

# Summary FY 2015 Comprehensive Annual Financial Report

## FY 2015 Financial Highlights

- Total Net Assets increased \$4.4 million over 2014
  - Of this amount, \$12,120,251 is unrestricted
- Combined Revenue totaled \$17.6 million
- Overall expenses totaled \$13.2 million
- Governmental activities - net assets increased by \$2.7 million; with ending unassigned fund balance in the General Fund totaling \$3.9 million

### Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position.

- The City's combined net assets (government and business-type activities) totaled \$48,412,708 at June 30, 2015.
- The City's investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks, water lines and sewer lines) are any related debt used to acquire those assets that is still outstanding comprise 70% of the City's total net assets.
- Investments in capital assets net of related debt 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.

### Governmental Activity Revenues

Governmental activities revenues increased by \$855,519 - primarily attributed to a increase in programming revenues, such as:

- Charges for Services of \$314,037 (over prior year revenue). The Charges for Services include fees for services such as building permits, facility rentals and municipal court fines.
- Operating and Capital Grants and Contributions of 2123,544 & \$311,226.

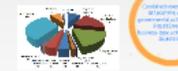
Tax provided \$5,010,492 or 49% of governmental revenue, while charges for services provided \$1,433,740 or 14% of operating revenues. As such, the City's taxpayers and purchases of City services fund 63% of governmental operating activity.

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 Revenues

Established to be supported by fee program. Water and sewer revenues increased slightly over prior year revenues (\$10,817,411 vs. \$10,791,000).

### Total Revenues



### Total Expenses

Category	2014	2015
Governmental activities	\$13,200,000	\$13,200,000
Business-type activities	\$10,800,000	\$10,800,000
Total	\$24,000,000	\$24,000,000

### Governmental-activity expenses

Expenses increased by \$424,133 or 3.1%.

Significant increases from prior year expenses included:

- Public Works expenditures decreased \$214,410 due to decreased SLOST spending (completing projects in FY14 as well as unexpended in FY15).
- Public Safety expenditures increased \$10,143 by FY15. This increase is most prevalent in personnel expenses for the City's law enforcement.
- Expenditures for Cultural and Recreation activities decreased by \$18,524 in FY15.

### Business-type activity expenses

Operating expenses increased \$1,021 during FY15. Significant increases included:

- Personnel expenses increased \$1,021 due to the City's participation in the Public Safety Training Program.
- Contractual expenses increased \$1,021 due to the City's participation in the Public Safety Training Program.

### Fund Analysis

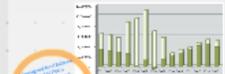
The overall financial condition of the City is positive. Information on water, fire, public safety and other services is available in the City's Annual Financial Report. This information is useful in assessing the City's operating performance.

As a result, the operating fund balance may vary from year to year. The City's financial condition is strong for the year ending June 30, 2015.

### General Fund

The General Fund is the primary operating fund and accounts for 80% of the City's total revenues. The General Fund balance at June 30, 2015 is \$12,120,251. The General Fund balance at June 30, 2014 is \$11,908,096. The General Fund balance at June 30, 2015 is \$2,702,155 more than the General Fund balance at June 30, 2014.

### General Fund



### Capital Projects Fund

The Capital Projects Fund of the City is the expenditure fund for capital projects. In fiscal year 2015, the Capital Projects Fund total balance of the Capital Projects Fund increased \$42,014 as a result of transfers to fund new designed capital projects. Revenues, which are primarily grants from the State and Federal Government, increased by \$402,014.

Expenses during the year increased \$100,000 as a result of acquisition and installation of the new Street Light System at the Bedford House.

### SPLOST Fund

The SPLOST Fund is used to support for capital projects and infrastructure improvements designated for the period from January 2010 and 2011 on project Special Purpose Local Option Sales Tax.

SPLOST project expenditures were \$1,433,740 during the year as compared to expenditures of \$1,252,275 in the prior year 2014.

Revenues are received exclusively from Cobb County based on COB's budgeted allocation to the City.

### Major Proprietary Funds

Water Utility and Sewer Fund at the end of the year was \$10,520,413. Equity increased by \$171,116 during the year.

Asset expenditures decreased by \$21,811 primarily due to decreases in water and sewer line projects.

