,187
Due from other governments	142,789	419,405	25,251	-	587,445
Due from other funds	-	269	-	-	269
Inventory	33,171	-	-	-	33,171
Prepaid items	216,311	1,169,848	-	-	1,386,159
Restricted cash and cash equivalents	-	-	55,003	-	55,003
Total assets	<u>\$ 5,993,889</u>	<u>\$ 3,176,349</u>	<u>\$ 1,004,110</u>	<u>\$ 25,933</u>	<u>\$ 10,200,281</u>
LIABILITIES					
Accounts payable	\$ 656,828	\$ 238,085	\$ 91,298	\$ 640	\$ 986,851
Accrued liabilities	51,182	-	-	-	51,182
Due to other funds	269	-	-	-	269
Advances from other funds	140,000	-	-	-	140,000
Total liabilities	<u>848,279</u>	<u>238,085</u>	<u>91,298</u>	<u>640</u>	<u>1,178,302</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	153,915	-	-	-	153,915
Total deferred inflows of resources	<u>153,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,915</u>
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	216,311	1,169,848	-	-	1,386,159
Inventories	33,171	-	-	-	33,171
Restricted:					
Law enforcement	-	-	-	24,502	24,502
Debt service	-	-	-	791	791
Capital projects	190,052	1,768,416	517,558	-	2,476,026
Assigned for:					
Use in 2016 budget	700,365	-	-	-	700,365
Capital projects	-	-	395,254	-	395,254
Unassigned	3,851,796	-	-	-	3,851,796
Total fund balances	<u>4,991,695</u>	<u>2,938,264</u>	<u>912,812</u>	<u>25,293</u>	<u>8,868,064</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,993,889</u>	<u>\$ 3,176,349</u>	<u>\$ 1,004,110</u>	<u>\$ 25,933</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	35,376,726
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	153,915
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available current financial resources and, therefore, are not reported in the funds.	(227,655)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(7,691,127)

Net position of governmental activities \$ 36,479,923

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

CITY OF POWDER SPRINGS, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 5,001,233	\$ -	\$ -	\$ -	\$ 5,001,233
Licenses and permits	546,563	-	-	-	546,563
Intergovernmental	454,788	2,849,114	279,617	-	3,583,519
Fines and forfeitures	297,614	-	-	1,423	299,037
Charges for services	352,988	-	244,386	-	597,374
Interest income	5,558	-	-	30	5,588
Contributions and donations	11,029	-	-	-	11,029
Miscellaneous	39,204	-	-	-	39,204
Total revenues	<u>6,708,977</u>	<u>2,849,114</u>	<u>524,003</u>	<u>1,453</u>	<u>10,083,547</u>
Expenditures					
Current:					
General government	799,886	3,547	-	-	803,433
Judicial	145,070	-	-	-	145,070
Public safety	2,905,417	-	-	25,164	2,930,581
Public works	756,889	1,380,405	-	-	2,137,294
Community development	671,332	-	48,528	-	719,860
Culture and recreation	113,687	17,754	2,931	-	134,372
Capital outlay	-	533,930	1,277,440	-	1,811,370
Debt service:					
Principal retirements	-	-	-	515,000	515,000
Interest	-	-	-	252,240	252,240
Cost of issuance	-	-	-	75,846	75,846
Total expenditures	<u>5,392,281</u>	<u>1,935,636</u>	<u>1,328,899</u>	<u>868,250</u>	<u>9,525,066</u>
Excess (deficiency) of revenues over expenditures	<u>1,316,696</u>	<u>913,478</u>	<u>(804,896)</u>	<u>(866,797)</u>	<u>558,481</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	152,388	-	-	-	152,388
Proceeds from refunding bond issuance	-	-	-	3,335,000	3,335,000
Payments to escrow agents	-	-	-	(3,259,154)	(3,259,154)
Transfers in	-	-	1,000,000	767,220	1,767,220
Transfers out	<u>(1,739,840)</u>	<u>-</u>	<u>(27,380)</u>	<u>-</u>	<u>(1,767,220)</u>
Total other financing sources (uses)	<u>(1,587,452)</u>	<u>-</u>	<u>972,620</u>	<u>843,066</u>	<u>228,234</u>
Net change in fund balances	(270,756)	913,478	167,724	(23,731)	786,715
Fund balances, beginning of year	<u>5,262,451</u>	<u>2,024,786</u>	<u>745,088</u>	<u>49,024</u>	<u>8,081,349</u>
Fund balances, end of year	<u>\$ 4,991,695</u>	<u>\$ 2,938,264</u>	<u>\$ 912,812</u>	<u>\$ 25,293</u>	<u>\$ 8,868,064</u>

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

CITY OF POWDER SPRINGS, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

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

Net change in fund balances - total governmental funds	\$ 786,715
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	2,234,617
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	25
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position. This amount represents repayments of the principal of long-term debt.	439,154
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>2,813</u>
Change in net position - governmental activities	<u>\$ 3,463,324</u>

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

CITY OF POWDER SPRINGS, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

ASSETS	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
CURRENT ASSETS				
Cash and cash equivalents	\$ 6,179,781	\$ 1,065,163	\$ 154,984	\$ 7,399,928
Accounts receivable, net of allowances	639,931	137,410	42,173	819,514
Prepaid items	64,370	28,111	2,927	95,408
Inventories	93,995	896	-	94,891
Total current assets	<u>6,978,077</u>	<u>1,231,580</u>	<u>200,084</u>	<u>8,409,741</u>
NONCURRENT ASSETS				
Advances to other funds	140,000	-	-	140,000
CAPITAL ASSETS				
Non-depreciable	359,476	-	-	359,476
Depreciable, net of accumulated depreciation	5,176,183	226,524	-	5,402,707
Total noncurrent assets	<u>5,675,659</u>	<u>226,524</u>	<u>-</u>	<u>5,902,183</u>
Total assets	<u>12,653,736</u>	<u>1,458,104</u>	<u>200,084</u>	<u>14,311,924</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan experience differences	763	360	81	1,204
Pension plan contributions subsequent to measurement date	32,460	18,290	2,030	52,780
Total deferred outflows of resources	<u>33,223</u>	<u>18,650</u>	<u>2,111</u>	<u>53,984</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	469,113	50,187	11,215	530,515
Accrued liabilities	11,140	4,705	1,021	16,866
Customer deposits	666,886	135,015	-	801,901
Note payable, current	63,453	-	-	63,453
Intergovernmental contract payable, current	1,065	-	-	1,065
Compensated absences payable, current	37,325	7,602	973	45,900
Total current liabilities	<u>1,248,982</u>	<u>197,509</u>	<u>13,209</u>	<u>1,459,700</u>
NONCURRENT LIABILITIES				
Note payable	574,318	-	-	574,318
Intergovernmental contract payable	54,456	-	-	54,456
Compensated absences payable	28,157	5,736	733	34,626
Net pension liability	77,765	36,674	8,263	122,702
OPEB obligation	158,560	-	-	158,560
Total noncurrent liabilities	<u>893,256</u>	<u>42,410</u>	<u>8,996</u>	<u>944,662</u>
Total liabilities	<u>2,142,238</u>	<u>239,919</u>	<u>22,205</u>	<u>2,404,362</u>
DEFERRED INFLOWS OF RESOURCES				
Net difference between projected and actual pension plan investment earnings	14,196	6,695	1,508	22,399
Pension plan assumption changes	4,032	1,902	428	6,362
Total deferred inflows of resources	<u>18,228</u>	<u>8,597</u>	<u>1,936</u>	<u>28,761</u>
NET POSITION				
Net investment in capital assets	5,037,888	226,524	-	5,264,412
Unrestricted	5,488,605	1,001,714	178,054	6,668,373
Total net position	<u>\$ 10,526,493</u>	<u>\$ 1,228,238</u>	<u>\$ 178,054</u>	<u>\$ 11,932,785</u>

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

CITY OF POWDER SPRINGS, GEORGIA

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Water & Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Nonmajor Storm Water Fund</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for sales and services	\$ 5,388,466	\$ 1,207,564	\$ 352,539	\$ 6,948,569
Other operating income	378,284	44,150	-	422,434
Total operating revenues	<u>5,766,750</u>	<u>1,251,714</u>	<u>352,539</u>	<u>7,371,003</u>
OPERATING EXPENSES				
Salaries and benefits	962,916	329,334	117,541	1,409,791
General operating expenses	2,552,933	568,721	297,924	3,419,578
Depreciation	473,617	6,650	-	480,267
Water purchases	1,074,076	-	-	1,074,076
Total operating expenses	<u>5,063,542</u>	<u>904,705</u>	<u>415,465</u>	<u>6,383,712</u>
Operating income (loss)	<u>703,208</u>	<u>347,009</u>	<u>(62,926)</u>	<u>987,291</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	186	770	-	956
Interest and fiscal charges	(26,280)	-	-	(26,280)
Total non-operating revenue (expenses)	<u>(26,094)</u>	<u>770</u>	<u>-</u>	<u>(25,324)</u>
Change in net position	677,114	347,779	(62,926)	961,967
Net position, beginning of year, restated	<u>9,849,379</u>	<u>880,459</u>	<u>240,980</u>	<u>10,970,818</u>
Net position, end of year	<u>\$ 10,526,493</u>	<u>\$ 1,228,238</u>	<u>\$ 178,054</u>	<u>\$ 11,932,785</u>

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2015

	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 5,816,005	\$ 1,247,674	\$ 339,484	\$ 7,403,163
Payments to suppliers	(3,398,135)	(520,012)	(290,802)	(4,208,949)
Payments to employees	(966,255)	(332,112)	(115,487)	(1,413,854)
Net cash provided by (used in) operating activities	<u>1,451,615</u>	<u>395,550</u>	<u>(66,805)</u>	<u>1,780,360</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Repayment of advances to other funds	70,000	-	-	70,000
Net cash used in non-capital financing activities	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(312,911)	(204,703)	-	(517,614)
Principal payments on loans	(61,037)	-	-	(61,037)
Payment on intergovernmental contracts payable	(2,525)	-	-	(2,525)
Interest paid	(26,280)	-	-	(26,280)
Net cash used in capital and related financing activities	<u>(402,753)</u>	<u>(204,703)</u>	<u>-</u>	<u>(607,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	-	-	-	-
Interest received	186	770	-	956
Net cash provided by investing activities	<u>186</u>	<u>770</u>	<u>-</u>	<u>956</u>
Net increase (decrease) in cash and cash equivalents	1,119,048	191,617	(66,805)	1,243,860
Cash and cash equivalents, beginning of year	5,060,733	873,546	221,789	6,156,068
Cash and cash equivalents, end of year	<u>\$ 6,179,781</u>	<u>\$ 1,065,163</u>	<u>\$ 154,984</u>	<u>\$ 7,399,928</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 703,208	\$ 347,009	\$ (62,926)	\$ 987,291
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	473,617	6,650	-	480,267
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	49,255	(4,040)	(13,055)	32,160
Increase in prepaid items	(5,789)	(1,871)	(1,533)	(9,193)
(Increase) decrease in inventories	28,737	(427)	-	28,310
Increase in deferred outflows of resources - experience change	(763)	(360)	(81)	(1,204)
Increase (decrease) in deferred outflows of resources - contributions to pension plan	(608)	(3,268)	1,355	(2,521)
Increase (decrease) in accounts payable	189,000	23,928	8,655	221,583
Increase in accrued liabilities	3,595	1,693	382	5,670
Increase in customer deposits	16,926	27,079	-	44,005
Increase (decrease) in compensated absences payable	(5,904)	664	738	(4,502)
Decrease in net pension liability	(21,424)	(10,104)	(2,276)	(33,804)
Increase in deferred outflows of resources - pension plan assumption changes	4,032	1,902	428	6,362
Increase in deferred outflows of resources - investment earnings, pensions	14,196	6,695	1,508	22,399
Increase in net OPEB obligation	3,537	-	-	3,537
Net cash provided by (used in) operating activities	<u>\$ 1,451,615</u>	<u>\$ 395,550</u>	<u>\$ (66,805)</u>	<u>\$ 1,780,360</u>

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

CITY OF POWDER SPRINGS, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The City reports the following major governmental funds:

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

The **Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating the City's 2005 and 2011 Special Purpose Local Options Sales tax referendums.

