

Powder Springs, Georgia

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF POWDER SPRINGS, GEORGIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINANCE DIRECTOR
Beverly Waldrip

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CITY OF POWDER SPRINGS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010

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INTRODUCTORY SECTION

THE CITY OF Powder Springs

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

February 17, 2011

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

State law requires that every general-purpose local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2010.

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

Moore & Cubbedge, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Powder Springs, Georgia's financial statements for the year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Powder Springs, incorporated in 1859, is located in west-southwest Cobb County approximately nineteen miles northwest of Atlanta and ten miles southwest of Marietta. The City is a municipal corporation created under the laws of the State of Georgia and has as its formal name "The City of Powder Springs, Georgia." A Mayor and a five-member City Council conduct the affairs of the City. The Mayor and two Council members are elected citywide and the remaining three Council members are elected by separate districts. This elected body is responsible for the active coordination of community resources, to anticipate problems, and meet community needs.

The City Manager, who is appointed by the Mayor and City Council, oversees the day-to-day operations of the City and ensures the smooth and efficient delivery of city services. All activities and functions of the City are administered by the City Manager

and are under the jurisdiction of the Mayor and City Council, as set forth in State and local law.

The City provides a full range of services to approximately 16,000 residents. These services include: public safety (police); community development; highways and streets; water, sewer, and sanitation; public improvements; code enforcement, planning and zoning; and general administrative services. The City is one of six incorporated municipalities within Cobb County, and it is not included in Cobb County's reporting entity. The Powder Springs Downtown Development Authority has met the established criteria for inclusion in the reporting entity, but has not been included in the current year presentation because it is not material to the City.

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

Long-Term financial planning

Unreserved, undesignated fund balance in the general fund is 33% of general fund operating expenses. This balance would cover approximately 4 months of the City operating expenses and is within the Government Finance Officers Association's (GFOA) recommendation of a minimum of 2 months. The maintenance of a sufficient level of unrestricted fund balance is of critical importance particularly now, with an uncertain economic outlook with the potential of having a negative effect on the City's tax base and rate of development.

Local economy

During the last quarter of fiscal year 2008, the City of Powder Springs began to experience an economic slowdown that was a reflection of the national economy. This pattern continued throughout FY 2009 and 2010. There continued to be a decline in tax revenues and business licenses, as well as commercial and residential building permits. This trend is projected to continue for the next 3 to 5 years according to all financial forecasting agencies. Once the national and state economy improves, we believe that the City is positioned to once again continue the growth experienced in the last decade. At that time we hope to see an increase in commercial development as a result of the past and ongoing transportation projects designed to improve access to the City, to make available commercial properties along major travel corridors throughout the City, and to implement economic development incentives and tools to aid in recruitment efforts. Combined, it is believed that these factors will better position Powder Springs in the competitive environment of economic development.

Major initiatives

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

In 2010 the City continued a traffic study of the entire city system, with particular focus on the downtown corridors, in anticipation of a future SPLOST program. Our SPLOST program continued in 2010 with additional construction projects, such as the Atlanta Street streetscape, the Linear Park pedestrian bridge, and the Forest Hill, Macedonia, Florence Road and Old Austell Road sidewalks.

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

The City completed the acquisition of property for a new police station and initiated the design and construction of the facility. It is anticipated the renovation process will be completed in fiscal year 2011.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Powder Springs, Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the twentieth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized

comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The effort of our Finance staff has been instrumental to the prompt completion of the associated audit and of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining high standards of professionalism in the management of the City's finances.

Respectfully submitted,

Rick Eckert
City Manager

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, 2009

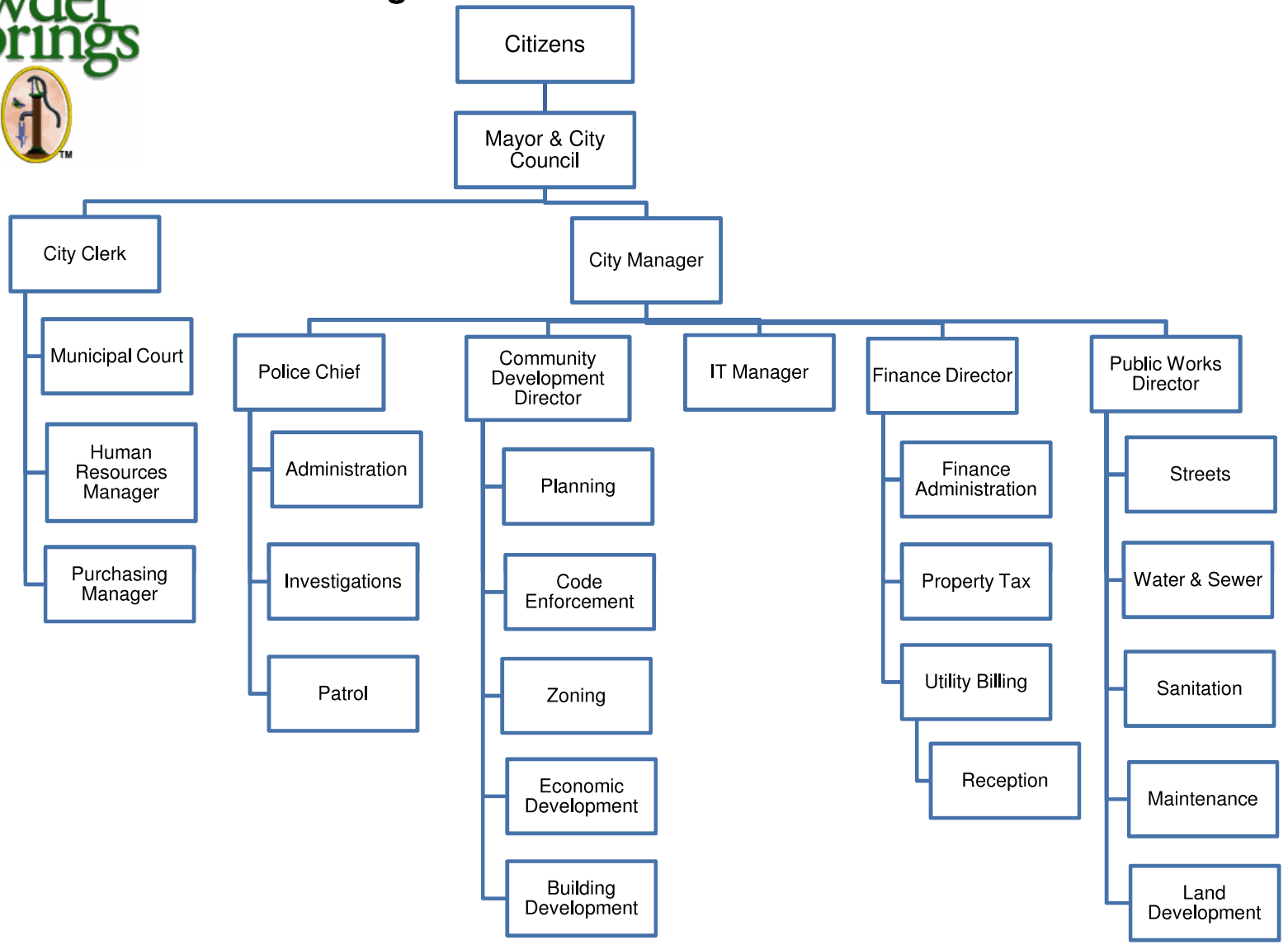
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Organizational Chart



CITY OF POWDER SPRINGS, GEORGIA
June 30, 2010

CITY COUNCIL

Patricia C. Vaughn	Mayor
Rosalyn Neal	Council Member
Cheryl Sarvis	Council Member
Thomas D. Bevirt	Council Member
Nancy Hudson	Council Member
Albert Thurman	Council Member

CITY ADMINISTRATION

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

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Powder Springs, Georgia as of and for the year ended June 30, 2010 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Powder Springs, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Powder Springs, Georgia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 17, 2011 on our consideration of the City of Powder Springs, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, schedule of funding progress, and budgetary comparison information on pages 3 through 13 and pages 46 through 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Moore & Cubbedge, LLP

Moore & Cubbedge, LLP

February 17, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the comprehensive annual financial report for the City of Powder Springs, Georgia (the City), the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2010 FINANCIAL HIGHLIGHTS

The City's assets exceeded its liabilities by $34,336,488 (total net assets) for the calendar year reported.

- Total net assets are comprised of the following:
  (1) Capital assets, net of related debt, of $24,914,689 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction capital assets.
  (2) Net assets of $3,427,514 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net assets of $5,994,285 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

- The City's governmental funds reported total ending fund balance of $8,435,279 this year. This compares to the prior year ending fund balance of $8,628,608 showing a decrease of $193,329 during the current year. However, unreserved fund balance of $6,779,767 at June 30, 2010 shows a substantial increase of $2,289,226 from the prior year amount at June 30, 2009.

- At the end of the current fiscal year, the unreserved fund balance for the General Fund was $2,193,849 or 33.9% of total General Fund expenditures.