Revenues increased by \$136 due to a mix of the City's rate increase necessary to pay through increased costs to fund for water purchases and energy expenses.

### Capital Assets

The City's investment in capital assets, net of related debt 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.

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.

### Long Term Debt

As of June 30, 2015, the City's total outstanding long-term debt (principal portions) totaled \$1,487,771 and included obligations as follows:

Debt Description	Amount
General Obligation Bonds	\$4,500,000
Water Utility Bonds	\$1,000,000
SPLOST Bonds	\$1,000,000
Other Debt	\$1,487,771
<b>Total</b>	<b>\$7,987,771</b>

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 \$22,766,406.

### QUESTIONS ?



# Summary

## FY 2015 Comprehensive Annual Financial Report

### FY 2015 Financial Highlights

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- Governmental activities - net assets increased by \$2.7 million; with ending unassigned fund balance in the General Fund totaling \$3.9 million

#### Government-wide Financial Analysis

Net assets may rise over time as a useful indicator of a government's financial position

- The City's combined net assets (government and business-type activities) totaled \$48,492,700 at June 30, 2015
- The City's 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 these assets that is still outstanding) comprise 70% of the City's total net assets
- Investments in capital assets, net of related debt, increased by \$2,702,555 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

#### Governmental Activity Revenues

Governmental activities revenues increased by \$855,519 - primarily attributed to a increase in programming revenues, such as:

- Charges for Services of \$274,027 (over prior year revenue). The Charges for Services include fees for services such as building permits, facility rentals and municipal court fines
- Operating and Capital Grants and Contributions of \$123,544 & \$311,206

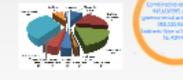
Tax provided \$5,010,497 or 49% of governmental revenue, while charges for services provided \$1,433,740 or 14% of operating revenues. As such, the City's taxpayers and purchases of City services fund 63% of governmental operating activity.

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 Revenues

Established to be supported by fee programs, water and sewer revenues increased and the water and sewer revenues (55.9%) increased by 2%.

#### Total Revenues



#### Total Expenses

Category	2015	2014	% Change
Governmental	10,120,000	9,264,481	9%
Business-Type	3,080,000	3,935,519	(22%)
<b>Total</b>	<b>13,200,000</b>	<b>13,200,000</b>	<b>0%</b>

#### Governmental-activity expenses

Expenses increased by 26% (11%) in FY15. Significant increases from prior year expenses included:

- Public Works expenses increased \$145,430 due to increased SPLOST funding for capital projects in FY15 (10%) by completion of FY15
- Public Safety expenses increased \$75,307 in FY15. This increase is most prevalent in personnel expenditures categories, as well as acquisition.
- Expenditures for Cultural and Recreation activities decreased by \$18,812 in FY15

#### Business-type activity expenses

Operating expenses increased \$222,000 in FY15. Significant increases from prior year expenses included:

- Water and Sewer Revenues: \$100,000 increase in water and sewer revenues due to increased rates in FY15
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#### Fund Analysis

The focus of the City's government's funds is to provide information on how well it's doing, and the condition of its financial resources. The information is useful in assessing the City's financial performance.

At present, the unassigned fund balance may be used to fund activities of government or reserved for spending at the end of the fiscal year.

#### General Fund

The General Fund is the primary operating fund that supports the majority of the City's operations. The unassigned fund balance at the end of FY15 was \$3,900,000, which represents the amount of funds available for general operations at the end of the fiscal year. The unassigned fund balance at the end of the current year reporting period is \$3,900,000.

#### General Fund



#### Capital Projects Fund

The Capital Projects Fund of the City reflects revenues for capital projects in fiscal year 2015. It is considered a major fund. The total revenues of this Capital Projects Fund increased \$62,724 as a result of revenues in fund from designated capital projects revenues, which are primarily impact fees and proceeds from the General Fund, increased the amount.

Expenditures during the fiscal year increased \$40,426 due to the completion of the construction of the new Senior Center in the fiscal year.

#### SPLOST Fund

The SPLOST Fund is used to account for capital projects and infrastructure improvements designated to the Unified Fire County 2008 and 2010 one-percent Special Purpose Local Option Sales Tax.