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

The City reports the following major enterprise funds:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Additionally, the City reports the following fund types:

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

The **debt service fund** accounts for the resources accumulated and payments made for principal and interest on long-term debt obligations of governmental funds.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Budgets

Annual appropriated budgets are adopted for all governmental funds, with the exception of capital projects funds for which project length budgets are adopted. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except indirect costs are budgeted as revenues rather than a reduction of the expenditures. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General fund, and special revenue funds. During the fiscal year ended June 30, 2015, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All budget appropriations lapse at the end of each year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, special revenue and Capital Projects funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. There were no significant encumbrances outstanding at year end.

E. Deposits

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables

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

G. Interfund Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

H. Inventories

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

Included in the City's prepaid items is the City's portion of SPLOST proceeds receipted through June 30, 2015 which are paid to the County for the future improvements to be performed on Powder Springs Park and subsequently turned over to the City. As of June 30, 2015 these deposits totaled \$1,169,848.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

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

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

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

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

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

K. Deferred Outflows / Inflows of Resources

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows / Inflows of Resources (Continued)

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

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

L. Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Pensions

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

N. Long-Term Obligations

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

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

O. Fund Equity

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

Fund balances are classified as follows:

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

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

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

P. Management Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$7,691,127 difference are as follows:

Bonds payable	\$ (6,850,000)
Deferred charges on refunding	204,154
Accrued interest payable	(147,610)
Compensated absences (i.e., vacation)	(146,432)
Net OPEB obligation	<u>(751,239)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (7,691,127)</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation states that “deferred outflows of resources, deferred inflows of resources and the net pension liability are not expected to be liquidated with expendable available resources and therefore are not reported in the funds.” The details of this \$227,655 difference are as follows:

Net pension liability	\$ (262,956)
Deferred outflows of resources:	
Pension plan contributions subsequent to measurement date	94,357
Pension plan experience differences	2,581
Deferred inflows of resources	
Net difference between projected and actual investment earnings	(48,004)
Pension plan assumption changes	(13,633)
Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ (227,655)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$2,234,617 difference are as follows:

Capital outlay	\$ 3,666,262
Depreciation expense	(1,431,645)
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	\$ 2,234,617

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of the reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position.” The details of this \$439,154 difference are as follows:

Principal payment on bonds	\$	515,000
Issuance of bond proceeds		(3,335,000)
Payments to escrow agent		<u>3,259,154</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	\$	<u><u>439,154</u></u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$2,813 difference are as follows:

Compensated absences (i.e., vacation)	\$	42,730
Accrued interest		(24,888)
Pension expense		40
Net OPEB obligation		<u>(15,069)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	\$	<u><u>2,813</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

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

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

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2015 are summarized as follows:

Statement of Net Position:

Cash and cash equivalents	\$ 15,331,428
Restricted cash and cash equivalents	55,003
	<u>\$ 15,386,431</u>
Cash deposited with financial institutions	\$ 11,105,829
Cash deposited with Georgia fund 1	4,280,602
	<u>\$ 15,386,431</u>

Credit risk. State statutes and the City's policies authorize the City to invest in obligations of the state of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the state of Georgia. The City does not have a credit rating policy which provides restrictions or limitations on credit ratings for the City's investments.

As of June 30, 2015, the City's investment in Georgia Fund 1 was rated AA Af and the pool reported a weighted average maturity of 56 days.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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

The investment in the Georgia Fund 1 represents the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in the Georgia Fund 1 is valued at fair market value.

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, the City's deposits are insured or collateralized as required by state law.

NOTE 5. RECEIVABLES

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

Receivables at June 30, 2015, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>SPLOST</u>	<u>Capital Projects</u>	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>
Receivables:						
Taxes	\$ 361,050	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts	59,764	-	-	715,488	156,696	42,173
Other governments	142,789	419,405	25,251	-	-	-
Less allowance for uncollectible	214,080	-	-	75,557	19,286	-
Net total receivable	<u>\$ 349,523</u>	<u>\$ 419,405</u>	<u>\$ 25,251</u>	<u>\$ 639,931</u>	<u>\$ 137,410</u>	<u>\$ 42,173</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Nondepreciable capital assets:					
Land	\$ 4,767,188	\$ -	\$ -	\$ -	\$ 4,767,188
Construction in progress	4,387,668	3,259,207	-	(5,857,820)	1,789,055
Total	<u>9,154,856</u>	<u>3,259,207</u>	<u>-</u>	<u>(5,857,820)</u>	<u>6,556,243</u>
Capital assets, being depreciated:					
Buildings and improvements	13,475,493	-	-	2,577,665	16,053,158
Furniture and fixtures	125,960	-	-	-	125,960
Parks equipment	4,579,452	-	-	-	4,579,452
Vehicles and equipment	3,976,562	407,055	-	-	4,383,617
Infrastructure - streets	15,113,601	-	-	3,280,155	18,393,756
Total	<u>37,271,068</u>	<u>407,055</u>	<u>-</u>	<u>5,857,820</u>	<u>43,535,943</u>
being depreciated					
Less accumulated depreciation for:					
Buildings and improvements	(3,972,567)	(444,131)	-	-	(4,416,698)
Furniture and fixtures	(118,551)	(2,589)	-	-	(121,140)
Parks equipment	(3,677,332)	(216,516)	-	-	(3,893,848)
Vehicles and equipment	(3,624,826)	(158,389)	-	-	(3,783,215)
Infrastructure - streets	(1,890,539)	(610,020)	-	-	(2,500,559)
Total	<u>(13,283,815)</u>	<u>(1,431,645)</u>	<u>-</u>	<u>-</u>	<u>(14,715,460)</u>
Total capital assets, being depreciated, net	<u>23,987,253</u>	<u>(1,024,590)</u>	<u>-</u>	<u>5,857,820</u>	<u>28,820,483</u>
Governmental activities capital assets, net	<u>\$ 33,142,109</u>	<u>\$ 2,234,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,376,726</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Nondepreciable capital assets				
Land	\$ 159,077	\$ -	\$ -	\$ 159,077
Construction in progress	-	200,399	-	200,399
Total	<u>159,077</u>	<u>200,399</u>	<u>-</u>	<u>359,476</u>
Capital assets, being depreciated				
Buildings and improvements	844,137	-	-	844,137
Furniture and fixtures	46,215	-	-	46,215
Utility systems	17,060,574	58,650	-	17,119,224
Vehicles and equipment	1,185,826	258,565	-	1,444,391
Total	<u>19,136,752</u>	<u>317,215</u>	<u>-</u>	<u>19,453,967</u>
Less accumulated depreciation for:				
Buildings and improvements	(611,371)	(27,597)	-	(638,968)
Furniture and fixtures	(46,215)	-	-	(46,215)
Utility systems	(11,889,204)	(403,694)	-	(12,292,898)
Vehicles and equipment	(1,024,203)	(48,976)	-	(1,073,179)
Total	<u>(13,570,993)</u>	<u>(480,267)</u>	<u>-</u>	<u>(14,051,260)</u>
Total capital assets being depreciated, net	<u>5,565,759</u>	<u>(163,052)</u>	<u>-</u>	<u>5,402,707</u>
Business-type activities capital assets, net	<u>\$ 5,724,836</u>	<u>\$ 37,347</u>	<u>\$ -</u>	<u>\$ 5,762,183</u>

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

Governmental activities:	
General government	\$ 134,310
Public safety	267,122
Public works	846,633
Culture and recreation	168,174
Community development	<u>15,406</u>
Total depreciation expense - governmental activities	<u>\$ 1,431,645</u>
Business-type activities	
Water & sewer	\$ 473,617
Sanitation	<u>6,650</u>
Total depreciation expense - business-type activities	<u>\$ 480,267</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$ 7,085,000	\$ 3,335,000	\$ (3,570,000)	\$ 6,850,000	\$ 560,000
Compensated absences	189,162	142,117	(184,847)	146,432	83,466
Net pension liability	335,402	116,962	(189,408)	262,956	-
Net OPEB obligation	736,170	43,354	(28,285)	751,239	-
Governmental activity Long-term liabilities	<u>\$ 8,345,734</u>	<u>\$ 3,637,433</u>	<u>\$ (3,972,540)</u>	<u>\$ 8,010,627</u>	<u>\$ 643,466</u>
Business-type activities:					
Loans payable	698,808	-	(61,037)	637,771	63,453
Intergovernmental contract payable	58,046	-	(2,525)	55,521	1,065
Compensated absences	85,028	72,951	(77,453)	80,526	45,900
Net pension liability	156,506	54,575	(88,379)	122,702	-
Net OPEB obligation	155,023	12,470	(8,933)	158,560	-
Business-type activity Long-term liabilities	<u>\$ 1,153,411</u>	<u>\$ 139,996</u>	<u>\$ (238,327)</u>	<u>\$ 1,055,080</u>	<u>\$ 110,418</u>

Beginning balances were restated to reflect the change in accounting principle for the City's implementation of GASB Statements No. 68 and 71, effective July 1, 2014.