- Overall, the City continues to control expenditures and maintain a stable financial position, in spite of a depressed economy.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

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

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

The government-wide financial statements are presented on pages 14 & 15 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported. The city's major funds include the General Fund, the Capital Project Fund and the SPLOST Fund.

The City has two kinds of funds:

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

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

The basic governmental fund financial statements are presented on pages 16 to 18 of this report.

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

The basic proprietary fund financial statements are presented on pages 19 to 23 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 24 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's retirement system funding progress and budget presentations. Budgetary comparison schedules for the general fund are presented which demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on pages 46 to 47 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

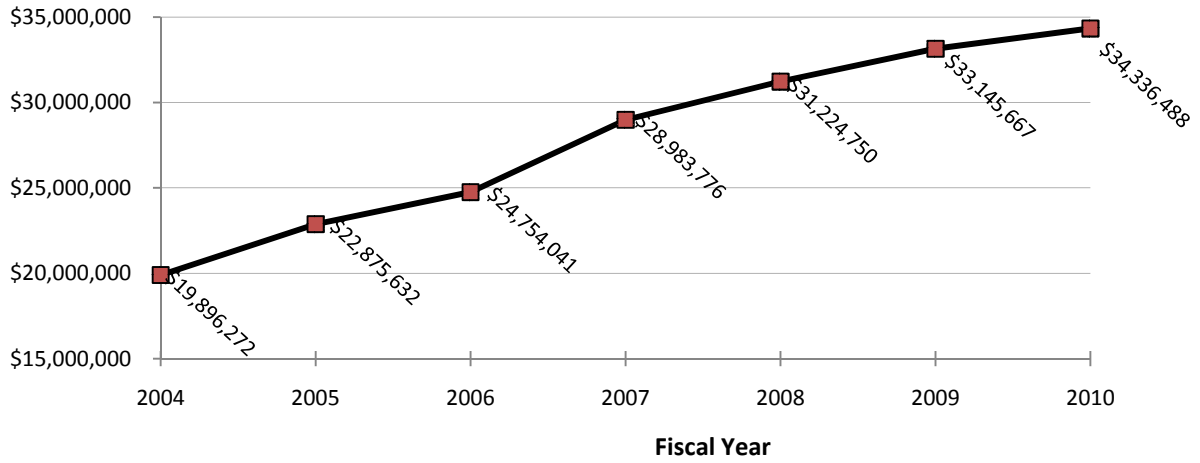
The City's net assets at fiscal year-end are $34,336,488. The following table provides a summary of the City's net assets:

	Governmental Activities		Business-type Activities		Total		
	2010	2009	2010	2009	2010	2009	% of Total
Assets:							
Current and other assets	$ 9,908,406	$ 10,099,187	$ 4,353,332	$ 4,620,442	14,261,738	14,719,629	30%
Capital assets	25,051,891	23,668,612	7,529,585	8,020,263	32,581,476	31,688,875	70%
Total assets	34,960,297	33,767,799	11,882,917	12,640,705	46,843,214	46,408,504	100%
Liabilities:							
Current liabilities	750,683	731,806	254,853	482,001	1,005,536	1,213,807	8%
Noncurrent liabilities	9,618,945	9,762,769	1,882,245	2,286,261	11,501,190	12,049,030	92%
Total liabilities	10,369,628	10,494,575	2,137,098	2,768,262	12,506,726	13,262,837	100%
Net Assets:							
Investment in capital assets, net of related debt	18,465,318	17,988,722	6,449,371	6,461,913	24,914,689	24,450,635	73%
Restricted	3,427,514	2,538,975	-	2,276,071	3,427,514	4,815,046	10%
Unrestricted	2,697,837	2,745,527	3,296,448	1,134,459	5,994,285	3,879,986	17%
Total net assets	$ 24,590,669	$ 23,273,224	$ 9,745,819	$ 9,872,443	$ 34,336,488	$ 33,145,667	100%

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

The City maintains a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 13.2 to 1 as compared to 13.8 to 1 at June 30, 2009. The business-type activities current ratio is 17.1 to 1 which compares favorably to 9.6 to 1 at June 30, 2009. Overall, the total current ratio at June 30, 2010 is 14.2 to 1 as compared to 12.13 to 1 at June 30, 2009.

The following chart reports the total net asset balances from fiscal year 2004 – 2010:



Net assets increased $1,317,445 in 2010 governmental activities or approximately 5.7% over the 2009 amount. The net assets for business-type activities decreased $126,624 or 1.3%. The City's overall financial position increased during fiscal year 2010 by $1,190,821 or 3.6%.

Note that 75% of governmental activities' net assets are tied up in capital assets. The City uses these capital assets to provide services to its citizens. Capital assets in business-type activities comprise 66% of its net assets. Capital assets are used in the business-type activities to generate revenues for the Water & Sewer and Sanitation funds. Combining governmental activities with business type activities, the City has invested approximately 72.5% of its total assets in capital assets which is comparable to 2009.

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

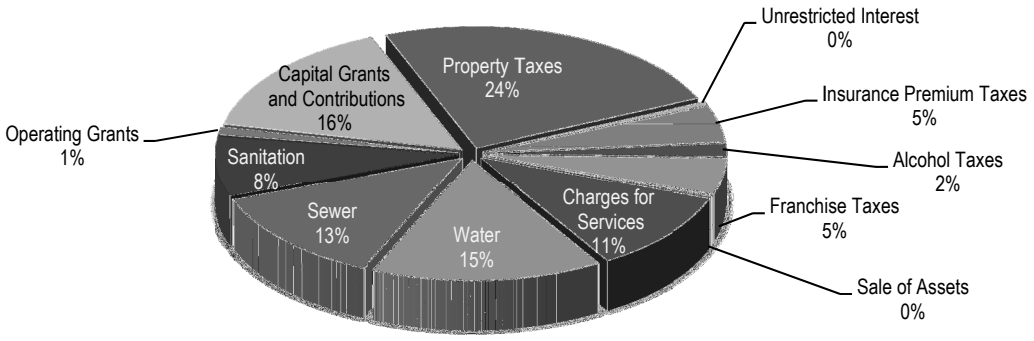
	Governmental Activities		Business-type Activities		Total		%
	2010	2009	2010	2009	2010	2009	of Total
Revenues:							
Program:							
Charges for services	$ 1,530,298	$ 1,456,795	$ 5,106,773	$ 4,994,699	$ 6,637,071	$ 6,451,494	47%
Capital grants and contributions	2,211,708	2,146,575	-	-	2,211,708	2,146,575	16%
General:							
Property taxes	3,457,004	3,416,920	-	-	3,457,004	3,416,920	24%
Insurance premium taxes	691,986	698,539	-	-	691,986	698,539	5%
Alcohol taxes	249,451	278,121	-	-	249,451	278,121	2%
Franchise taxes	705,119	700,127	-	-	705,119	700,127	5%
Operating grants not restricted to a specific program	143,736	144,575	-	-	143,736	144,575	1%
Unrestricted interest	51,494	140,429	17,999	71,725	69,493	212,154	0%
Gain on sale of assets	28,830	151,866	20,734	-	49,564	151,866	0%
Total revenues	9,069,626	9,133,947	5,145,506	5,066,424	14,215,132	14,200,371	100%
Expenses							
General government	1,420,608	1,294,648			1,420,608	1,294,648	11%
Health and welfare	41,658	15,915			41,658	15,915	0%
Public works	1,611,057	908,492			1,611,057	908,492	12%
Culture and recreation	505,801	569,561			505,801	569,561	4%
Public safety	3,077,897	3,360,690			3,077,897	3,360,690	23%
Housing and development	785,004	801,439			785,004	801,439	6%
Interest and fiscal charges on long-term debt	386,549	404,935			386,549	404,935	3%
Water and Sewer	-	-	4,116,665	3,915,500	4,116,665	3,915,500	31%
Sanitation	-	-	1,155,465	1,008,274	1,155,465	1,008,274	9%
Total expenses	7,828,574	7,355,680	5,272,130	4,923,774	13,100,704	12,279,454	100%
Revenues over expenses	1,241,052	1,778,267	(126,624)	142,650	1,114,428	1,920,917	
Change in net assets	1,241,052	1,778,267	(126,624)	142,650	1,114,428	1,920,917	
Beginning net assets	23,273,224	21,494,957	9,872,443	9,729,793	33,145,667	31,224,750	
Restatement	76,393	-	-	-	76,393	-	
Net assets after Restatement	23,349,617	21,494,957	9,872,443	9,729,793	33,222,060	31,224,750	
Ending net assets	$ 24,590,669	$ 23,273,224	$ 9,745,819	$ 9,872,443	$ 34,336,488	$ 33,145,667	

Revenues

The City is heavily reliant on tax revenues to support governmental operations. Taxes provided $5,103,560 or 74% of the City's total operating revenues (excluding capital grants and contributions), as compared to 73% in 2009. Total tax revenue is substantially unchanged as compared to the 2009 fiscal year. The percentage increase is primarily attributed to decreases in the gain on sales of capital assets and on investment earnings. Investment earnings were 63% less than investment earnings in 2009. Charges for services comprise approximately 22% of total operating revenues (excluding capital grants and contributions) as compared to 21% in 2009. Accordingly, the government's taxpayers and purchasers of City services fund 97% of the total governmental operating activity. As a result, the general economy and the City's businesses have a major impact 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 $123,471 primarily as a result of a rate increase. The rate increase was implemented to cover increased charges for sewer processing and water purchases from Cobb County. There was a slight increase in water consumption of 2.7%. Sanitation revenues were substantially the same as in the prior year. Interest income was significantly decreased by approximately $54,000 or 75% due to the reduction of interest rates.