SPLOST project expenditures were \$1,745,438 during the year as compared to expenditures of \$1,325,212 in fiscal year 2014.

Revenues are reported and reported from Cobb County and City's budget allocations in the City.

#### Major Proprietary Funds

Fund Equity of the Water and Sewer Fund at the end of the year was \$35,516,494. Equity increased by \$671,313 during the year.

Fund expenditures decreased by \$22,877 primarily due to decreases in water and sewer reports.

Revenues increased by \$29,348 as a result of the City's rate increase necessary to pay through increased costs in fees for water and sewer cost recovery.

#### Capital Assets

The City's investment in capital assets, net of related debt 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.

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.

#### Long Term Debt

As of June 30, 2015, the City's total outstanding long-term debt (principal portion) totaled \$2,482,777 and included obligations as follows:

Debt Description	Amount
General Obligation Bonds	\$2,482,777
Water and Sewer Bonds	\$1,150,248
Capital Assets Bonds	\$1,332,529

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 \$22,566,686.

#### QUESTIONS ?



# FY 2015

## Financial Highlights

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- Overall expenses totaled \$13.2 million
- Governmental activities - net assets increased by \$2.7 million; with ending unassigned fund balance in the General Fund totaling \$3.9 million

# Government-wide Financial Analysis

*Net assets may serve over time as a useful indicator of a government's financial position*

- The City's combined net assets (government and business-type activities) totaled \$48,412,708 at June 30, 2015*
- The City's 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 assets.*
- Investments in capital assets net of related debt 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.*

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 increase  
\$3.5 million  
Business-type increase  
\$961,967

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 increase***

***\$3.5 million***

***Business-type increase***

***\$961,967***

# Governmental Activity Revenues

Governmental activities revenues increased by \$855,519 ~ primarily attributed to a increase in programming revenues, such as:

- *Charges for Services of \$314,037* (over prior year revenue). The Charges for Services include fees for services such as building permits, facility rentals and municipal court fines
- *Operating and Capital Grants and Contributions of \$123,544 & \$311,206*

Tax provided \$5,010,492 or 49% of governmental revenue, while charges for services provided \$1,433,740 or 14% of operating revenues. As such, 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 Revenues*

Established to be supported by fee revenues:  
Water and sewer revenues increased slightly over prior year revenues (\$139,177, or 2%)

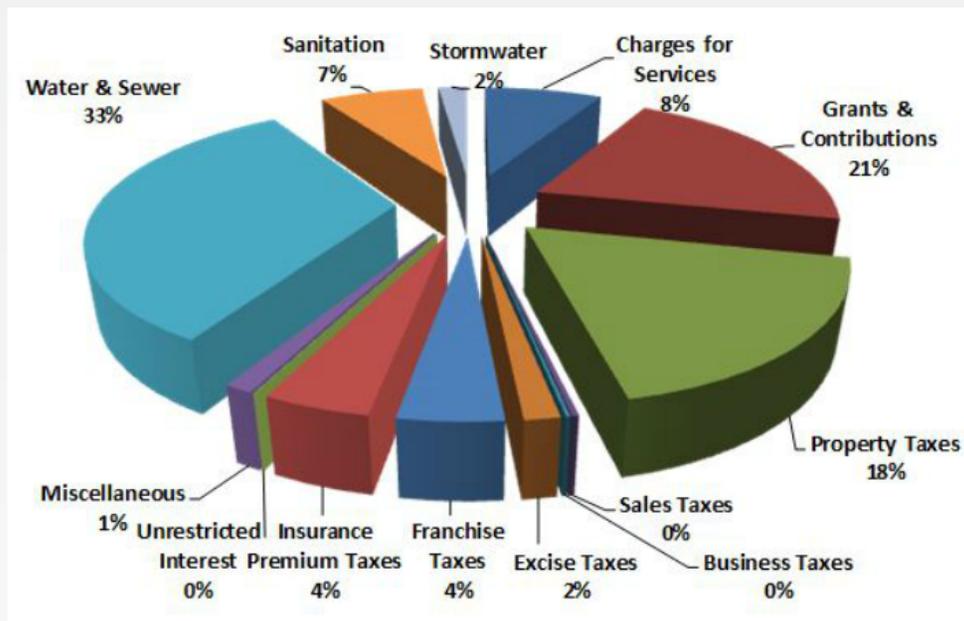
Sanitation revenue increased by \$119,804 (11% more than prior year revenue)

The Storm Water fund billed a total \$352,539 for the utility fees in 2015, a decrease of \$40 from fiscal year 2014

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The Storm Water fund  
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# Total Revenues



Combined revenue totaled \$17,607,919, of which governmental activities totaled \$10,235,960 and business-type activities totaled \$6,409,992.