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

Revenue Bonds

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

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

On August 29, 2006, the DDA issued \$4,715,000 in Series 2006 Revenue Bonds bearing interest at 3.95% per annum payable February 1 and August 1 commencing February 1, 2007 with principal payable annually each February 1 commencing on February 1, 2009. The bonds were issued 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 issuance of the Series 2006 Revenue Bonds, the City and the DDA entered into an intergovernmental agreement whereby the City is obligated to make lease payments to the DDA for the purpose of paying the principal and interest payments on the outstanding balance of the 2006 Revenue Bonds issued by the DDA. The lease is a direct financing lease in accordance with generally accepted accounting principles. This agreement will not expire until full payment of the bonds is complete.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

The debt service to maturity on the Series 2005, 2006, and 2014 revenue bonds is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2016	\$ 560,000	\$ 354,266	\$ 914,266
2017	580,000	191,730	771,730
2018	595,000	173,963	768,963
2019	615,000	155,700	770,700
2020	635,000	136,755	771,755
2021-2025	3,500,000	370,208	3,870,208
2026	365,000	8,760	373,760
Total	<u>\$ 6,850,000</u>	<u>\$ 1,391,382</u>	<u>\$ 8,241,382</u>

Notes Payable

The City has also incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects. The notes outstanding at June 30, 2015 are as follows:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Balance</u>
4.10%	18 years	2020	\$ 505,354
3.82%	20 years	2027	668,371
			<u>\$ 1,173,725</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

The City's notes payable debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2016	\$ 63,453	\$ 23,865	\$ 87,318
2017	66,063	21,255	87,318
2018	68,698	18,618	87,316
2019	71,467	15,849	87,316
2020	74,328	12,989	87,317
2021-2025	213,037	36,474	249,511
2026-2027	80,725	3,113	83,838
Total	<u>\$ 637,771</u>	<u>\$ 132,163</u>	<u>\$ 769,934</u>

During fiscal year 2001, the City also entered into an agreement with Cobb County under which the County advanced \$146,200 in tap fees for 34 lots on Stanley Drive. The City collects tap fees from the homeowners when the sewer system is tapped onto in either a lump sum amount or in monthly installments over 10 years. The fees collected are then remitted to the County.

The portion paid to the County totaled \$2,525 for the year ended June 30, 2015. The remaining \$55,521 will be payable in fiscal year 2016 and thereafter as additional homeowners choose to tap onto the system.

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NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2015 is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and sewer Fund	General Fund	\$ 140,000

In 2007, the Water and Sewer Fund loaned the General Fund \$700,000 for operational purposes; the General Fund is repaying the Water and Sewer Fund in annual installments of \$70,000 with the intention of repaying the advance in the year ending June 30, 2017.

Due to/from other funds:

Receivable fund	Payable fund	Amount
SPLOST Fund	General Fund	\$ 269

The SPLOST Fund originally paid for an expenditure which the City determined should have been paid by the General Fund, and the payable was generated due to the timing of the reimbursement.

Interfund transfers:

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	<u>\$ 1,000,000</u>
Nonmajor Governmental Funds	General Fund	\$ 739,840
Nonmajor Governmental Funds	Capital Projects Fund	<u>27,380</u>
		<u>\$ 767,220</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

Plan Description

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

As provided by state law, benefit provisions for participants in GMEBS are established and amended by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials who are immediately eligible, who work forty hours per week are eligible to participate after one year. Benefits vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 1.50% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$30 for each year of service after reaching normal retirement age.

Plan Membership

At January 1, 2015, the date of the most recent actuarial valuation, there were 123 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	17
Terminated vested participants not yet receiving benefits	26
Active employees - vested	42
Active employees - nonvested	38
Total	<u>123</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2015, the actuarially determined contribution rate was 5.92% of covered payroll. The City makes all contributions to the Plan. For 2015, the City's contribution to the Plan was \$180,795.

Net Pension Liability of the City

Effective July 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The City's net pension liability was measured as of September 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2014.

Actuarial Assumptions

The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25%
Investment rate of return	7.75%

Mortality rates for the January 1, 2014 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005–June 30, 2009.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Actuarial Assumptions (Continued)

Cost of living adjustments were assumed to be 0.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the table below.

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	50%	5.95%
International equity	15%	6.45
Fixed income	25%	1.55
Real estate	10%	3.75
Cash	—%	
Total	100%	

* Rates shown are net of the 3.25% assumed rate of inflation

Discount rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2015 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 2,891,786	\$ 2,399,878	\$ 491,908
Changes for the year:			
Service cost	147,966	-	147,966
Interest	221,191	-	221,191
Differences between expected and actual experience	4,544	-	4,544
Assumption Changes	(23,991)	-	(23,991)
Contributions—employer	-	187,392	(187,392)
Contributions—employee	-	-	-
Net investment income	-	277,971	(277,971)
Benefit payments, including refunds of employee contributions	(75,427)	(75,427)	-
Administrative expense	-	(9,403)	9,403
Other changes	-	-	-
Net changes	<u>274,283</u>	<u>380,533</u>	<u>(106,250)</u>
Balances at 6/30/15	<u>\$ 3,166,069</u>	<u>\$ 2,780,411</u>	<u>\$ 385,658</u>

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

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 870,239	\$ 385,658	\$ (12,735)

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2014 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$167,756. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,785	\$ -
Changes in assumptions	-	19,995
Net difference between projected and actual earnings on pension plan investments	-	70,404
City contributions subsequent to the measurement date	147,137	-
Total	\$ 150,922	\$ 90,399

City contributions subsequent to the measurement date of \$147,137 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2016	\$ (20,843)
2017	(20,843)
2018	(20,843)
2019	(20,843)
2020	(3,242)
Total	\$ (86,614)

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City of Powder Spring's OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Powder Springs. The City provides certain healthcare insurance benefits to retirees. Substantially all of the City's employees may become eligible for those benefits if they retire under the rule of 75 with a minimum retirement age of 50. Benefits are payable to the retirees on a sliding scale, based on their age with 4% of benefits being paid from age 50-55 up to 100% of benefits payable from 65 and older. As of June 30, 2015, there were seven retirees eligible for the benefits and 64 active employees. The City has the authority to establish and amend benefit provisions.

The Plan does not issue separate financial statements.

The following schedule reflects membership for the OPEB Plan as of July 1, 2013, the most recent actuarial valuation:

Active participants	80
Retirees and beneficiaries currently receiving benefits	7
Total	87

The following is a schedule of funding progress:

Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
07/01/13	\$ -	\$ 900,996	\$ 900,996	0%	\$ 3,318,320	27.2%

The above schedule of funding progress serves as a surrogate for the funded status and the funding progress of the Plan. See required supplementary information for a history of funding progress which presents a multiyear trend about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Funding Policy

Contribution requirements and amendments are approved by resolution of the City Council. The City pays claims for eligible retired plan members and their spouses on a pay as you go basis.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Employer Contributions

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Actual OPEB Contribution</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 55,824	\$ 37,218	66.7 %	\$ 909,799
2014	53,787	33,731	62.7	891,193
2013	13,143	28,354	215.7	871,137

Annual OPEB Cost and Net OPEB Obligation

	<u>For The Plan Year Ending June 30, 2015</u>	<u>For The Plan Year Ending June 30, 2014</u>
Annual required contribution	\$ 71,868	\$ 70,472
Interest on net OPEB obligation	36,432	35,026
Adjustments to annual required contribution	(52,476)	(51,711)
Annual OPEB cost	<u>55,824</u>	<u>53,787</u>
Contributions made	<u>(37,218)</u>	<u>(33,731)</u>
Increase in net OPEB obligation	18,606	20,056
Net OPEB obligation, beginning of year	891,193	871,137
Net OPEB obligation, end of year	<u>\$ 909,799</u>	<u>\$ 891,193</u>

Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2013. The assumptions used in the July 1, 2013 actuarial valuation are as follows:

Cost Method: Projected Unit Credit
Discount Rate: 4%
Healthcare Cost Trend Rate: 5%
Employee Participation: 80%
Amortization Method: Level Dollar, Open.
Remaining Amortization Period: 30 years.
Inflation Rate: 3%

NOTES TO FINANCIAL STATEMENTS

NOTE 11. JOINT VENTURE

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

NOTE 12. RISK MANAGEMENT

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

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

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

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation:

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

Grant Contingencies:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Construction Commitments:

The City has active construction projects as of June 30, 2015. The projects include street construction, sidewalks and pedestrian pathways in areas previously void of such amenities, park improvements, and the construction of general administration facilities. At year end, the City's commitments with contractors include:

<u>Project</u>	<u>Incurred- to-Date</u>	<u>Remaining Commitment</u>
Park improvements	\$ 142,652	\$ 1,357,348
Sidewalk and pedestrian projects	66,169	77,467
Street and transportation improvements	1,179,646	330,743
General administrative facilities	476,266	243,737
Total	<u>\$ 1,864,733</u>	<u>\$ 2,009,295</u>

The above projects are being financed primarily through the Capital Project and SPLOST funds, using pay-as-you-go funding sources.

NOTE 14. CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 9 above, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. The new standards significantly changed the City's accounting for pension amounts. As a result of this change in accounting principle, the City was required to restate beginning net position for the following:

Net position, governmental activities, as previously reported	\$ 33,244,294
City's net pension liability, beginning balance	(335,402)
Deferred outflows of resources, pension related items, beginning balance	107,707
Beginning net position, governmental activities, restated	<u>\$ 33,016,599</u>
Net position, business-type activities, as previously reported	\$ 11,077,065
City's net pension liability, beginning balance	(156,506)
Deferred outflows of resources, pension related items, beginning balance	50,259
Beginning net position, business-type activities, restated	<u>\$ 10,970,818</u>
Net position, Water & Sewer Fund, as previously reported	\$ 9,916,716
City's net pension liability, beginning balance	(99,189)
Deferred outflows of resources, pension related items, beginning balance	31,852
Beginning net position, Water & Sewer Fund, restated	<u>\$ 9,849,379</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 14. CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

Net position, Sanitation Fund, as previously reported	\$ 912,215
City's net pension liability, beginning balance	(46,778)
Deferred outflows of resources, pension related items, beginning balance	15,022
Beginning net position, Sanitation Fund, restated	<u>\$ 880,459</u>
Net position, Storm Water Fund, as previously reported	\$ 248,134
City's net pension liability, beginning balance	(10,539)
Deferred outflows of resources, pension related items, beginning balance	3,385
Beginning net position, Storm Water Fund, restated	<u>\$ 240,980</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POWDER SPRINGS, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
POSTEMPLOYMENT HEALTHCARE PLAN
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
7/1/13	\$ -	\$ 900,996	\$ 900,996	0.0%	\$ 3,318,320	27.2%
1/1/12	-	806,843	806,843	0.0%	3,393,061	23.8%
1/1/10	-	2,932,891	2,932,891	0.0%	2,631,949	111.4%

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the financial statements.