Composition of the City's *Statement of Activities* revenues:



Overall, governmental activity revenues decreased by $64,321 and business-type activity revenue increased by $79,082 or by less than 1% in total.

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.

	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total
General government	$ 1,420,608	10.8%	$ 1,077,902	25.4%
Public safety	3,077,897	23.5%	2,307,718	54.3%
Housing and development	785,004	6.0%	651,193	15.3%
Public works:	1,611,057	12.3%	(864,203)	-20.3%
Health and welfare	41,658	0.3%	41,658	1.0%
Culture and recreation	505,801	3.9%	485,751	11.4%
Water	2,126,675	16.2%	(39,621)	-0.9%
Sewer	1,989,990	15.2%	184,220	4.3%
Sanitation	1,155,465	8.8%	20,758	0.5%
Interest and fiscal charges	386,549	3.0%	386,549	9.1%
Total	$ 13,100,704	100.0%	$ 4,251,925	100.0%

The City's total expenses increased $821,250 or 6.7%.

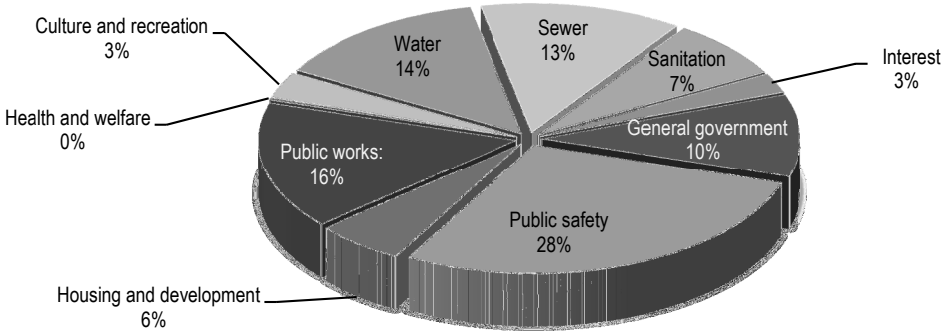
The increase is the result of increased expenses for capital projects. These projects include construction of street infrastructure, sidewalks and drainage infrastructure funded by SPLOST and acquisition of a new Public Safety facility funded with capital lease proceeds.

Business-type operating expenses increased by $348,356 or 7%, during the current fiscal year. Significant cost increases included:

- Water purchases and sewer processing fees paid to Cobb County increased by approximately $147,000
- OPEB (other post-employee benefit) obligations for retiree health insurance were expensed for $63,380
- Allocation of administrative overhead expense increased by approximately $218,000
- Expenses related to infrastructure repairs and personnel cost decreased by approximately $100,000

Enterprise fund net cost increases resulted in a decrease in net assets of $126,624 for the current fiscal year.

Composition of the City's *Statement of Activities* expenses (excluding capital project fund expenses):



FUND ANALYSIS

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $8,435,279, a decrease of $193,329 or 2% from the prior year. The change in fund balance is a result of:

- General fund – ($3,105,839) – the decrease relates primarily to the transfer of capital lease proceeds received in prior years to the capital projects fund and is net of a prior period fund balance restatement of $76,393.
- Capital projects fund – $2,684,839 – the increase is the difference between transfers from other government funds and the spending down of money set aside for capital projects.
- SPLOST fund - $227,671 – the increase results from the recognition of SPLOST proceeds in excess of the amount spent on SPLOST projects during the fiscal year.

Within the ending fund balance, $6,779,767 is unreserved, indicating availability for continuing City service delivery requirements. However, $3,162,798 of this unreserved fund balance is committed to capital projects and $1,423,120 of the unreserved fund balance is committed to SPLOST projects. The remainder of fund balance is legally restricted or reserved to indicate it is not available for new spending because it is obligated as follows:

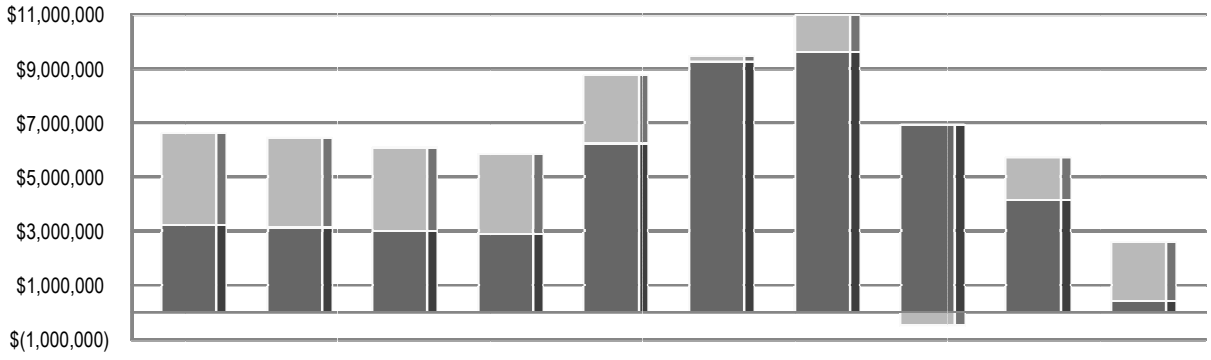
- $30,082 reserved for projects
- $90,165 reserved for equipment
- $8,762 reserved inventories

- $255,153 reserved for prepaid expenses such as liability insurance
- $1,271,350 designated for fiscal year 2010 encumbrances

Major Governmental Funds

General Fund - The General Fund is the primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund decreased to $2,597,733 during the fiscal year. Of this amount, $403,884 is reserved for encumbrances, prepaid items, projects, equipment and inventories. The ending unreserved fund balance of $2,193,849 is considered sufficient, representing the equivalent of 33.9% of annual expenditures or 4 months of operating expenditures.

The following chart reports general fund balances from fiscal year 2001 – 2010:



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Unreserved Fund Balance	$3,393,221	$3,323,390	$3,088,330	$2,958,911	$2,522,298	$201,242	$1,371,578	$(483,776)	$1,565,505	$2,193,849
Reserved Fund Balance	$3,206,487	$3,117,893	$2,985,189	$2,878,179	$6,226,778	$9,250,061	$9,603,346	$6,921,670	$4,144,067	$403,884

General Fund revenues for the current year were substantially unchanged. The most significant changes from fiscal year 2009 are described below:

- Fines and Forfeitures increased by $126,000 or 24% over the prior year.
- Investment earnings decreased $131,311 or 96%, primarily due to lower investment rates and the reduction in amount of cash available to invest.

General fund expenditures decreased by $546,094 or 8%. Significant reductions in expenditures include:

- Reduced personnel expense of approximately $154,000, primarily due to a reduction of personnel in the community development function which occurred mid-year in FY 2009
- Reduced health insurance costs of approximately $79,000 due to workforce reductions and a change in the percentage of cost paid by employees
- Reduced legal and audit fees of approximately $40,000
- Reduced capital outlay expenditures for the culture and recreation function of approximately $66,000
- Reduced liability insurance of approximately $104,000
- Reduced telephone costs of approximately $20,000
- Reduced capital outlays for resurfacing, infrastructure and vehicles of approximately $130,000

Capital Projects Fund - The Capital Projects Fund of the City reflects expenditures concerning the capital projects as approved by the governing body. It is considered a major fund. During fiscal year 2010 the fund balance of the Capital Projects Fund increased to $3,162,798 due to the transfer of capital lease proceeds, designated to fund capital projects, from the general fund in excess of expenditures incurred during the year. Expenditures during the current fiscal year were $1,638,909 as compared to $375,644 in 2009.

SPLOST Fund – This fund is used to account for capital projects and infrastructure improvements designated to be funded from County SPLOST revenues. The fund balance increase of $227,671 or 9% is due to the excess of uniform SPLOST remittances from Cobb County over project expenditures during the year. Expenditures, including transfers, for SPLOST projects were $1,862,130 during the year as compared to expenditures, including transfers, of $719,491 in 2009.

Major Proprietary Funds

The City's proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Fund Equity of the water and sewer fund at the end of the year was $9,166,571. Equity decreased by $116,238 during the year. Fund expenditures increased by $213,126 primarily due to an increase in fees for water purchases and sewer processing and an increased allocation for general operating overhead. Revenues increased to a lesser extent of $123,471, as a result of the City's rate increase necessary to pass through increased costs.

The sanitation fund's fund equity at the end of the year was $579,248. Equity decreased by $10,386 during the year due to an increase in the allocation of general operating overhead costs.