# Total Expenses

# Total Expenses

	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%
<b>Total</b>	<b>\$ 13,182,628</b>	<b>100.0%</b>	<b>\$ 794,366</b>	<b>100.0%</b>

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

# Governmental-activity expenses

*Expenses increased by \$190,171 in FY15*

*Significant variances from prior year expenses included:*

- Public Works expenditures decreased \$243,440 due to decreased SPLOST spending [completed projects in FY14 or to be completed in FY16]*
- Public Safety expenditures increased \$376,167 in FY15. This increase is most prevalent in personnel expenditure categories and vehicle acquisition.*
- Expenditures for Cultural and Recreation activities decreased by \$118,513 in FY15.*

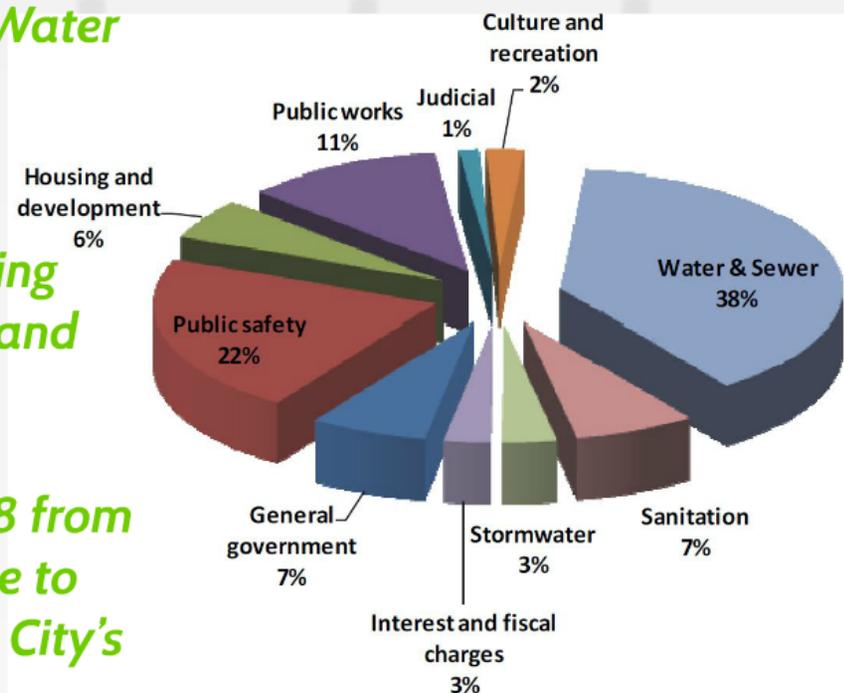


# Business-type activity expenses

*Operating expense increased \$12,602 during FY15*

*Significant cost variances included:*

- Increases in water purchases from Cobb Marietta Water Authority and sewer processing expenses totaled \$133,688*
- Current CIP planning and GIS Infrastructure mapping lead to a decrease for water and sewer line repair and maintenance (\$19,991)*
- Storm Water Fund 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*



# 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 June 30, 2015, 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