CITY OF POWDER SPRINGS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION RETIREMENT PLAN SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2015
Total pension liability	
Service cost	\$ 147,966
Interest on total pension liability	221,191
Differences between expected and actual experience	4,544
Changes of assumptions	(23,991)
Benefit payments, including refunds of employee contributions	(75,427)
Net change in total pension liability	274,283
Total pension liability - beginning	2,891,786
Total pension liability - ending (a)	\$ 3,166,069
Plan fiduciary net position	
Contributions - employer	\$ 187,392
Net investment income	277,971
Benefit payments, including refunds of member contributions	(75,427)
Administrative expenses	(9,403)
Net change in plan fiduciary net position	380,533
Plan fiduciary net position - beginning	2,399,878
Plan fiduciary net position - ending (b)	\$ 2,780,411
City's net pension liability - ending (a) - (b)	\$ 385,658
Plan fiduciary net position as a percentage of the total pension liability	87.82%
Covered-employee payroll	\$ 3,055,121
City's net pension liability as a percentage of covered-employee payroll	12.62%

Notes to the Schedule:

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

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

	2015
Actuarially determined contribution	\$ 176,564
Contributions in relation to the actuarially determined contribution	180,795
Contribution deficiency (excess)	\$ (4,231)
Covered-employee payroll	\$ 2,931,666
Contributions as a percentage of covered-employee payroll	6.17%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2015
Cost Method	Projected Unit Credit
Actuarial 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 amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective period of 10 years

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

CITY OF POWDER SPRINGS, GEORGIA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED JUNE 30, 2015

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,727,950	\$ 4,896,811	\$ 5,001,233	\$ 104,422
Licenses and permits	461,550	509,550	546,563	37,013
Intergovernmental	125,822	445,899	454,788	8,889
Fines and forfeitures	359,000	359,000	297,614	(61,386)
Charges for services	1,022,673	1,022,673	1,037,162	14,489
Interest	5,000	5,000	5,558	558
Contributions and donations	3,000	3,000	11,029	8,029
Miscellaneous	33,000	35,535	39,204	3,669
Total revenues	<u>6,737,995</u>	<u>7,277,468</u>	<u>7,393,151</u>	<u>115,683</u>
Expenditures				
Current:				
General government:				
Legislative	156,444	157,414	144,902	12,512
General administration fees	699,583	777,757	686,855	90,902
Financial administration	358,638	361,490	351,477	10,013
Data Processing	203,300	203,300	214,849	(11,549)
Human Resources	87,027	87,566	85,977	1,589
Total general government	<u>1,504,992</u>	<u>1,587,527</u>	<u>1,484,060</u>	<u>103,467</u>
Judicial	156,502	157,041	145,070	11,971
Public safety	2,636,659	3,088,991	2,905,417	183,574
Public works	886,955	904,922	756,889	148,033
Community Development	665,280	720,886	671,332	49,554
Culture and recreation	133,079	141,511	113,687	27,824
Total expenditures	<u>5,983,467</u>	<u>6,600,878</u>	<u>6,076,455</u>	<u>524,423</u>
Excess of revenues over expenditures	<u>754,528</u>	<u>676,590</u>	<u>1,316,696</u>	<u>640,106</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	20,705	170,705	152,388	(18,317)
Transfers out	<u>(1,099,985)</u>	<u>(1,914,074)</u>	<u>(1,739,840)</u>	<u>174,234</u>
Total other financing sources (uses)	<u>(1,079,280)</u>	<u>(1,743,369)</u>	<u>(1,587,452)</u>	<u>155,917</u>
Net change in fund balances	(324,752)	(1,066,779)	(270,756)	796,023
Fund balance, beginning of year	<u>5,262,451</u>	<u>5,262,451</u>	<u>5,262,451</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,937,699</u>	<u>\$ 4,195,672</u>	<u>\$ 4,991,695</u>	<u>\$ 796,023</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

Revenues GAAP Basis	\$	6,863,365	
Indirect Cost Revenues		684,174	
Revenues, Budgetary Basis		7,547,539	7,547,539
Expenditures GAAP Basis		7,134,121	
Indirect Cost Expenditures		684,174	
Expenditures, Budgetary Basis		7,818,295	7,818,295
Excess of revenues Over Expenditures, Budgetary Basis		\$ (270,756)	

Actual expenditures of the General Fund's Data Processing department exceeded their appropriations by \$11,549. This over expenditure was funded by addition revenue collections.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

Police Seizure Fund – To account for the use of confiscated drug money by the City's Police Department, which is restricted by state law in purpose.

Debt Service Fund

Debt Service Fund – To account for the resources accumulated and payments made for principal and interest on long-term debt obligations of the Downtown Development Authority, a blended component unit of the City.

CITY OF POWDER SPRINGS, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Police Seizure Fund</u>	<u>Downtown Development Authority Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 25,142	\$ 791	\$ 25,933
Total assets	<u>\$ 25,142</u>	<u>\$ 791</u>	<u>\$ 25,933</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 640	\$ -	\$ 640
Total liabilities	<u>640</u>	<u>-</u>	<u>640</u>
FUND BALANCES			
Restricted:			
Law enforcement	24,502	-	24,502
Debt service	-	791	791
Total fund balances	<u>24,502</u>	<u>791</u>	<u>25,293</u>
Total liabilities and fund balances	<u>\$ 25,142</u>	<u>\$ 791</u>	<u>\$ 25,933</u>

CITY OF POWDER SPRINGS, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Police Seizure Fund</u>	<u>Downtown Development Authority Fund</u>	
REVENUES			
Fines and forfeitures	\$ 1,423	\$ -	\$ 1,423
Interest income	30	-	30
 Total revenues	 <u>1,453</u>	 <u>-</u>	 <u>1,453</u>
EXPENDITURES			
Current			
Public safety	25,164	-	25,164
Debt service:			
Principal retirements	-	515,000	515,000
Interest	-	252,240	252,240
Cost of issuance	-	75,846	75,846
 Total expenditures	 <u>25,164</u>	 <u>843,086</u>	 <u>868,250</u>
Deficiency of revenues over expenditures	<u>(23,711)</u>	<u>(843,086)</u>	<u>(866,797)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from refunding bond issuance	-	3,335,000	3,335,000
Payments to escrow agent	-	(3,259,154)	(3,259,154)
Transfers in	-	767,220	767,220
Total other financing sources (uses)	<u>-</u>	<u>843,066</u>	<u>843,066</u>
 Net change in fund balances	 <u>(23,711)</u>	 <u>(20)</u>	 <u>(23,731)</u>
FUND BALANCES, beginning of year	<u>48,213</u>	<u>811</u>	<u>49,024</u>
FUND BALANCES, end of year	<u>\$ 24,502</u>	<u>\$ 791</u>	<u>\$ 25,293</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines & forfeitures	\$ 5,250	\$ 5,250	\$ 1,423	\$ (3,827)
Interest	-	-	30	30
Total revenues	<u>5,250</u>	<u>5,250</u>	<u>1,453</u>	<u>(3,797)</u>
EXPENDITURES				
Public safety	<u>5,250</u>	<u>41,227</u>	<u>25,164</u>	<u>16,063</u>
Net change in fund balances	-	(35,977)	(23,711)	12,266
FUND BALANCE, beginning of year	<u>48,213</u>	<u>48,213</u>	<u>48,213</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$ 48,213</u></u>	<u><u>\$ 12,236</u></u>	<u><u>\$ 24,502</u></u>	<u><u>\$ 12,266</u></u>

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

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service:				
Principal	\$ 495,000	\$ 495,000	\$ 515,000	\$ (20,000)
Interest	295,783	295,783	252,240	43,543
Cost of issuance	-	-	75,846	(75,846)
Total expenditures	<u>790,783</u>	<u>790,783</u>	<u>843,086</u>	<u>(52,303)</u>
Deficiency of revenues over expenditures	(790,783)	(790,783)	(843,086)	(52,303)
OTHER FINANCING SOURCES (USES)				
Proceeds from refunding bond	-	-	3,335,000	3,335,000
Payments to escrow agent	-	-	(3,259,154)	(3,259,154)
Transfers in	790,783	790,783	767,220	(23,563)
Total other financing sources (uses)	<u>790,783</u>	<u>790,783</u>	<u>843,066</u>	<u>52,283</u>
Net change in fund balances	-	-	(20)	(20)
FUND BALANCE, beginning of year	<u>811</u>	<u>811</u>	<u>811</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 811</u>	<u>\$ 811</u>	<u>\$ 791</u>	<u>\$ (20)</u>

CITY OF POWDER SPRINGS, GEORGIA

**SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2006 SPLOST Program:					
Transportation	\$ 13,212,326	\$ 12,035,049	\$ 11,850,800	\$ 66,680	\$ 11,917,480
800 MHz Radios	281,340	281,340	266,157	-	266,157
	<u>\$ 13,493,666</u>	<u>\$ 12,316,389</u>	<u>\$ 12,116,957</u>	<u>\$ 66,680</u>	<u>\$ 12,183,637</u>
2012 SPLOST Program:					
General Street Improvements	\$ 1,629,906	\$ 1,629,906	\$ 99,513	\$ 124,757	\$ 224,270
Resurfacing	1,677,921	1,677,921	249,911	817,746	1,067,657
Bridge Improvements	2,593,000	2,593,000	2,169,287	30,880	2,200,167
Sidewalk Improvements	1,396,000	1,396,000	477,053	179,552	656,605
Facilities Improvements	1,630,000	2,300,000	1,603,732	628,441	2,232,173
Public Safety Improvements	251,771	251,771	193,162	-	193,162
Powder Springs Park	1,500,000	1,500,000	55,072	87,580	142,652
Total	<u>\$ 10,678,598</u>	<u>\$ 11,348,598</u>	<u>\$ 4,847,730</u>	<u>\$ 1,868,956</u>	<u>\$ 6,716,686</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Page

Financial Trends..... 69

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

Revenue Capacity 75

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

Debt Capacity 83

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 87

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

Operating Information 90

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

CITY OF POWDER SPRINGS, GEORGIA

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

	2015	2014 (1)	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Net investment in capital assets	\$ 28,730,880	\$ 26,057,109	\$ 23,297,545	\$ 19,796,418	\$ 19,063,683	\$ 18,465,318	\$ 17,988,722	\$ 18,252,541	\$ 12,294,054	\$ 9,479,531
Restricted	2,501,319	2,109,402	2,651,150	5,281,299	4,053,179	3,427,514	2,538,975	2,805,509	4,620,570	2,659,796
Unrestricted	5,247,724	4,850,088	4,497,623	3,340,628	2,640,321	2,697,837	2,745,527	436,907	2,298,723	3,944,467
Total governmental activities net position	\$ 36,479,923	\$ 33,016,599	\$ 30,446,318	\$ 28,418,345	\$ 25,757,183	\$ 24,590,669	\$ 23,273,224	\$ 21,494,957	\$ 19,213,347	\$ 16,083,794
Business-type activities										
Net investment in capital assets	\$ 5,264,412	\$ 5,236,028	\$ 5,529,606	\$ 5,676,728	\$ 6,100,821	\$ 6,449,371	\$ 6,461,913	\$ 6,131,289	\$ 6,088,728	\$ 5,026,093
Restricted	-	-	-	-	-	-	2,276,071	2,213,743	2,963,610	3,031,512
Unrestricted	6,668,373	5,734,790	4,831,985	3,644,991	3,337,765	3,296,448	1,134,459	1,384,761	718,091	612,642
Total business-type activities net position	\$ 11,932,785	\$ 10,970,818	\$ 10,361,591	\$ 9,321,719	\$ 9,438,586	\$ 9,745,819	\$ 9,872,443	\$ 9,729,793	\$ 9,770,429	\$ 8,670,247
Primary government										
Net investment in capital assets	\$ 33,995,292	\$ 31,293,137	\$ 28,827,151	\$ 25,473,146	\$ 25,164,504	\$ 24,914,689	\$ 24,450,635	\$ 24,383,830	\$ 18,382,782	\$ 14,505,624
Restricted	2,501,319	2,109,402	2,651,150	5,281,299	4,053,179	3,427,514	4,815,046	5,019,252	7,584,180	5,691,308
Unrestricted	11,916,097	10,584,878	9,329,608	6,985,619	5,978,086	5,994,285	3,879,986	1,821,668	3,016,814	4,557,109
Total primary government net position	\$ 48,412,708	\$ 43,987,417	\$ 40,807,909	\$ 37,740,064	\$ 35,195,769	\$ 34,336,488	\$ 33,145,667	\$ 31,224,750	\$ 28,983,776	\$ 24,754,041