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 2009, the City adopted a General Fund Budget of $11,332,665 for General Fund expenditures (including transfers). At the end of the fiscal year, the final amended budgeted expenditures were $11,143,273, a decrease of $189,392.

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)
Revenues and other financing sources	$ 7,794,225	$ 7,604,834	$ 7,573,675
Expenditures and other financing uses	$ 11,332,665	$ 11,161,096	$ 10,755,907

Significant budget amendments included the following:

- The $189,391 reduction of budgeted revenues was primarily due to removing the debt proceeds budget. The $256,200 budget for capital leases was for the purchase of financial software which was paid for out of operating revenues and for police vehicle purchases which was delayed. Also, motor tax revenues budgeted were reduced by approximately $54,000 to reflect reduced receipts; interest revenue was reduced by $14,000; fines budgeted were increased to approximately $39,000 and grant revenue by $50,000.

- Total budgeted expenditures were reduced by $189,392. The most significant decreases to budgeted expenditures were in the Administrative function and include a reduction of $161,000 for financial software and a reduction of $34,000 in salary expenses due to position vacancies. Also, budgeted expenditures in the Administrative function were transferred to other functions primarily to fund an increase in unemployment compensation which resulted from prior year personnel reductions and for additional legal expenses.

Capital Assets and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to $18,465,318 and $6,449,371 respectively. These are net of accumulated depreciation and related debt. This investment includes land, buildings, machinery and equipment as well as infrastructure. As allowed under GASB Statement No. 34, the City has elected not to report major general infrastructure assets retroactively. The table below shows capital assets net of accumulated depreciation as compared to prior year.

2010 Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Construction in Progress	$ 4,916,628	$ 4,824,875	$ -	$ -	$ 4,916,628	$ 4,824,875
Land	4,593,776	4,593,776	159,077	159,077	4,752,853	4,752,853
Buildings and Improvements	8,134,324	6,598,197	342,633	369,626	8,476,957	6,967,823
Furniture and Fixtures	37,095	57,932	1,442	2,234	38,537	60,166
Parks Equipment	1,890,835	2,178,223	-	-	1,890,835	2,178,223
Vehicles and Equipment	449,603	507,549	228,617	352,095	678,220	859,644
Infrastructure	5,029,630	4,908,060	-	-	5,029,630	4,908,060
Utility System	-	-	6,797,816	7,137,231	6,797,816	7,137,231
Total	$ 25,051,891	$ 23,668,612	$ 7,529,585	$ 8,020,263	$ 32,581,476	$ 31,688,875

At June 30, 2010, the depreciable capital assets for governmental activities were 36% 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 62% depreciated indicating a slower rate of replacement or improvement.

Significant capital asset additions during the year included the following:

- A historic barbershop and Porter gas station acquired for the Lewis Road right of way totaling $629,446 were transferred from construction in progress
- The purchase of property to house a new public safety facility for approximately $1,200,000
- Restoration of facilities damaged by flood waters in the amount of $48,482
- Public Works equipment for around $21,000 and Police security equipment for approximately $40,000
- City-wide financial software and equipment totaling $133,151
- Sidewalk installation project of $105,600 transferred out of construction in progress
- Street lighting for $159,000 and road paving for 70,000
- Water and Sewer Fund improvements and equipment of approximately $24,000

Major projects included in the construction in progress account are:

- SPLOST resurfacing, park, streetscape and sidewalk projects totaling $1,291,466
- Lewis road construction of $3,885,951
- Silver Comet Trail Park improvements of $199,172
- Public safety facility renovations and town center planning of $169,485

The Lewis Road construction project is nearing completion at the end of fiscal year 2010 and will be transferred out of the construction in progress account in fiscal year 2011.

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

Long-term Debt: At June 30, 2010, the City's total outstanding long-term debt (principal portion) totaled $10,181,077 and included the obligations as follows:

Debt	Principal Balance
> Inter-governmental agreement liability with the Powder Springs Downtown Development Authority for the police station built in 2001	$115,000
> Inter-governmental agreement liability with the Powder Springs Downtown Development Authority for the purchase of the United Community Bank building, renovation of the Ford Center and acquisition of the Lewis Road right-of-way	$4,405,000
> Inter-governmental agreement liability with the Powder Springs Downtown Development Authority for the purpose of financing the renovation and expansion of a police station and City administrative offices.	$4,350,000
> Capital leases funded through the Georgia Municipal Association for vehicles and equipment for the General Fund	$99,014
> Agreement with Cobb County for the acquisition of property	$52,024
> Capital leases funded through the Georgia Municipal Association and Oshkosh Capital for vehicles and equipment for the Water and Sewer Fund and the Sanitation Fund	$160,049
> Loan payable obligations with the Georgia Environmental Facilities Authority for downtown water system conversion project	$920,165
> Agreement with Cobb County for sewer system tap fees	$79,825

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 $42,288,350.

Additional information on the City's debt can be found in Note 8 of the Notes to the Financial Statements.

Economic Factors Affecting the City of Powder Springs

The Mayor and Council consider many factors when adopting the fiscal year 2010 budget. These factors have a significant effect on the City's financial position or results of operations. Key assumptions are as follows:

- The millage rate is adopted in June of each year for the operations and maintenance in General Fund. The millage rate for 2010 was 8.50. This rate has not changed since fiscal year 2005.

- A significant decrease in the tax base or assessment values for real and personal property due to the effect of the national economy will necessitate budget challenges for the City. All parcels will be reassessed taking into account recent market values, foreclosures and current economic conditions. Also, the State Legislature HB 233 places a 3 year moratorium on all increases in assessment values through tax year 2012. Fiscal year 2011 assessments values are reduced by 16% resulting in reduction of property tax revenues of approximately $600,000.

- Business license fees are based on gross receipts of establishments. The City has experienced an economic slowdown due the national economy which has resulted in a decline of business licenses, building permits and other development fees. SPLOST revenues from the County are also expected to be negatively impacted by the current economy.

- Water 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.

- In developing the FY2011 budget the City does not anticipate the use of unreserved fund balance in the General Fund.

Contacting the City's Financial Management

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

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BASIC FINANCIAL STATEMENTS

CITY OF POWDER SPRINGS, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	$ 1,196,559	$ 1,182,389	$ 2,378,948
Investments	1,768,993	1,825,249	3,594,242
Receivables, net	438,004	763,992	1,201,996
Due from other governments	564,977	-	564,977
Internal balances	(457,170)	457,170	-
Inventories	8,762	79,542	88,304
Prepaid items	255,153	44,990	300,143
Other assets, net	327,812	-	327,812
Restricted assets	5,805,316	-	5,805,316
Capital assets, non depreciated	9,510,404	159,077	9,669,481
Capital assets, depreciated, net	15,541,487	7,370,508	22,911,995
Total assets	34,960,297	11,882,917	46,843,214
Liabilities:			
Accounts payable and other accrued liabilities	739,656	254,853	994,509
Due to other governments	11,027	-	11,027
Noncurrent liabilities:			
Due within one year	654,409	178,482	832,891
Due in more than one year	8,964,536	1,703,763	10,668,299
Total liabilities	10,369,628	2,137,098	12,506,726
Net Assets:			
Invested in capital assets, net of related debt	18,465,318	6,449,371	24,914,689
Restricted for:			
Completion of projects	3,337,349	-	3,337,349
Other purposes	90,165	-	90,165
Unrestricted	2,697,837	3,296,448	5,994,285
Total net assets	$ 24,590,669	$ 9,745,819	$ 34,336,488

See accompanying notes to financial statements.

CITY OF POWDER SPRINGS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Change in Net Assets: Primary Government: Business-type Activities	Net (Expense) Revenue and Change in Net Assets: Primary Government: Total
Primary Government							
Governmental activities:							
General government	$ 1,420,608	$ 342,706	$ -	$ -	$ (1,077,902)	$ -	$ (1,077,902)
Health and welfare	41,658	-	-	-	(41,658)	-	(41,658)
Public works	1,611,057	300,523	-	2,174,737	864,203	-	864,203
Culture and recreation	505,801	20,050	-	-	(485,751)	-	(485,751)
Public safety	3,077,897	733,208	-	36,971	(2,307,718)	-	(2,307,718)
Housing and development	785,004	133,811	-	-	(651,193)	-	(651,193)
Interest & fiscal charges on long-term debt	386,549	-	-	-	(386,549)	-	(386,549)
Total governmental activities	7,828,574	1,530,298	-	2,211,708	(4,086,568)	-	(4,086,568)
Business-type activities:							
Water	2,126,675	2,166,296	-	-	-	39,621	39,621
Sewer	1,989,990	1,805,770	-	-	-	(184,220)	(184,220)
Sanitation	1,155,465	1,134,707	-	-	-	(20,758)	(20,758)
Total business-type activities	5,272,130	5,106,773	-	-	-	(165,357)	(165,357)
Total Primary Government	$13,100,704	$ 6,637,071	$ -	$ 2,211,708	(4,086,568)	(165,357)	(4,251,925)
General Revenues:							
Property taxes					3,457,004	-	3,457,004
Insurance premium tax					691,986	-	691,986
Alcohol taxes					249,451	-	249,451
Franchise taxes					705,119	-	705,119
Gain on sale of capital assets					28,830	20,734	49,564
Operating grants not restricted to a specific program					143,736	-	143,736
Unrestricted investment earnings					51,494	17,999	69,493
Total general revenues					5,327,620	38,733	5,366,353
Change in net assets					1,241,052	(126,624)	1,114,428
Net assets - beginning, before restatement					23,273,224	9,872,443	33,145,667
Restatement					76,393	-	76,393
Net assets - beginning, after restatement					23,349,617	9,872,443	33,222,060
Net assets - ending					$ 24,590,669	$ 9,745,819	$ 34,336,488