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# General Fund

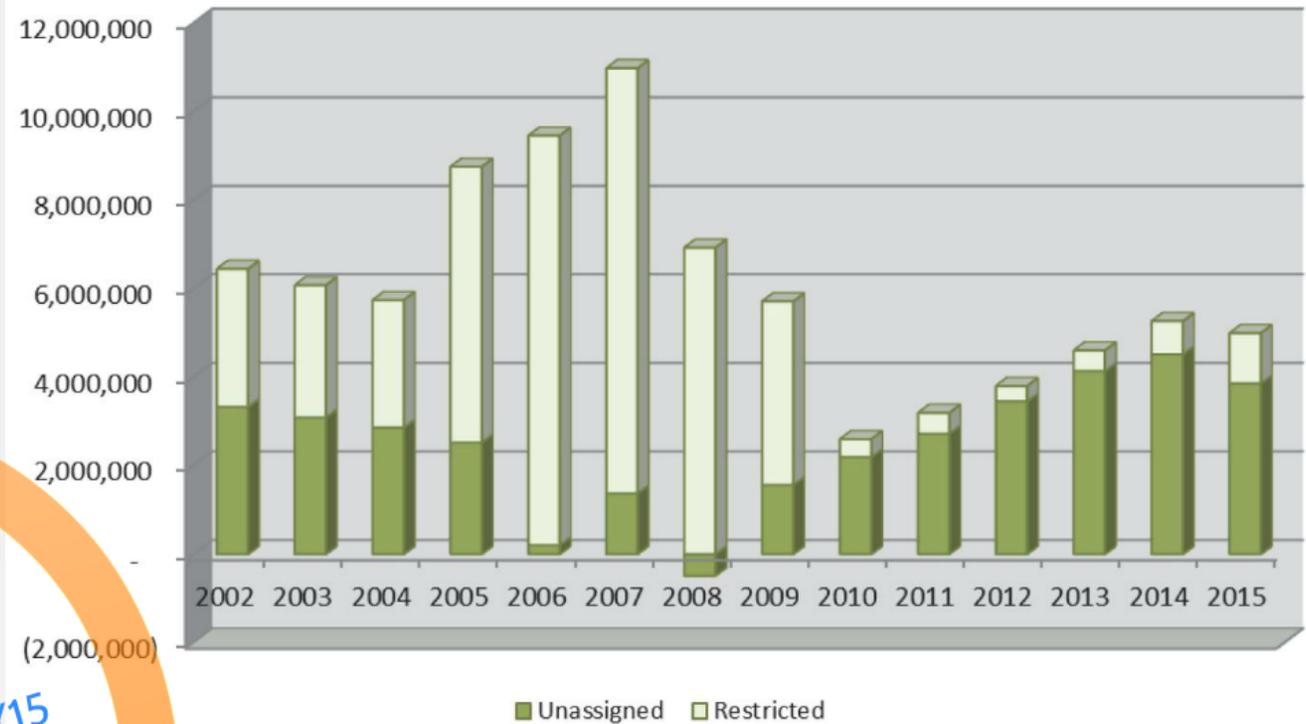
*The General Fund is the primary operating fund and the largest source of day-to-day service delivery. The unassigned fund balance at June 30, 2015 of \$3,851,796 is considered sufficient, representing the equivalent of 54% of fiscal year 2015 general fund expenditures and transfers out or approximately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

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

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# General Fund



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## Capital Projects Fund

*The Capital Projects Fund of the City reflects expenditures for capital projects. 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 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.*

Revenues  
Increased by  
\$890,562  
Expenditures  
increased by  
\$901,552

## SPLOST Fund

*The SPLOST Fund is used to account for capital projects and infrastructure improvements*

Revenues  
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# SPLOST Fund

*The SPLOST Fund is used to account for capital projects and infrastructure improvements designated to be funded from County 2006 and 2011 one percent Special Purpose Local Option Sales Tax.*

*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.*

The fund balance increase of \$913,478 [45%] is due to the timing of expenditures on projects

# Major Proprietary Funds

*Fund Equity of the Water and Sewer fund at the end of the year was \$10,526,493. Equity increased by \$677,114 during the year.*

*Fund expenditures 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.*

Sanitation's fund equity at the end of the year was \$1,228,238. Equity increased by \$347,779

Sanitation's fund  
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***Equity increased by  
\$347,779***

# Capital Assets

The City's investment in capital assets, net of related debt 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.

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.

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## 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.*

# QUESTIONS ?



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- Governmental activities - net assets increased by \$2.7 million; with ending unassigned fund balance in the General Fund totaling \$3.9 million

#### Government-wide Financial Analysis

Net assets may vary over time as a useful indicator of a government's financial position.