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

CITY OF POWDER SPRINGS, GEORGIA

**CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
General government	\$ 881,610	\$ 900,533	\$ 760,497	\$ 1,113,494	\$ 1,045,622	\$ 1,420,608	\$ 1,294,648	\$ 1,352,686	\$ 280,769	\$ 1,044,646
Judicial	154,306	151,596	428,709	-	-	-	-	-	-	-
Public safety	2,858,898	2,482,731	3,072,667	2,499,557	2,801,692	3,077,897	3,360,690	3,260,209	3,025,826	2,901,659
Public works	1,499,231	1,742,675	2,055,730	1,228,591	1,871,778	1,611,057	908,492	1,104,408	1,692,422	816,897
Community development	735,300	590,648	485,271	633,252	655,434	785,004	801,439	1,070,261	1,686,974	771,398
Culture and recreation	290,317	408,830	258,969	79,266	218,853	505,801	569,561	629,301	332,015	507,775
Health and welfare	-	-	-	43,497	71,221	41,658	15,915	13,828	128,352	11,134
Interest on long-term debt	352,974	305,452	336,412	325,017	511,573	386,549	404,935	423,634	295,689	177,509
Total governmental activities expenses	<u>6,772,636</u>	<u>6,582,465</u>	<u>7,398,255</u>	<u>5,922,674</u>	<u>7,176,173</u>	<u>7,828,574</u>	<u>7,355,680</u>	<u>7,854,327</u>	<u>7,442,047</u>	<u>6,231,018</u>
Business-type activities:										
Water & Sewer	5,089,822	5,113,633	4,838,532	4,579,748	4,266,528	4,116,665	3,915,500	3,808,935	3,910,989	3,819,093
Solid waste	904,705	977,570	974,543	1,111,782	1,101,621	1,155,465	1,008,274	1,077,369	1,020,067	1,131,230
Stormwater	415,465	306,187	155,966	-	-	-	-	-	-	-
Total business-type activities expenses	<u>6,409,992</u>	<u>6,397,390</u>	<u>5,969,041</u>	<u>5,691,530</u>	<u>5,370,149</u>	<u>5,272,130</u>	<u>4,923,774</u>	<u>4,886,304</u>	<u>4,931,056</u>	<u>4,950,323</u>
Total primary government expenses	<u>\$ 13,182,628</u>	<u>\$ 12,979,855</u>	<u>\$ 13,367,296</u>	<u>\$ 11,614,204</u>	<u>\$ 12,546,322</u>	<u>\$ 13,100,704</u>	<u>\$ 12,279,454</u>	<u>\$ 12,740,631</u>	<u>\$ 12,373,103</u>	<u>\$ 11,181,341</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 906,669	\$ 218,981	\$ 236,510	\$ 286,222	\$ 332,228	\$ 342,706	\$ 389,740	\$ 478,845	\$ 446,014	\$ 391,248
Judicial	288,380	346,764	438,947	-	-	-	-	-	-	-
Public safety	76,391	109,080	84,753	383,850	585,064	733,208	644,592	997,195	890,445	728,961
Public works	-	336,007	345,445	341,509	316,589	300,523	289,420	222,101	222,587	229,596
Community development	-	46,559	44,705	125,018	142,654	133,811	114,743	289,927	297,314	230,557
Culture and recreation	162,300	62,312	-	29,024	16,942	20,050	18,300	28,095	17,605	34,782
Operating grants and contributions	454,788	331,244	452,090	11,163	45,363	-	-	-	-	-
Capital grants and contributions	3,128,731	2,817,525	2,700,194	2,576,001	2,133,255	2,211,708	2,146,575	2,623,179	2,804,957	871,944
Total governmental activities program revenues	<u>5,017,259</u>	<u>4,268,472</u>	<u>4,302,644</u>	<u>3,752,787</u>	<u>3,572,095</u>	<u>3,742,006</u>	<u>3,603,370</u>	<u>4,637,342</u>	<u>4,678,922</u>	<u>2,487,088</u>
Business-type activities:										
Charges for services:										
Water & Sewer	5,766,750	5,627,573	5,436,361	4,445,915	3,967,475	3,972,066	3,848,595	3,737,144	4,249,043	4,555,288
Solid waste	1,251,714	1,131,910	1,145,663	1,123,017	1,089,226	1,134,707	1,146,104	984,567	919,832	937,202
Stormwater	352,539	352,579	357,708	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>7,371,003</u>	<u>7,112,062</u>	<u>6,939,732</u>	<u>5,568,932</u>	<u>5,056,701</u>	<u>5,106,773</u>	<u>4,994,699</u>	<u>4,721,711</u>	<u>5,875,855</u>	<u>5,565,110</u>
Total primary government program revenues	<u>\$ 12,388,262</u>	<u>\$ 11,380,534</u>	<u>\$ 11,242,376</u>	<u>\$ 9,321,719</u>	<u>\$ 8,628,796</u>	<u>\$ 8,848,779</u>	<u>\$ 8,598,069</u>	<u>\$ 9,359,053</u>	<u>\$ 10,554,577</u>	<u>\$ 8,050,198</u>

(Continued)

CITY OF POWDER SPRINGS, GEORGIA

**CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net (expense)/revenue										
Governmental activities	\$ (1,755,377)	\$ (2,313,993)	\$ (3,095,611)	\$ (2,169,887)	\$ (3,604,078)	\$ (4,086,568)	\$ (3,752,310)	\$ (3,216,985)	\$ (2,763,125)	\$ (3,743,930)
Business-type activities	\$ 961,011	\$ 714,672	\$ 970,691	\$ (122,598)	\$ (313,448)	\$ (185,357)	\$ 70,925	\$ (164,599)	\$ 944,599	\$ 612,787
Total primary government net (expense) revenue	\$ (794,366)	\$ (1,599,321)	\$ (2,124,920)	\$ (2,292,485)	\$ (3,917,526)	\$ (4,251,925)	\$ (3,681,385)	\$ (3,381,578)	\$ (1,818,526)	\$ (3,131,143)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 3,200,350	\$ 3,093,482	\$ 2,803,697	\$ 3,006,646	\$ 2,982,111	\$ 3,457,004	\$ 3,416,920	\$ 3,470,331	\$ 3,329,154	\$ 3,118,107
Insurance premium taxes	751,797	719,081	694,492	653,845	671,875	691,986	698,539	682,198	654,003	625,092
Excise taxes	249,618	238,301	244,182	301,161	241,680	249,451	278,121	248,079	226,031	216,835
Franchise taxes	729,939	675,157	760,074	722,554	739,619	705,119	700,127	678,198	664,438	583,713
Other taxes	78,788	355,407	344,639 (1)	-	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	15,493	-	28,830	151,866	8,000	24,625	67,993
Operating Grants	-	-	-	128,522	131,817	143,736	144,575	-	-	-
Unrestricted Investment Earnings	5,588	4,648	7,158	2,828	3,490	51,494	140,429	395,789	617,677	276,009
Settlement Proceeds	-	-	-	-	-	-	-	16,000	376,750	-
Miscellaneous	202,621	25,893	24,820	-	-	-	-	-	-	-
Transfers	-	-	798	-	-	-	-	-	-	-
Total governmental activities	\$ 5,218,701	\$ 5,111,969	\$ 4,879,860	\$ 4,831,049	\$ 4,770,592	\$ 5,327,620	\$ 5,530,577	\$ 5,498,595	\$ 5,892,678	\$ 5,269,310
Business-type activities:										
Unrestricted investment earnings	956	802	5,718	2,731	6,215	17,999	71,725	123,957	155,583	111,358
Gain on sale of capital assets	-	-	6,101	-	-	20,734	-	-	-	10,445
Transfers	-	-	(798)	-	-	-	-	-	-	(381,561)
Total business-type activities	\$ 956	\$ 802	\$ 11,021	\$ 2,731	\$ 6,215	\$ 38,733	\$ 71,725	\$ 123,957	\$ 155,583	\$ (259,756)
Total primary government	\$ 5,219,657	\$ 5,112,771	\$ 4,890,881	\$ 4,833,780	\$ 4,776,807	\$ 5,366,353	\$ 5,602,302	\$ 5,622,552	\$ 6,048,261	\$ 5,009,552
Change in Net Position										
Governmental activities	\$ 3,463,324	\$ 2,797,976	\$ 1,784,249	\$ 2,661,162	\$ 1,166,514	\$ 1,241,052	\$ 1,778,267	\$ 2,281,610	\$ 3,129,553	\$ 1,526,380
Business-type activities	\$ 961,967	\$ 715,474	\$ 981,712	\$ (119,867)	\$ (307,233)	\$ (126,624)	\$ 142,650	\$ (40,636)	\$ 1,100,182	\$ 353,029
Total primary government	\$ 4,425,291	\$ 3,513,450	\$ 2,765,961	\$ 2,541,295	\$ 859,281	\$ 1,114,428	\$ 1,920,917	\$ 2,240,974	\$ 4,229,735	\$ 1,879,409

(1) In 2013 the City has reported the occupational taxes as a separate line called other taxes.

CITY OF POWDER SPRINGS, GEORGIA

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

Fiscal Year	Property Tax	Ad Valorem	Insurance Premium	Alcoholic Beverage	Intangible	Franchise	Total
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
2010	3,257,226	238,734	691,986	249,451	20,547	705,119	5,163,063
2011	2,869,474	289,745	671,875	241,680	15,263	739,619	4,827,656
2012	2,659,592	314,751	653,845	259,376	23,048	722,554	4,633,166
2013	2,581,510	260,683	694,492	244,182	25,139	760,074	4,566,080
2014	2,937,673	202,159	719,081	238,301	25,316	675,156	4,797,686
2015	3,102,941	144,857	751,797	249,618	31,340	729,939	5,010,492

Percentage change over 10 years 12.8% -44.8% 20.3% 15.1% -53.4% 25.1% 11.2%

CITY OF POWDER SPRINGS, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS

(modified accrual basis of accounting)

	2015	2014	2013	2012	2011 ⁽¹⁾	2010	2009	2008	2007	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,884	\$ 4,138,067	\$ 6,921,670	\$ 9,603,346	\$ 6,250,061
Unreserved	-	-	-	-	-	2,193,849	1,565,505	(483,776)	1,371,578	3,201,242
Nonspendable	249,482	250,533	212,744	174,395	317,155	-	-	-	-	-
Restricted	190,052	-	-	170,727	149,431	-	-	-	-	-
Assigned	700,365	497,932	254,500	5,115	5,317	-	-	-	-	-
Unassigned	3,851,796	4,513,986	4,136,152	3,448,575	2,718,530	-	-	-	-	-
Total General Fund	\$ 4,991,695	\$ 5,262,451	\$ 4,603,396	\$ 3,798,812	\$ 3,190,433	\$ 2,597,733	\$ 5,703,572	\$ 6,437,894	\$ 10,974,924	\$ 9,451,303
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,251,628	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
SPLOST Fund	-	-	-	-	-	1,423,120	2,447,077	1,048,213	1,868,951	540,179
SPLOST 2011 Fund	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	3,162,798	477,959	(5,866)	81,232	(68,307)
Nonspendable	1,169,848	882,428	562,500	-	-	-	-	-	-	-
Assigned	395,254	-	-	-	-	-	-	-	-	-
Restricted	2,311,267	1,936,470	2,651,150	5,465,544	4,399,248	-	-	-	-	-
Total all other governmental funds	\$ 3,876,369	\$ 2,818,898	\$ 3,213,650	\$ 5,465,544	\$ 4,399,248	\$ 5,837,546	\$ 2,925,036	\$ 1,042,347	\$ 1,950,183	\$ 471,872