See accompanying notes to financial statements

CITY OF POWDER SPRINGS, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010

	General Fund	Capital Projects Fund	SPLOST	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,196,559	$ -	$ -	$ 1,196,559
Restricted assets	120,247	3,333,048	2,352,021	5,805,316
Investments	1,768,035	958	-	1,768,993
Receivables, net	436,128	1,876	-	438,004
Prepaid items	255,153	-	-	255,153
Due from other funds	271,983	-	13,050	285,033
Due from other governments	-	7,426	557,551	564,977
Inventory	8,762	-	-	8,762
Total assets	$ 4,056,867	$ 3,343,308	$ 2,922,622	$ 10,322,797
Liabilities and fund balances				
Liabilities:				
Accounts payable	$ 318,512	$ 86,097	$ 188,275	$ 592,884
Accrued liabilities	146,772	-	-	146,772
Due to other funds	81,040	94,413	6,750	182,203
Advances from other funds	560,000	-	-	560,000
Due to other governments	11,027	-	-	11,027
Deferred revenue	341,783	-	52,849	394,632
Total liabilities	1,459,134	180,510	247,874	1,887,518
Fund balances:				
Reserved for:				
Encumbrances	19,722	-	1,251,628	1,271,350
Prepaids	255,153	-	-	255,153
Inventories	8,762	-	-	8,762
Equipment	90,165	-	-	90,165
Projects	30,082	-	-	30,082
Unreserved, reported in:				
General fund	2,193,849	-	-	2,193,849
Capital project funds	-	3,162,798	1,423,120	4,585,918
Total fund balances	2,597,733	3,162,798	2,674,748	8,435,279
Total liabilities and fund balances	$ 4,056,867	$ 3,343,308	$ 2,922,622	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,051,891
Revenues earned but unavailable are not reported in the funds.	394,632
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Unamortized bond issue costs	154,400
Deposit on property	173,412
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Net OPEB obligation	(385,693)
Accrued compensated absences	(216,854)
Unmatured leases and contracts	(9,016,398)
Net assets of governmental activities	$ 24,590,669

See accompanying notes to financial statements.

CITY OF POWDER SPRINGS, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Capital Projects Fund	SPLOST	Total Governmental Funds
Revenues:				
Taxes	$5,163,063	$ -	$ -	$5,163,063
Licenses and permits	370,705	-	-	370,705
Fines and forfeitures	648,872	-	-	648,872
Street lights	300,523	-	-	300,523
Intergovernmental	172,421	37,840	2,084,048	2,294,309
Investment earnings	6,434	39,307	5,753	51,494
Other	196,802	18,907	-	215,709
Total revenues	6,858,820	96,054	2,089,801	9,044,675
Expenditures:				
Current:				
General government	974,018	-	-	974,018
Health and welfare	21,319	-	-	21,319
Housing and development	692,356	-	-	692,356
Public safety	2,947,027	-	-	2,947,027
Public works	774,638	155,217	-	929,855
Culture and recreation	86,028	-	-	86,028
Capital outlay	-	1,483,692	1,239,914	2,723,606
Debt service	969,018	-	-	969,018
Total expenditures	6,464,404	1,638,909	1,239,914	9,343,227
Excess (deficiency) of revenues over (under) expenditures	394,416	(1,542,855)	849,887	(298,552)
Other financing sources (uses):				
Transfers in	-	4,227,694	-	4,227,694
Transfers out	(3,605,478)	-	(622,216)	(4,227,694)
Sale of capital assets	28,830	-	-	28,830
Total other financing sources (uses)	(3,576,648)	4,227,694	(622,216)	28,830
Net change in fund balance	(3,182,232)	2,684,839	227,671	(269,722)
Fund balance at beginning of year, before restatement	5,703,572	477,959	2,447,077	8,628,608
Restatement	76,393	-	-	76,393
Fund balance at beginning of year, after restatement	5,779,965	477,959	2,447,077	8,705,001
Fund balance at end of year	$ 2,597,733	$ 3,162,798	$ 2,674,748	$ 8,435,279

See accompanying notes to financial statements.

CITY OF POWDER SPRINGS, GEORGIA
RECONCILATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Amounts reported for governmental activities in the statement of activities (page 15) are different because:		
Net change in fund balances - total governmental funds (page 17)		$ (269,722)
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.		
Depreciation expense	(1,116,962)	
Capital outlays	2,500,241	
		1,383,279
The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(3,879)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities. Also government funds report the effects of issuance cost when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal payments		582,469
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued compensated absences		(46,760)
Actuarial costs in excess of OPEB contributions		(385,693)
Amortization for bond issue costs and loss on refunding		(18,642)
Change in net assets of governmental activities (page 15)		$1,241,052

See accompanying notes to financial statements.

CITY OF POWDER SPRINGS, GEORGIA
PROPRIETARY FUNDS
BALANCE SHEET
JUNE 30, 2010

	Enterprise Funds Major		
	Water and Sewer	Sanitation	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 873,173	$ 309,216	$ 1,182,389
Investments	1,724,434	100,815	1,825,249
Accounts receivable, net of allowance for uncollectibles	555,506	208,486	763,992
Due from other funds	81,095	80,657	161,752
Inventory	79,542	-	79,542
Prepaid expenses	27,421	17,569	44,990
Total current assets	3,341,171	716,743	4,057,914
Noncurrent assets:			
Advances to other funds	560,000	-	560,000
Property, plant and equipment	18,695,132	958,394	19,653,526
Less accumulated depreciation	(11,199,530)	(924,411)	(12,123,941)
Property, plant and equipment, net	7,495,602	33,983	7,529,585
Total noncurrent assets	8,055,602	33,983	8,089,585
Total assets	$ 11,396,773	$ 750,726	$ 12,147,499

See accompanying notes to financial statements.

CITY OF POWDER SPRINGS, GEORGIA
PROPRIETARY FUNDS
BALANCE SHEET
JUNE 30, 2010

	Enterprise Funds Major		
	Water and Sewer	Sanitation	Totals
LIABILITIES AND FUND EQUITY			
Current liabilities:			
Accounts payable	$ 197,829	$ 27,470	$ 225,299
Accrued payroll liabilities	18,337	11,217	29,554
Compensated absences	27,954	11,928	39,882
Due to other funds	184,331	80,251	264,582
Capital lease obligation	50,965	32,323	83,288
Notes payable	55,312	-	55,312
Total current liabilities	534,728	163,189	697,917
Long-term liabilities (net of current portion):			
Customer deposits	584,851	-	584,851
Compensated absences	25,804	8,289	34,093
Net OPEB obligation	63,380	-	63,380
Capital lease obligation	76,761	-	76,761
Notes payable	944,678	-	944,678
Total long term liabilities	1,695,474	8,289	1,703,763
Total liabilities	2,230,202	171,478	2,401,680
Fund equity (deficit):			
Invested in capital assets, net of related debt	6,447,711	1,660	6,449,371
Unrestricted	2,718,860	577,588	3,296,448
Total fund equity	9,166,571	579,248	9,745,819
Total liabilities and fund equity	$ 11,396,773	$ 750,726	$ 12,147,499

See accompanying notes to financial statements.

CITY OF POWDER SPRINGS, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Enterprise Funds		
	Major		
	Water and Sewer	Sanitation	Totals
Operating revenues:			
Charges for services	$3,965,903	$1,133,914	$5,099,817
Other	6,163	793	6,956
Total operating revenues	3,972,066	1,134,707	5,106,773
Operating expenses:			
Water purchases	659,402	-	659,402
Sewage processing fees	1,210,104	-	1,210,104
Salaries and related costs	1,187,381	767,087	1,954,468
Other operating expenses	381,234	328,492	709,726
Depreciation and amortization	625,771	56,282	682,053
Total operating expenses	4,063,892	1,151,861	5,215,753
Operating income (loss)	(91,826)	(17,154)	(108,980)
Nonoperating revenues (expenses):			
Gain on sale of capital assets	11,770	8,964	20,734
Interest income	16,591	1,408	17,999
Interest expense	(52,773)	(3,604)	(56,377)
Total nonoperating revenues (expenses)	(24,412)	6,768	(17,644)
Increase (decrease) in fund equity	(116,238)	(10,386)	(126,624)
Fund equity at beginning of year	9,282,809	589,634	9,872,443
Fund equity at end of year	$9,166,571	$ 579,248	$9,745,819

See accompanying notes to financial statements.