- The City's combined net assets (government and business-type activities) totaled \$48,492,706 as of June 30, 2015.
- The City's 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 these assets that is still outstanding) comprise 70% of the City's total net assets.
- Investments in capital assets, net of related debt, increased by \$2,702,555 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.

#### Governmental Activity Revenues

Governmental activities revenues increased by \$855,519 - primarily attributed to a increase in programming revenues, such as:

- Charges for Services of \$274,027 (over prior year revenue). The Charges for Services include fees for services such as building permits, facility rentals and municipal court fines.
- Operating and Capital Grants and Contributions of \$123,544 & \$311,206.

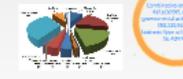
Tax provided \$5,010,497 or 49% of governmental revenue, while charges for services provided \$1,433,740 or 14% of operating revenues. As such, the City's taxpayers and purchases of City services fund 63% of governmental operating activity.

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 Revenues

Established to be supported by fee programs, water and sewer revenues increased and the water and sewer revenues (55.9%) increased by 1.1%.

#### Total Revenues



#### Total Expenses

Category	2014	2015
Governmental	\$10,100,000	\$10,955,519
Business-Type	\$3,100,000	\$3,244,481
<b>Total</b>	<b>\$13,200,000</b>	<b>\$14,200,000</b>

#### Governmental-activity expenses

Expenses increased by 26% (11%) in FY15. Significant increases from prior year expenses included:

- Public Works expenses increased \$145,433 due to increased SPLOST spending associated projects in FY15.
- Public Safety expenses increased \$75,307 in FY15. This increase is most prevalent in personnel expenditures categories in which positions, responsibilities for Cultural and Recreation activities decreased by \$18,812 in FY15.

#### Business-type activity expenses

Operating expenses increased \$120,000 in FY15. Significant increases from prior year expenses included:

- Water and Sewer Revenue: Authority cost water processing operations increased \$10,000.
- Water and Sewer Revenue: Cost of selling water (OS) distribution increased \$100,000 due to water sales for retail and multi-family (24,000).

#### Fund Analysis

The focus of the City's government's funds is to provide information on how well it's doing, and the condition of available resources. The information is useful in assessing the City's financial performance.

At present, the unassigned fund balance may be used to fund activities of government or reserved available for spending at the end of the fiscal year.

#### General Fund

The General Fund is the primary operating fund and the largest source of the City's operating budget. The unassigned fund balance at the end of FY15 totaled \$3,900,000, which represents the amount of funds available for the general operations of the City's government at the end of the current year spending operations.

#### General Fund



#### Capital Projects Fund

The Capital Projects Fund of the City reflects monies used for capital projects in fiscal year 2015. It is considered a major fund. The total balance of this Capital Projects Fund increased \$62,724 as a result of transfers in from other designated capital projects revenues, which are primarily impact fees and proceeds from the General Fund, increased the amount.

Expenditures during the current fiscal year increased \$62,426 due to the work on construction and completion of the new Group Storage Addition on the Auditorium.

#### SPLOST Fund

The SPLOST Fund is used to account for capital projects and infrastructure improvements designated to the Unified Fire County 2008 and 2010 one-percent Special Purpose Local Option Sales Tax.

SPLOST project expenditures were \$1,745,438 during the year as compared to expenditures of \$1,525,272 in fiscal year 2014.

Expenditures are reported and tracked by the City County and are a major budget allocation in the City County.

#### Major Proprietary Funds

Fund 1001 of the Water and Sewer Fund is the end of the year was \$35,576,476. Equity increased by \$671,711 during the year.

Fund expenditures decreased by \$22,877 primarily due to decreases in water and sewer fees reports.

Revenues increased by \$29,368 as a result of the City's rate increase necessary in part through increased costs in fees for water and sewer cost recovery.

#### Capital Assets

The City's investment in capital assets, net of related debt 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.

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.

#### Long Term Debt

As of June 30, 2015, the City's total outstanding long-term debt (principal portion) totaled \$2,482,777 and included obligations as follows:

Debt Description	Amount
General Obligation Bonds	\$2,275,000
Water and Sewer Revenue Bonds	\$15,000
Capital Assets Bonds	\$102,777
<b>Total</b>	<b>\$2,482,777</b>

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 \$22,566,686.