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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	\$ 5,001,233	\$ 5,116,613	\$ 4,828,780	\$ 4,633,166	\$ 4,827,656	\$ 5,163,063	\$ 5,024,064	\$ 5,030,210	\$ 4,842,799	\$ 4,505,142
Licenses and permits	546,563	176,870	168,420	426,421	423,361	370,705	406,026	497,912	506,555	581,747
Intergovernmental	3,583,519	3,341,900	2,937,235	2,701,083	2,357,274	2,294,309	2,305,178	2,800,920	2,865,656	1,018,327
Fines and forfeitures	299,037	375,698	444,098	371,840	567,361	648,872	522,914	739,117	625,164	446,554
Charges for services	597,374	433,822	402,314	337,106	307,382	300,523	289,420	222,101	222,587	229,596
Interest income	5,588	5,006	10,100	7,283	12,769	51,494	140,429	395,789	617,677	276,009
Miscellaneous	50,233	165,794	163,144	90,437	89,664	215,709	234,553	448,415	372,162	210,869
Total revenues	10,083,547	9,615,703	8,954,091	8,567,336	8,585,467	9,044,675	8,922,584	10,134,464	10,052,600	7,268,244
Expenditures										
General government	803,433	702,491	582,917	758,824	809,992	974,018	1,153,712	1,342,324	985,663	919,865
Judicial	145,070	147,080	435,750	-	-	-	-	-	-	-
Public safety	2,930,581	2,426,416	2,907,462	2,469,425	2,526,163	2,947,027	3,054,098	3,134,967	2,969,629	2,626,864
Public works	2,137,294	3,014,287	2,314,446	580,883	892,172	929,855	1,060,445	1,235,659	983,664	670,296
Community development	719,860	567,966	595,807	620,910	640,822	692,356	788,566	1,014,954	934,299	752,569
Culture and recreation	134,372	246,712	159,354	79,266	90,956	86,028	93,237	1,643,149	1,416,553	90,007
Health and welfare	-	-	-	43,497	55,095	21,319	15,110	358,615	131,796	10,337
Capital outlay	1,811,370	1,463,530	2,942,810	1,530,733	3,518,574	2,723,606	821,941	6,281,507	4,236,881	1,671,594
Debt service	-	-	-	-	-	-	-	-	-	-
Principal retirements	515,000	475,000	455,000	476,553	530,802	582,469	595,459	397,403	344,334	369,243
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
and cost of issuance	328,086	313,332	343,872	348,063	366,489	386,549	404,935	415,747	389,652	177,509
Total expenditures	9,525,066	9,356,814	10,737,418	6,908,154	9,431,065	9,343,227	7,987,503	15,824,325	12,392,471	7,288,284
Excess (deficiency) of revenues over expenditures	558,481	258,889	(1,783,327)	1,659,182	(845,598)	(298,552)	935,081	(5,689,861)	(2,339,871)	(20,040)
Other financing sources (uses)										
Issuance of long-term debt	3,335,000	-	-	-	-	-	61,420	220,995	4,940,428	81,246
Proceeds from sale of capital assets	152,388	5,414	146,898	15,493	-	28,830	151,866	8,000	24,625	82,966
Settlement Proceeds	-	-	-	-	-	-	-	16,000	376,750	-
Payment to refunding bond escrow agent	(3,259,154)	-	-	-	-	-	-	-	-	-
Transfers in	1,767,220	1,227,302	1,041,151	-	-	4,227,694	930,662	6,834,756	3,498,657	1,061,455
Transfers out	(1,767,220)	(1,227,302)	(1,040,353)	-	-	(4,227,694)	(930,662)	(6,834,756)	(3,498,657)	(861,455)
Total other financing sources (uses)	228,234	5,414	147,696	15,493	-	28,830	213,286	244,995	5,341,803	364,212
Net change in fund balances	\$ 786,715	\$ 264,303	\$ (1,635,631)	\$ 1,674,675	\$ (845,598)	\$ (269,722)	\$ 1,148,367	\$ (5,444,866)	\$ 3,001,932	\$ 344,172
Debt service as a percentage of noncapital expenditures	14.4%	20.0%	12.1%	15.3%	15.2%	14.6%	14.0%	8.5%	9.0%	9.7%

CITY OF POWDER SPRINGS, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property (1)	Less:		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
					Tax Exempt Real Property	Tax Exempt Property				
2006	\$ 262,786,804	\$ 81,783,042	\$ 8,525,426	\$ 37,321,675	\$ 4,920,002	\$ 385,496,945	8.500	\$ 963,742,363	40.00%	
2007	290,503,809	85,894,537	6,966,918	36,326,605	2,255,120	417,436,749	8.500	1,043,591,873	40.00%	
2008	310,005,150	92,015,239	6,472,704	38,446,302	1,850,532	445,088,863	8.500	1,112,722,158	40.00%	
2009	320,621,864	105,067,948	7,984,989	38,452,367	1,667,042	470,460,126	8.500	1,176,150,315	40.00%	
2010	315,044,514	103,267,839	7,587,030	40,176,132	3,542,181	462,533,334	8.500	1,156,333,335	40.00%	
2011	251,879,253	99,113,782	7,319,072	34,141,569	3,024,103	389,429,573	8.500	973,573,933	40.00%	
2012	228,758,892	91,789,641	7,153,550	33,963,415	3,044,034	358,621,464	8.500	896,553,660	40.00%	
2013	193,035,041	97,654,149	6,579,762	33,982,178	6,764,956	324,486,174	8.500	811,215,435	40.00%	
2014	185,387,966	100,020,754	6,339,141	36,385,060	12,540,943	315,591,978	8.500	788,979,945	40.00%	
2015	205,395,323	100,319,231	6,236,947	33,113,218	23,397,864	321,666,855	8.500	804,167,138	40.00%	

Source: Cobb County, Georgia Tax Assessors Office

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

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

CITY OF POWDER SPRINGS, GEORGIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING¹ GOVERNMENTS (Per \$1,000 of Assessed Value) LAST TEN YEARS

Fiscal Year	City Direct Rate (1)	Overlapping Rates			Total Direct & Overlapping Rates
		County	School District	State	
2006	8.500	9.720	19.900	0.25	38.370
2007	8.500	9.720	19.900	0.25	38.370
2008	8.500	9.720	19.900	0.25	38.370
2009	8.500	9.600	18.900	0.25	37.250
2010	8.500	9.600	18.900	0.25	37.250
2011	8.500	11.110	18.900	0.25	38.760
2012	8.500	11.110	18.900	0.25	38.760
2013	8.500	11.110	18.900	0.20	38.710
2014	8.500	10.910	18.900	0.15	38.460
2015	8.500	10.710	18.900	0.10	38.210

Source: Cobb County Tax Commissioner's Office

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

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

CITY OF POWDER SPRINGS, GEORGIA

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

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Powder Springs Macland Retail LLC \$	4,558,600	1	1.417 %	\$ -		- %
Home Depot USA, Inc.	3,486,496	2	1.084	-		-
Foster, W. M.	2,166,096	3	0.673	2,668,736	3	0.69
Kroger Company	2,141,360	4	0.666	3,449,404	2	0.89
Weingarten Realty Investors	1,455,088	5	0.452			-
BW HVAC Real Estate Holdings	1,435,320	6	0.446			-
M.M & A, LLC	1,258,560	7	0.391			-
McNeel Builders, Inc.	942,800	8	0.293	1,816,636	5	0.47
Capview Income & Value Fund	935,060	9	0.291			-
First Citizens Bank & Trust	931,984	10	0.290			-
WellStar Health System Inc	-		-			-
Sembler Family Partnership	-		-	4,876,120	1	1.26
Brownsville Commons, LLC	-		-	1,909,600	4	0.50
Winn Dixie	-		-	1,474,920	6	0.38
Standex Air Distribution Products	-		-	1,366,680	7	0.35
Walgreens	-		-	1,306,186	8	0.34
West Cobb Plaza Equities, LLC	-		-	1,127,880	9	0.29
Ace Hardware	-		-	698,524	10	0.18
Total Principal Taxpayers	19,311,364		6.004	20,694,686		5.368
All Other Taxpayers	302,355,491		93.996	364,802,259		94.63
	<u>\$ 321,666,855</u>		<u>100.000 %</u>	<u>\$ 385,496,945</u>		<u>100.000 %</u>

Source: City of Powder Springs Finance Department

CITY OF POWDER SPRINGS, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	(1) Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 2,691,845	\$ 2,595,938	96.44 %	\$ 77,302	\$ 2,673,240	99.31 %
2007	2,887,406	2,786,661	96.51	82,499	2,869,160	99.37
2008	3,056,073	2,971,048	97.22	69,518	3,040,566	99.49
2009	3,283,867	3,146,542	95.82	119,516	3,266,058	99.46
2010	3,221,287	2,932,944	91.05	265,079	3,198,023	99.28
2011	2,910,203	2,599,174	89.31	284,518	2,883,692	99.09
2012	2,615,610	2,405,060	91.95	176,646	2,581,706	98.70
2013	2,333,938	2,286,170	97.95	13,840	2,300,010	98.55
2014	2,329,591	2,257,954	96.92	34,629	2,292,583	98.41
2015	2,329,591	2,244,950	96.37	-	2,244,950	96.37