CITY OF POWDER SPRINGS, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Enterprise Funds Major		
	Water and Sewer	Sanitation	Totals
Cash flows provided by (used in) operating activities:			
Cash received from customers	$ 4,575,772	$ 1,127,887	$ 5,703,659
Cash payments for goods and services	(2,471,199)	(274,652)	(2,745,851)
Cash payments for employee services and fringe benefits	(1,117,825)	(767,789)	(1,885,614)
Net cash provided by (used in) operating activities	986,748	85,446	1,072,194
Cash flows provided by (used in) capital and related financing activities:			
Acquisition of capital assets	(170,306)	-	(170,306)
Proceeds from sale of fixed assets	11,770	8,964	20,734
Advances to other funds	(560,000)	-	(560,000)
Principal payments on revenue bonds	(330,000)	-	(330,000)
Principal payments on capital lease obligations	(50,854)	(62,513)	(113,367)
Principal payments on loans payable	(60,467)	-	(60,467)
Interest paid	(52,773)	(3,604)	(56,377)
Net cash provided by (used in) capital and related financing activities	(1,212,630)	(57,153)	(1,269,783)
Cash flows provided by (used in) investing activities:			
Increase in investments	(362,002)	(100,074)	(462,076)
Interest received	16,591	1,408	17,999
Net cash provided by (used in) investing activities	(345,411)	(98,666)	(444,077)
Net increase (decrease) in cash	(571,293)	(70,373)	(641,666)
Cash and cash equivalents at beginning of year			
Unrestricted	530,827	379,589	910,416
Restricted	913,639	-	913,639
Total cash at beginning of year	1,444,466	379,589	1,824,055
Cash and cash equivalents at end of year			
Unrestricted	873,173	309,216	1,182,389
Total cash at end of year	$ 873,173	$ 309,216	$ 1,182,389

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

CITY OF POWDER SPRINGS, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Cont'd)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Enterprise Funds		
	Major		
	Water and Sewer	Sanitation	Totals
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	$ (91,826)	$ (17,154)	$ (108,980)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	625,771	56,282	682,053
Change in assets and liabilities:			
(Increase) decrease in receivables	(29,701)	(17,589)	(47,290)
(Increase) decrease in inventory	14,021	-	14,021
(Increase) decrease in due from other funds	620,387	10,769	631,156
(Increase) decrease in prepaid expenses	(17,814)	(14,825)	(32,639)
Increase (decrease) in customer deposits	13,020	-	13,020
Increase (decrease) in accounts payable	(234,344)	9,823	(224,521)
Increase (decrease) in net OPEB liability	63,380	-	63,380
Increase (decrease) in accrued payroll liabilities	(394)	(2,233)	(2,627)
Increase (decrease) in due to other funds	17,678	58,842	76,520
Increase (decrease) in compensated absences	6,570	1,531	8,101
Net cash from (to) operating activities	$ 986,748	$ 85,446	$1,072,194

See accompanying notes to financial statements.
Continued from previous page.

The accounting methods and procedures adopted by the City of Powder Springs, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City was created in 1859 and operates under an elected Mayor/Council form of government. The City's major operations include public safety, culture-recreation, regulation and control of the water system, highways and streets, sanitation, and general administrative services.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City's net assets are reported in three parts -invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

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

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

The government reports the following major governmental funds:

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

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

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

The government reports the following major proprietary funds:

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

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

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

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

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the City Council by the City Manager.

2. A public hearing on the budget is held, giving notice thereof at least fourteen days in advance by publication in the official Powder Springs newspaper.

3. The budget is then revised and adopted or amended by the Council at the first regular meeting following the hearing.

4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing the same.

5. Formal budgetary integration is employed as a management control device during the year for all funds.

6. Budgeted amounts are as originally adopted, or as amended, by Council.

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

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

Unencumbered appropriations lapse at year end.

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 are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

E. Cash and Investments

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

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

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

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

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

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

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

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

G. Inventories

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010 are recorded as prepaid items. The consumption method is used to account for prepaid items within the City's funds.

I. Capital Assets

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

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

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

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

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

	Water & Sewer	Sanitation	Governmental Activities
Buildings and improvements	5-30 years	--	30 Years
Park equipment	--	--	15 years
Utility system	30 years	--	--
Vehicles and equipment	5-30 years	3-10 years	3-5 years
Infrastructure	--	--	30 years

J. Compensated Absences

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

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

K. Long-Term Obligations

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

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

L. Fund Equity

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

M. Use of Estimates

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

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of June 30, 2010, the City was not exposed to custodial credit risk.

The following is a summary of the City's investments at June 30, 2010:

Description	Rating	Fair Value	Weighted Average Maturity
Georgia Fund I	AAAm	$6,147,184	46 days

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

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

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

(3) RECEIVABLES

Receivables at June 30, 2010 consist of the following:

	Taxes and Fines	Accrued Interest	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	$ 480,767	$ -	$ 62,643	$ 315	$ (107,597)	$ 436,128
Water and Sewer Fund	-	4,502	540,644	10,360	-	555,506
Sanitation Fund	-	-	208,486	-	-	208,486
Capital Projects Funds	-	-	-	1,876	-	1,876
Total	$ 480,767	$ 4,502	$ 811,773	$ 12,551	$ (107,597)	$ 1,201,996

(4) INTERFUND RECEIVABLES, ADVANCES, AND TRANSFERS

Interfund receivable and payable balances for the fiscal year ended June 30, 2010 are summarized as follows:

	RECEIVABLE TO				
PAYABLE FROM	General Fund	Water & Sewer	SPLOST	Sanitation	Total
Capital Projects Fund	$ 81,363	$ -	$ 13,050	$ -	$ 94,413
SPLOST fund	6,750	-	-	-	6,750
Water & Sewer	103,674	-	-	80,657	184,331
Sanitation Fund	80,196	55	-	-	80,251
Total	$ 271,983	$ 81,095	$ 13,050	$ 80,657	$ 446,785

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services and goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. These balances are expected to be repaid within one year.

Interfund transfers for the current year were as follows:

	TRANSFER OUT FROM		
TRANSFER IN TO	General Fund	SPLOST	Total
Capital Projects Fund	$ 3,605,478	$ 622,216	$ 4,227,694
Total	$ 3,605,478	$ 622,216	$ 4,227,694

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

Advances from/to other funds for the current year were as follows:

ADVANCES FROM	ADVANCES TO
Water Sewer Fund	General Fund
	$ 560,000

The amount payable to the Water Sewer fund relates to a long-term receivable balance from the General Fund. None of the balance is specifically scheduled to be collected in the subsequent year.

(5) RESTRICTED ASSETS

The City's restricted assets include cash, investments, and interest restricted for the following purposes:

	Total
Governmental Activities	
General Fund:	
Public safety communications equipment	$ 90,165
Projects	30,082
SPLOST Fund:	
Unspent SPLOST proceeds	2,352,021
Capital Project Fund:	
Capital projects	3,333,048
Total governmental activities	$ 5,805,316

(6) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Reclasses/ Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 4,593,776	$ -	$ -	$ 4,593,776
Construction in progress	4,824,875	826,835	(735,082)	4,916,628
Total capital assets not being depreciated	9,418,651	826,835	(735,082)	9,510,404
Capital assets, being depreciated:				
Buildings and improvements	8,706,063	1,879,335	-	10,585,398
Furniture and fixtures	125,960	-	-	125,960
Parks equipment	4,380,280	-	-	4,380,280
Vehicle and equipment	3,528,837	194,439	(158,930)	3,564,346
Infrastructure - streets	5,530,789	334,714	-	5,865,503
Total capital assets being depreciated	22,271,929	2,408,488	(158,930)	24,521,487
Less accumulated depreciation for:				
Buildings and improvements	(2,107,866)	(343,208)	-	(2,451,074)
Furnitures and fixtures	(68,028)	(20,837)	-	(88,865)
Parks equipment	(2,202,057)	(287,388)	-	(2,489,445)
Vehicles and equipment	(3,021,288)	(252,385)	158,930	(3,114,743)
Infrastruture - streets	(622,729)	(213,144)	-	(835,873)
Total accumulated depreciation	(8,021,968)	(1,116,962)	158,930	(8,980,000)
Total capital assets being depreciated, net	14,249,961	1,291,526	-	15,541,487
Total govermental activities capital assets, net	$ 23,668,612	$ 2,118,361	$ (735,082)	$ 25,051,891
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 159,077	$ -	$ -	$ 159,077
Total capital assets not being depreciated	159,077	-	-	159,077
Capital assets, being depreciated:				
Buildings and improvements	845,513	-	-	845,513
Furniture and fixtures	55,920	-	-	55,920
Utility systems	16,653,218	154,011	-	16,807,229
Vehicles and equipment	1,914,755	16,295	(145,263)	1,785,787
Total capital assets being depreciated	19,469,406	170,306	(145,263)	19,494,449
Less accumulated depreciated for:				
Building and improvements	(475,887)	(26,993)	-	(502,880)
Furniture and fixtures	(53,686)	(792)	-	(54,478)
Utility systems	(9,515,987)	(493,426)	-	(10,009,413)
Vehicles and equipment	(1,562,660)	(139,773)	145,263	(1,557,170)
Total accumulated depreciation	(11,608,220)	(660,984)	145,263	(12,123,941)
Total capital assets being depreciated, net	7,861,186	(490,678)	-	7,370,508
Total business-type activities capital assets,net	$ 8,020,263	$ (490,678)	$ -	$ 7,529,585