Source: City of Powder Springs Finance Department

(1) Includes assessment adjustments

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	Gallons	Usage Rate	(1) Base Rate	Gallons	Usage Rate
2006	7.02		3.51	12.27		3.58
2007	7.09		3.58	12.34		3.65
2008	8.20	2,001-6,000	4.10	13.38	2,001-6,000	4.17
	8.20	6,001-15,000	5.13	13.38	6,001-15,000	5.21
	8.20	>15,001	6.15	13.38	>15,001	6.26
2009	8.20	2,001-6,000	4.10	12.86	2,001-6,000	4.16
	8.20	6,001-15,000	5.13	12.86	6,001-15,000	5.20
	8.20	>15,001	6.15	12.86	>15,001	6.26
2010	8.62	2,001-6,000	4.31	13.28	2,001-6,000	4.37
	8.62	6,001-15,000	5.34	13.28	6,001-15,000	5.41
	8.62	>15,001	6.36	13.28	>15,001	6.47
2011	9.30	2,001-6,000	4.65	13.58	2,001-6,000	4.70
	9.30	6,001-15,000	5.76	13.58	6,001-15,000	5.83
	9.30	>15,001	6.86	13.58	>15,001	6.96
2012	7.16	0-2,000	4.50	7.16	0-2,000	4.50
	7.16	2,001-5,000	4.75	7.16	2,001-5,000	4.75
	7.16	5,001-10,000	5.00	7.16	5,001-10,000	5.00
	7.16	10,001-20,000	5.25	7.16	10,001-20,000	5.25
	7.16	20,001-50,000	5.50	7.16	20,001-50,000	5.50
	7.16	>50,001	5.75	7.16	>50,001	5.75
2013	7.16	0-2,000	4.77	7.16	0-2,000	4.77
	7.16	2,001-5,000	5.04	7.16	2,001-5,000	5.04
	7.16	5,001-10,000	5.30	7.16	5,001-10,000	5.30
	7.16	10,001-20,000	5.57	7.16	10,001-20,000	5.57
	7.16	20,001-50,000	5.83	7.16	20,001-50,000	5.83
	7.16	>50,001	6.10	7.16	>50,001	6.10
2014	7.16	0-2,000	4.96	7.16	0-2,000	4.96
	7.16	2,001-5,000	5.24	7.16	2,001-5,000	5.24
	7.16	5,001-10,000	5.51	7.16	5,001-10,000	5.51
	7.16	10,001-20,000	5.79	7.16	10,001-20,000	5.79
	7.16	20,001-50,000	6.06	7.16	20,001-50,000	6.06
	7.16	>50,001	6.34	7.16	>50,001	6.34
2015	7.16	0>2000	5.16	7.16	0>2000	5.16
	7.16	2001>5000	5.45	7.16	2001>5000	5.45
	7.16	5001>10000	5.73	7.16	5001>10000	5.73
	7.16	10001>20000	6.02	7.16	10001>20000	6.02
	7.16	20001>50000	6.30	7.16	20001>50000	6.30
	7.16	>50000	6.59	7.16	>50000	6.59

(Continued)

CITY OF POWDER SPRINGS, GEORGIA

WATER AND SEWER RATES LAST TEN FISCAL YEARS

Fiscal Year	Sewer					
	Inside City Limits			Outside City Limits		
	(1) Base Rate	Gallons	(2) Usage Rate	(1) Base Rate	Gallons	(2) Usage Rate
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
2010	11.14		5.57	12.00		6.00
2011	11.58		5.79	12.34		6.17
2012	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2013	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2014	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2015	7.44	0>2000	6.53	7.44	0>2000	6.53
	7.44	2001>5000	6.89	7.44	2001>5000	6.89
	7.44	>5001	7.25	7.44	>5001	7.25

Notes (1) 0 - 2,000 gallons is the first tier rate and no longer part of the minimum base rate.

(2) Rate per each additional 1,000 gallons

* Graduated rate schedule implemented in 2008

(3) Rates are equalized for Inside and Outside City Limits

(4) ERU's are charged for Non-residential accounts. Residential accounts are charged for 1/ea ERU

Source: City utility billing office.

CITY OF POWDER SPRINGS, GEORGIA

**WATER CONSUMED
LAST TEN FISCAL YEARS**

Fiscal Year	Gallons of Water Consumed	Graduated Rate * Gallons	Total Direct Rate							
			Inside City Limits				Outside City Limits			
			(1)		(2)		(1)		(2)	
			Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
		Base Rate	Usage Rate	Base Rate	Usage Rate	Base Rate	Usage Rate	Base Rate	Usage Rate	
2006	431,593,749		7.02	3.51	9.67	4.84	12.27	3.58	10.58	5.30
2007	452,627,952		7.09	3.58	9.80	4.97	12.34	3.65	10.71	5.43
2008	345,214,885	<2,000	8.20		10.84		13.38		11.80	
		2,001-6,000	8.20	4.10	10.84	5.42	13.38	4.17	11.80	5.90
		6,001-15,000	8.20	5.13	10.84	5.42	13.38	5.21	11.80	5.90
		>15,001	8.20	6.15	10.84	5.42	13.38	6.26	11.80	5.90
2009	364,975,200	<2,000	8.20		10.84		12.86		11.70	
		2,001-6,000	8.20	4.10	10.84	5.42	12.86	4.16	11.70	5.85
		6,001-15,000	8.20	5.13	10.84	5.42	12.86	5.20	11.70	5.85
		>15,001	8.20	6.15	10.84	5.42	12.86	6.26	11.70	5.85
2010	17,182,150	<2,000	8.62		11.14		13.28		12.00	
	162,721,496	2,001-6,000	8.62	4.31	11.14	5.57	13.28	4.37	12.00	6.00
	132,938,112	6,001-15,000	8.62	5.34	11.14	5.57	13.28	5.41	12.00	6.00
	62,584,100	>15,001	8.62	6.36	11.14	5.57	13.28	6.47	12.00	6.00
2011	6,151,512	<2,000	9.30		11.58		13.58		12.34	
	94,536,626	2,001-6,000	9.30	4.65	11.58	5.79	13.58	4.70	12.34	6.17
	61,254,344	6,001-15,000	9.30	5.76	11.58	5.79	13.58	5.83	12.34	6.17
	235,189,514	>15,001	9.30	6.36	11.58	5.79	13.58	6.96	12.34	6.17
2012	111,272	<2,000	9.30		11.58		13.58		12.34	
Jul - Mar	746,490	2,001-6,000	9.30	4.65	11.58	5.79	13.58	4.70	12.34	6.17
	6,384,801	6,001-15,000	9.30	5.76	11.58	5.79	13.58	5.83	12.34	6.17
	263,032,184	>15,000	9.30	6.86	11.58	5.79	13.58	6.96	12.34	6.17
2012	205,597	<2,000	7.16	4.50	7.44	6.53	7.16	4.50	7.44	6.53
Apr - Jun	2,000,605	2,001-5,000	7.16	4.75	7.44	6.89	7.16	4.75	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.00	7.44	7.25	7.16	5.00	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.25	7.44	7.25	7.16	5.25	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.50	7.44	7.25	7.16	5.50	7.44	7.25
	14,563,753	>50,001	7.16	5.75	7.44	7.25	7.16	5.75	7.44	7.25
2013	205,597	0-2,000	7.16	4.50	7.44	6.53	7.16	4.50	7.44	6.53
July-Dec	2,000,605	2,001-5,000	7.16	4.75	7.44	6.89	7.16	4.75	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.00	7.44	7.25	7.16	5.00	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.25	7.44	7.25	7.16	5.25	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.50	7.44	7.25	7.16	5.50	7.44	7.25
	14,563,753	>50,001	7.16	5.75	7.44	7.25	7.16	5.75	7.44	7.25
2013	205,597	0-2,000	7.16	4.77	7.44	6.53	7.16	4.77	7.44	6.53
Jan-June	2,000,605	2,001-5,000	7.16	5.04	7.44	6.89	7.16	5.04	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.30	7.44	7.25	7.16	5.30	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.57	7.44	7.25	7.16	5.57	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.83	7.44	7.25	7.16	5.83	7.44	7.25
	14,563,753	>50,001	7.16	6.10	7.44	7.25	7.16	6.10	7.44	7.25
2014	12,359,769	0-2,000	7.16	4.77	7.44	6.53	7.16	4.77	7.44	6.53
July-Dec	10,507,471	2,001-5,000	7.16	5.04	7.44	6.89	7.16	5.04	7.44	6.89
	10,305,859	5,001-10,000	7.16	5.30	7.44	7.25	7.16	5.30	7.44	7.25
	19,083,779	10,001-20,000	7.16	5.57	7.44	7.25	7.16	5.57	7.44	7.25
	59,018,435	20,001-50,000	7.16	5.83	7.44	7.25	7.16	5.83	7.44	7.25
	61,739,867	>50,001	7.16	6.10	7.44	7.25	7.16	6.10	7.44	7.25
2014	12,573,910	0-2,000	7.16	4.96	7.44	6.53	7.16	4.96	7.44	6.53
Jan-June	10,867,240	2,001-5,000	7.16	5.24	7.44	6.89	7.16	5.24	7.44	6.89
	10,110,046	5,001-10,000	7.16	5.51	7.44	7.25	7.16	5.51	7.44	7.25
	16,249,292	10,001-20,000	7.16	5.79	7.44	7.25	7.16	5.79	7.44	7.25
	46,580,445	20,001-50,000	7.16	6.06	7.44	7.25	7.16	6.06	7.44	7.25
	50,912,049	>50,001	7.16	6.34	7.44	7.25	7.16	6.34	7.44	7.25
2014	4,777,202	0-2,000	7.16	4.96	7.44	6.53	7.16	4.96	7.44	6.53
July-Dec	7,373,112	2001-5000	7.16	5.24	7.44	6.89	7.16	5.24	7.44	6.89
	22,534,424	5001-10000	7.16	5.51	7.44	7.25	7.16	5.51	7.44	7.25
	14,974,472	10001-20000	7.16	5.79	7.44	7.25	7.16	5.79	7.44	7.25
	55,311,882	20001-50000	7.16	6.06	7.44	7.25	7.16	6.06	7.44	7.25
	66,821,261	>50000	7.16	6.34	7.44	7.25	7.16	6.34	7.44	7.25
2015	11,952,646	0-2,000	7.16	5.16	7.44	6.53	7.16	5.16	7.44	6.53
Jan-June	7,767,259	2001-5000	7.16	5.45	7.44	6.89	7.16	5.45	7.44	6.89
	10,623,670	5001-10000	7.16	5.73	7.44	7.25	7.16	5.73	7.44	7.25
	16,522,625	10001-20000	7.16	6.02	7.44	7.25	7.16	6.02	7.44	7.25
	46,952,628	20001-50000	7.16	6.30	7.44	7.25	7.16	6.30	7.44	7.25
	50,766,804	>50000	7.16	6.59	7.44	7.25	7.16	6.59	7.44	7.25

Note: (1) Base rate is applied for any consumption less than 2,000 gallons.

(2) Usage rates are billed per 1,000 gallon for each tier.