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

Governmental activities:	
General government	$ 165,899
Public safety	242,186
Public works, including depreciation of general infrastructure	268,186
Housing and development	20,339
Culture and recreation	410,773
Health and welfare	9,579
Total depreciation expense - governmental activities	$ 1,116,962
Business-type activities:	
Water	$ 315,521
Sewer	289,181
Sanitation	56,282
Total depreciation expense - business-type activities	$ 660,984

(7 LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities of the City for the year ended June 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 9,516,800	$ -	$ (547,786)	8,969,014	$ 496,120
Less deferred amounts on refunding	(10,831)	-	6,191	(4,640)	-
Intergovernmental contracts	86,706	-	(34,682)	52,024	34,682
Compensated absences	170,094	143,714	(96,954)	216,854	123,607
OPEB obligation	-	385,693	-	385,693	-
Governmental activities long-term liabilities	$ 9,762,769	$ 529,407	$ (673,231)	$ 9,618,945	$ 654,409
Business-type activities:					
Capital leases	$ 273,416	$ -	$ (113,367)	$ 160,049	83,288
Loans payable	1,060,457	-	(60,467)	999,990	55,312
Revenue bonds	330,000	-	(330,000)	-	-
Less deferred amounts on refunding	(15,317)	-	15,317	-	-
Customer deposits	571,831	13,020	-	584,851	-
Compensated absences	65,874	43,664	(35,563)	73,975	39,882
OPEB obligation	-	63,380	-	63,380	-
Business-type activities long-term liabilities	$ 2,286,261	$ 120,064	$ (524,080)	$ 1,882,245	$ 178,482

For Governmental Activities, compensated absences and OPEB liabilities are typically liquidated in the general fund.

Governmental Activities:

Capital Leases

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

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

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

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

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

On March 30, 2005, the Authority issued $4,895,000 in Series 2005 Revenue Bonds for the purpose of purchasing the United Community Bank building for the use of administrative offices of the City, renovations of the Ford Center for public recreational and cultural use and acquisition of right-of-way for the Lewis Road improvement project.

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

On August 29, 2006, the Authority issued $4,715,000 in Series 2006 Revenue Bonds for the purpose of financing the renovation and expansion of a police station and the City Administrative offices, and acquiring and renovating a building to be used as a City Museum. Concurrent with the bond issuances the City entered into an intergovernmental contract with the Powder Springs Downtown Development Authority whereby the City has agreed to purchase the projects through a capital lease over the life of the bonds. The interest rate ranges from 3.95 to 4.65% through 2026.

Additionally, the City is obligated under capital leases for vehicles and equipment. The gross amount of assets recorded under capital leases at June 30, 2010 is $1,835,252 for the police facility and City Hall renovations, and $360,196 for the vehicles & equipment with interest rates of 3.26 to 4.57%. Accumulated depreciation related to these assets at June 30, 2010 is $813,147 and $194,965, respectively.

The following is a schedule of future lease payments as of June 30, 2010:

Year Ending June 30,	Principal	Interest	Total
2011	$ 496,120	$ 365,773	$ 861,893
2012	457,894	348,713	806,607
2013	455,000	331,348	786,348
2014	475,000	313,444	788,444
2015	495,000	294,532	789,532
2016-2020	2,785,000	1,155,316	3,940,316
2021-2025	3,435,000	528,082	3,963,082
2026	370,000	17,206	387,206
	$ 8,969,014	$ 3,354,414	$ 12,323,428

Intergovernmental Contract

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

Business-type Activities:

Water and Sewer Fund

Capital leases covering vehicles and equipment:

Year Ending June 30,	Principal	Interest	Total
2011	$ 50,965	$ 4,208	$ 55,173
2012	52,467	2,225	54,692
2013	21,508	294	21,802
2014	2,786	29	2,815
	$127,726	$ 6,756	$ 134,482

Loans payable

Additionally, the City is obligated under loans payable to the Georgia Environmental Facilities Authority. The original principal amount of the loans totaled $1,173,725, the proceeds of which were used to fund water and sewer facilities improvements and additions. The notes are payable over 18-20 years and bear interest at 3.8% - 4.1%. The following is a schedule of future payments on these loans at June 30, 2010.

Water and Sewer Fund

Year Ending June 30,	Principal	Interest	Total
2011	$ 52,102	$ 35,301	$ 87,403
2012	54,206	33,206	87,412
2013	56,386	31,027	87,413
2014	58,654	28,759	87,413
2015	61,056	26,401	87,457
2016-2020	343,904	93,157	437,061
2021-2025	213,066	36,531	249,597
2026-2027	80,791	3,115	83,906
	$920,165	$287,497	$ 1,207,662

During fiscal year 2001, the City entered into an agreement with the County under which the County advanced $146,200 in tap fees for 34 lots. The City collects tap fees from the homeowners when the sewer system is tapped onto in either a lump sum or in monthly installments over 10 years. The fees collected are then remitted to the County. At June 30, 2010, amounts due to the City from homeowners who had elected to tap onto the system totaled $10,360. $3,210 of this total will be repaid during fiscal year 2011.

The portion due to the County in fiscal year 2011 totaled $3,210 at June 30, 2010. The remaining $76,615 will be payable in fiscal year 2011 and thereafter as additional homeowners choose to tap onto the system.

Revenue bonds

On April 6, 2004, the City issued $1,775,000 in Series 2004A, 2004B, and 2004C Water and Sewer Revenue Refunding Bonds, which are secured by the revenues of the water and sewer system, for the purpose of refunding the Series 1993 Revenue Bonds in order to achieve interest cost savings. The original bonds were issued for the purpose of financing the costs of making additions, extensions and improvements to the City's water and sewer system. As a result of the refunding, the City decreased its total debt service requirements by $116,581 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $86,438. The outstanding principal of $330,000 was paid in fiscal year ended June 30, 2010.

Capital Leases

Additionally, the City's enterprise funds are obligated under capital leases covering vehicles and equipment. The gross amounts of these assets under capital lease for the Water and Sewer and Sanitation funds are $234,067 and $292,800, respectively. Accumulated depreciation related to these assets is $56,048 and $292,800, respectively. The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2010:

Sanitation Fund

Capital leases covering vehicles:

Year Ending June 30,	Principal	Interest	Total
2011	$ 32,323	$ 734	$ 33,057

(8) COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Commitments

The City has a contract with the Cobb County Water System to purchase substantially all of the City's water and to provide sewer service. Under the contract, the City pays a rate based on water usage. The rates charged are subject to minimum annual contract payments. Expense for the fiscal year ended June 30, 2010 was $1,210,104.

The City also has active construction projects at June 30, 2010.

(9) FUND BALANCE RESERVES

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

Fund Balance Reserved for:	General Fund	SPLOST Fund
Completion of projects	$ 30,082	$ -
Prepaid items	255,153	-
Encumbrances	19,722	1,251,628
Equipment	90,165	-
Inventories	8,762	-
	$ 403,884	$ 1,251,628

(10) PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied as of July 31, 2009. The billing for the tax levy was mailed September 20, 2009. The billing is considered due upon receipt by the taxpayer; however, the actual due date is based on a period up to 60 days after the tax billing mailing, November 20, 2009. On this date, the bill becomes delinquent and penalties and interest may be assessed by the City. Liens may attach to property for unpaid taxes at any time within seven years after the due date.

Property taxes were levied on an estimated actual value of $1,057,329,027 at a 40% assessed value for a total assessment less exemptions of $378,998,887. Based upon the millage levy of 8.5 mills, a homeowner would pay $8.50 per $1,000 of the property's January 1st assessed valuation.

(11) EMPLOYEE RETIREMENT SYSTEM

The City contributes to the Georgia Municipal Employees Benefit System ("System"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. The City joined the system during fiscal year 2003. For the fiscal year ended June 30, 2010, the City's payroll for employees covered by the System's defined benefit plan was $3,205,940. The Plan also provides death benefits for early retirees.

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

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

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

Total pension contributions for the year ended June 30, 2010 was $227,602.

The net pension obligation was computed as part of an actuarial valuation performed as of March 1, 2009. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8% a year, and (b) projected salary increases of 5% a year.

Contributions are determined under the projected unit credit actuarial cost method and the asset valuation method (sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year.) The actuarial value is adjusted, if necessary, to be within 44% of market value.

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

Employer contributions represented 7.1% of current year covered payroll. The normal contribution requirement was $227,602.