The City implemented graduated tier rate system 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)

Fiscal Year	Residential		Commercial		Total Consumption in Gallons	Annual Percentage Change
	Gallons	Percentage	Gallons	Percentage		
2006	393.7	91.2%	37.8	8.8%	431.5	1.67%
2007	413.8	91.4%	38.9	8.6%	452.7	4.91%
2008	362.3	91.2%	35.1	8.8%	397.4	-12.22%
2009	322.2	88.3%	42.7	11.7%	364.9	-8.18%
2010	328.8	87.6%	46.6	12.4%	375.4	2.88%
2011	342.1	86.2%	54.9	13.8%	397.0	5.75%
2012	316.5	87.1%	47.0	12.9%	363.5	-8.44%
2013	302.1	86.1%	48.8	13.9%	350.9	-3.47%
2014	320.1	86.6%	49.5	13.4%	369.6	5.33%
2015	316.4	84.1%	59.8	15.9%	376.2	1.79%

Source: City utility billing office

CITY OF POWDER SPRINGS, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN YEARS

Fiscal Year	Governmental Activities		Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds (2)	Intergovernmental Contracts	Revenue Bonds	Capital Leases	Intergovernmental Contracts	Loans Payable			
2006	\$ 5,488,942	\$ 41,620	\$ 1,275,000	\$ 362,182	\$ -	\$ 1,138,121	\$ 8,305,865	2.75 %	\$ 665.5
2007	10,132,654	-	970,000	285,068	-	1,165,134	12,552,856	4.16	1,005.8
2008	10,016,157	121,388	655,000	186,036	-	1,115,518	12,094,099	4.00	969.0
2009	9,516,800	86,706	330,000	273,416	-	1,060,457	11,267,379	3.73	902.8
2010	8,969,014	52,024	-	160,049	-	999,990	10,181,077	2.81	730.4
2011	8,472,895	17,342	-	76,761	-	941,672	9,508,670	2.62	682.1
2012	8,015,000	-	-	24,134	-	881,641	8,920,775	2.46	639.9
2013	7,560,000	-	-	2,625	65,059	757,464	8,385,148	2.31	601.5
2013	7,085,000	-	-	-	58,046	698,808	7,841,854	2.16	562.5
2014	6,850,000	-	-	-	55,521	637,771	7,543,292	2.08	541.1

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

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

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

CITY OF POWDER SPRINGS, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Cobb County General Obligation Debt (including Tax Anticipation Notes)	\$ 18,440,000	1.50%	\$ 276,600
Other debt			
Cobb County Parking Debt Certificates	9,270,000	1.50%	139,050
Cobb-Marietta Coliseum and Exhibit Hall Authority	40,055,000	1.50%	600,825
Cobb County Revenue Anticipation Certificates	6,315,000	1.50%	94,725
Subtotal overlapping debt	<u>74,080,000</u>		<u>1,111,200</u>
City debt			<u>6,850,000</u>
Total direct and overlapping debt			<u>\$ 7,961,200</u>

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

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

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

CITY OF POWDER SPRINGS, GEORGIA

**LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed value	<u>\$ 385,496,945</u>	<u>\$ 417,436,749</u>	<u>\$ 445,088,863</u>	<u>\$ 470,460,126</u>	<u>\$ 462,533,334</u>	<u>\$ 389,429,573</u>	<u>\$ 358,621,464</u>	<u>\$ 324,486,174</u>	<u>\$ 315,591,978</u>	<u>\$ 321,666,855</u>
Legal Debt Margin										
Debt Limit (10% of assessed value)	38,549,695	41,743,675	44,508,886	47,046,013	46,253,333	38,942,957	35,862,146	32,448,617	31,559,198	32,166,686
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 38,549,695</u>	<u>\$ 41,743,675</u>	<u>\$ 44,508,886</u>	<u>\$ 47,046,013</u>	<u>\$ 46,253,333</u>	<u>\$ 38,942,957</u>	<u>\$ 35,862,146</u>	<u>\$ 32,448,617</u>	<u>\$ 31,559,198</u>	<u>\$ 32,166,686</u>
As a percentage of debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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

CITY OF POWDER SPRINGS, GEORGIA

PLEGDED-REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds					Coverage
	1	2	Net	Debt Service		
	Utility Service Charges	Less Operating Expenses	Available Revenue	Principal	Interest	
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%
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-

Notes 1 - Includes interest income
 2 - Excludes depreciation expense

The final payment on the City's water revenue bonds was made in fiscal year 2010.

CITY OF POWDER SPRINGS, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS JUNE 30, 2015

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

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

N/A - information is not readily available

CITY OF POWDER SPRINGS, GEORGIA

PRINCIPAL EMPLOYERS CURRENT AND NINE YEARS AGO

Employer	2015			2006		
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
PS Transitional Care & Rehab ²	247	1	7.5 %	-		- %
Hussman Services Corp	185	2	5.6	-		-
Kroger	131	3	4.0	150	3	6.52
Publix Supermarkets	119	4	3.6	120	4	5.22
The Home Depot	109	5	3.3	100	10	4.35
Powder Springs Elementary	104	6	3.2	120	5	5.22
Compton Elementary	100	7	3.0	110	8	4.78
Tapp Middle School	95	8	2.9	118	6	5.13
City of Powder Springs	94	9	2.8	-		-
Star Filing	74	10	2.2	115	7	5.00
Brian Center Nursing Care	-		-	260	1	11.30
Star Acquisitions	-		-	200	2	8.70
Alco Manufacturing	-		-	100	9	4.35
Top ten total	1,258		38.1 %	1,393		60.57 %
Other employers	2,041		61.9 %	907		39.43 %
Total employees (3)	3,299		100.0 %	2,300		100.00 %

Source: City Department of Economic Development

Notes: 1 - Full-time equivalent employees

2 - Formally known as Brian Center Nursing Care

3 - Estimated

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

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

Function / Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General administration										
Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Elections	1.0	1.0	-	-	-	-	-	-	-	-
Administration	12.0	75.0	7.5	7.5	7.5	8.0	6.3	7.3	8.3	8.3
Information technology	-	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Purchasing	-	1.0	1.0	1.0	1.0	1.0	-	-	-	-
Municipal court	2.0	2.0	3.0	3.0	3.0	2.0	2.0	1.0	1.0	1.0
Total general administration	21.0	86.0	18.5	18.5	18.5	18.0	15.3	14.3	15.3	15.3
Health and welfare										
Senior center	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Culture and recreation										
Museum	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Housing and development										
Building inspections	2.0	2.0	2.0	1.0	0.5	0.5	0.5	-	-	-
Community development	7.0	8.0	8.0	6.0	5.0	5.0	5.0	4.0	4.0	3.0
Economic development	-	-	-	-	-	-	-	-	1.0	1.0
Code enforcement	1.0	3.0	3.0	2.0	2.0	2.0	2.0	-	-	-
Total housing and development	10.0	13.0	13.0	9.0	7.5	7.5	7.5	4.0	5.0	4.0
Public safety										
Police	52.5	51.0	48.5	39.5	41.5	36.0	33.0	29.0	31.0	30.0
Public works										
Streets	8.0	6.0	6.0	5.0	4.0	3.0	3.0	3.0	3.0	3.0
Water & sewer										
Water	10.0	11.0	12.0	11.0	11.0	11.0	11.8	11.7	11.7	11.7
Sewer	6.0	5.0	6.0	4.0	5.0	5.0	5.0	6.0	6.0	6.0
Total water & sewer	16.0	16.0	18.0	15.0	16.0	16.0	16.8	17.7	17.7	17.7
Sanitation	13.0	13.0	14.0	14.0	11.0	11.0	9.0	9.0	7.0	8.0
Stormwater	-	-	-	-	-	-	-	-	1.0	1.0
Total	121.5	186.0	119.0	102.0	99.5	92.5	85.6	78.0	81.0	80.0

Source: City Finance Office

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Building permits issued	248	211	173	249	517	251	309	315	294	372
Police										
Physical arrests	684	810	882	495	437	317	372	411	384	423
Citations issued	5,785	8,811	8,592	8,313	7,563	5,878	4,325	4,626	3,088	3,432
Refuse collection										
Refuse collected (tons per day)	35.00	35.00	35.00	42.00	42.00	28.00	24.61	24.06	23.86	23.95
Water										
Average daily consumption	1,182,449	1,270,000	1,088,940	999,932	900,780	1,088,033	1,083,254	1,071,012	1,112,069	1,030,657

N/A - information not available

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

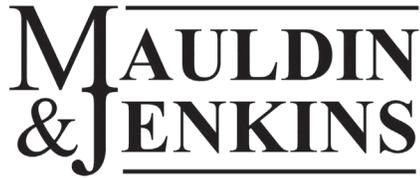
CITY OF POWDER SPRINGS, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	15	14	14	14	14	14	14	17	17	21
Refuse collection										
Collection trucks	5	5	4	4	4	4	4	3	3	3
Other public works										
Streets (miles)	60	61	61	61	62	85	85	87	87	87
Streetlights	2,000	2,000	2,000	2,000	2,112	2,112	2,112	2,112	2,112	2,112
Water										
Water mains (miles)	70	70	70	70	70	70	70	70	70	70
Wastewater										
Sanitary sewers (miles)	70	70	70	70	70	70	70	70	70	70

N/A - Information not available

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

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Powder Springs, Georgia ("the City") as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2015. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2015-001 and 2015-002, which we consider to be material weaknesses.

Compliance and Other Matters

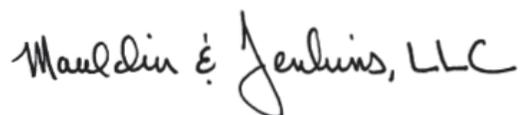
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

The City of Powder Springs, Georgia's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Atlanta, Georgia
December 31, 2015

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

yes no

Significant deficiencies identified?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

There was not an audit of major federal award programs for the year ended June 30, 2015 due to the total amount expended being less than \$500,000.

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2015-001 Revenue Recognition

Criteria: Internal controls should be in place to ensure that all long-term liability related transactions are appropriately reported in accordance with generally accepted accounting principles. Those require the governmental funds to report proceeds as other financing sources of revenue, regardless of whether there is an actual cash flow activity to the City. Additionally, the related uses of the proceeds should be reported as either capital outlay expenditures, debt service expenditures, or in the event of refunding bonds, as other financing uses for the amounts paid to the escrow agent.

Condition: Internal controls were not sufficient to detect misstatements in the City's fund level reporting of long-term liabilities.

Context/Cause: During our testing of the City's long-term liabilities, we noted the Downtown Development Authority (the "DDA"), a blended component unit of the City, had issued \$3,335,000 of refunding bonds during the year. As the DDA is reported as governmental fund, the proceeds from the issuance should be reported as an other financing source, while the payments made to the refunding agent should be reported as an other financing use. As these amounts were not reported, an entry for the full issuance was required to record the non-cash related activity.

Effects: Total misstatements to the fund level accounting for the bond issuance of \$3,335,000 were noted and required correction during the audit.

Recommendation: We recommend the City review all long-term financing activity to ensure the appropriate general ledger entries are recorded, especially when involved in non-cash related activities. These issuances should be reported in accordance with generally accepted accounting principles.

Auditee's Response: We will take necessary steps in the future to ensure that future long-term liabilities are properly recorded.

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2015-002 Expenditure Recognition

Criteria: Generally, expenditures/expenses should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows in accordance with generally accepted accounting principles.

Condition: Misstatements were detected in the reporting of the City's expenditures.

Context/Cause: In the Capital Projects Fund, an adjustment was required to remove expenditures which were incorrectly accrued as of June 30, 2015. As the services were not provided to the City as of June 30, 2015, the related expenditures and liability should not be reported as of June 30, 2015. Additionally, an entry was required to accrue expenditures in the General Fund for which the services were provided prior to June 30, 2015; however, the City was not reporting the expenditures and related liabilities as of June 30, 2015.

Effects: Audit adjustments totaling approximately \$29,000 were needed to correct the City's fund level expenditures and related liabilities.

Recommendation: We recommend the City ensure all expenditures are properly reported in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding and are currently implementing controls to ensure these year-end adjustments are considered and reflected in the general ledger, as appropriate.

CITY OF POWDER SPRINGS, GEORGIA

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

None noted