ANNUAL PENSION COST AND NET PENSION OBLIGATION (ASSET)

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

Annual required contribution	$ 227,602
Interest on net pension obligation	1,124
Adjustment to annual required contribution	(1,089)
Annual pension cost	227,637
Contributions made	(227,602)
(Increase) decrease in net pension obligation	35
Net pension obligation, beginning of year	14,047
Net pension obligation, end of year	$ 14,082

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
6/30/08	$ 163,541	98%	$ 5,073
6/30/09	202,133	96%	14,047
6/30/10	227,602	100%	14,082

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
3/1/09	$ 833,122	$ 1,495,081	$ (661,959)	55.7%	$ 3,205,940	20.65%

The Schedule of Funding Progress presented as required supplementary information following the notes to the financial statements presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

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

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

(12) POST EMPLOYMENT HEALTH CARE PLAN

The City implemented GASB 45 prospectively during the year ended June 30, 2010.

Plan Description - The City of Powder Springs OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Powder Springs. The City provides certain health care insurance benefits to retirees. Substantially all of the City's employees may become eligible for those benefits if they retire with a minimum of ten years' service and whose age and years of service total at least 80. As of January 1, 2010, there were 2 retirees eligible for the benefits and 66 active employees. The City has the authority to establish and amend benefit provisions.

The Plan does not issue separate financial statements.

Funding Policy - The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. During the fiscal year 2010, the City contributed $10,476 to the plan. The cost of benefits for retirees is paid by the City and by the retiree. Total retiree contributions to the plan during the fiscal year 2010 totaled $4,489.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation	Annual Actual Contribution
6/30/10	$ 459,548	2.28%	$ 449,072	$ 10,476

The following is the funding status of the Plan as of the most recent valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/10	$ -	$ 2,932,891	$ 2,932,891	0%	$ 2,631,949	111.43%

Annual OPEB Cost and Net OPEB Obligation (Asset) - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a twenty-five year period. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation (asset):

Annual required contribution	$ 459,548
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	459,548
Contributions made	(10,476)
(Increase) decrease in net OPEB obligation	449,072
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	$ 449,072

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of employer contributions present information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a twenty-five year period. The schedule of funding progress, presented above, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation date	1/1/2010
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	4%
Healthcare cost trend rate	9.5% initial
	5% ultimate

(13) RISK MANAGEMENT

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

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

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

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.

- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.

- To assist and cooperate in the defense and settlement of claims against the City.

- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purpose of GIRMA.

- To follow all loss reduction and prevention procedures established by GIRMA.

- To furnish to GIRMA such budget, operating and underwriting information as may be requested.

- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

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

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

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

(14) JOINT VENTURE

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

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

(15) RESTATEMENT

Net assets at June 30, 2009 have been restated as follows:

	Governmental Activities
Net assets as previously reported	$ 5,703,572
To properly record accounts payable at June 30, 2009	76,393
Net Assets as restated	$ 5,779,965
Change in net assets as previously reported	$ (734,322)
Effect of restatement	76,393
Change in net assets as restated	$ (657,929)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POWDER SPRINGS, GEORGIA
DEFINED BENEFIT PLANS
REQUIRED SUPPLEMENTARY INFORMATION

A) PUBLIC EMPLOYEE RETIREMENT SYSTEM

The funding status of the pension plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
3/1/07	$ 547,083	$ 834,224	$ 287,141	65.6%	$ 2,821,431	10%
3/1/08	725,132	1,184,206	459,074	61.2%	3,115,062	15%
3/1/09	833,122	1,495,081	(661,959)	55.7%	3,205,940	21%

B) POST EMPLOYMENT HEALTHCARE PLAN

The funding status of the OPEB plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/10	$ -	$ 2,932,891	$ 2,932,891	0%	$ 2,631,949	111.43%

The schedule of funding progress for the OPEB plan is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation	Annual Actual Contribution
6/30/10	$ 459,548	2.28%	$ 449,072	$ 10,476

CITY OF POWDER SPRINGS, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	$ 5,164,200	$ 5,102,177	$ 5,163,063	$ 60,886
Licenses and permits	451,350	457,906	370,705	(87,201)
Fines and forfeitures	612,400	651,200	648,872	(2,328)
Street Lights	284,000	296,000	300,523	4,523
Intergovernmental	145,600	195,716	172,421	(23,295)
Investment earnings	20,350	6,350	6,434	84
Other	859,125	864,585	882,827	18,242
Total revenues	7,537,025	7,573,934	7,544,845	(29,089)
Expenditures:				
Current:				
General administration	2,094,693	1,886,532	1,660,043	226,489
Health and welfare	22,457	24,857	21,319	3,538
Housing and development	687,432	743,005	692,356	50,649
Public safety	2,986,547	2,987,981	2,947,027	40,954
Public works	806,744	815,243	774,638	40,605
Culture and recreation	92,323	102,170	86,028	16,142
Debt service	1,034,029	975,045	969,018	6,027
Total expenditures	7,724,225	7,534,833	7,150,429	384,404
Excess (deficiency) of revenues over expenditures	(187,200)	39,101	394,416	355,315
Other financing sources (uses):				
Debt issued	256,200	-	-	-
Proceeds from disposal of assets	1,000	30,900	28,830	(2,070)
Transfers out	(3,608,440)	(3,608,440)	(3,605,478)	2,962
Total other financing sources (uses)	(3,351,240)	(3,577,540)	(3,576,648)	892
Net change in fund balance	$ (3,538,440)	$ (3,538,439)	(3,182,232)	$ 356,207
Fund balance at beginning of year- GAAP basis, before restatement			5,703,572	
Restatement			76,393	
Fund balance at beginning of year- GAAP basis			5,779,965	
Fund balance at end of year- GAAP basis			$ 2,597,733	



STATISTICAL SECTION

STATISTICAL SECTION

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

Contents Page

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 49-54

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 55-62

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 63-66

Demographic and Economic Information

These schedules offer demographic and economic indications to help the reader understand the environment within which the government's financial activities take place. 67-68

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 69-71

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

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

	Fiscal Year Ended June 30,						
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Governmental Activities							
Invested in capital assets, net of related debt	$ 6,112,288	$ 8,669,471	$ 9,479,531	$ 12,294,054	$ 18,252,541	$ 17,988,722	$ 18,465,318
Restricted	2,745,866	2,654,193	2,659,796	4,620,570	2,805,509	2,538,975	3,427,514
Unrestricted	3,127,268	3,234,750	3,944,467	2,298,723	436,907	2,745,527	2,697,837
Subtotal Governmental Activities Net Assets	11,985,422	14,558,414	16,083,794	19,213,347	21,494,957	23,273,224	24,590,669
Business-Type Activities							
Invested in capital assets, net of related debt	5,128,000	5,087,132	5,026,093	6,088,728	6,131,289	6,461,913	6,449,371
Restricted	1,432,665	2,102,246	3,031,512	2,963,610	2,213,743	2,276,071	-
Unrestricted	1,350,185	1,127,840	612,642	718,091	1,384,761	1,134,459	3,296,448
Subtotal Business-Type Activities Net Assets	7,910,850	8,317,218	8,670,247	9,770,429	9,729,793	9,872,443	9,745,819
Primary Government							
Invested in capital assets, net of related debt	11,240,288	13,756,603	14,505,624	18,382,782	24,383,830	24,450,635	24,914,689
Restricted	4,178,531	4,756,439	5,691,308	7,584,180	5,019,252	4,815,046	3,427,514
Unrestricted	4,477,453	4,362,590	4,557,109	3,016,814	1,821,668	3,879,986	5,994,285
Total Primary Goverment Net Assets	$ 19,896,272	$ 22,875,632	$ 24,754,041	$ 28,983,776	$ 31,224,750	$ 33,145,667	$ 34,336,488

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

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

	Fiscal Year Ended June 30,						
Source	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Expenses:							
General government	$ 1,054,401	$ 1,030,922	$ 1,044,646	$ 280,769	$ 1,352,686	$ 1,294,648	$ 1,420,608
Public safety	2,466,338	2,611,125	2,901,659	3,025,826	3,260,209	3,360,690	3,077,897
Housing and development	408,971	516,158	771,398	1,686,974	1,070,261	801,439	785,004
Public works	728,336	865,445	816,897	1,692,422	1,104,408	908,492	1,611,057
Health and welfare	9,354	7,747	11,134	128,352	13,828	15,915	41,658
Culture and recreation	308,220	276,531	507,775	332,015	629,301	569,561	505,801
Interest and fiscal charges	50,475	25,980	177,509	295,689	423,634	404,935	386,549
Total Expenses	5,026,095	5,333,908	6,231,018	7,442,047	7,854,327	7,355,680	7,828,574
Program Revenues:							
Charges for Services:							
General government	325,095	390,892	391,248	446,014	478,845	389,740	342,706
Public safety	621,151	610,733	728,961	890,445	997,195	644,592	733,208
Housing and development	391,087	406,136	230,557	297,314	289,927	114,743	133,811
Public works	-	3,632	229,596	222,587	222,101	289,420	300,523
Culture and recreation	25,633	37,660	34,782	17,605	26,095	18,300	20,050
Operating grants and contributions	2,390	60	-	-	-	-	-
Capital grants and contributions	1,680,042	1,749,704	871,944	2,804,957	2,623,179	2,146,575	2,211,708
Total Program Revenues	3,045,398	3,198,817	2,487,088	4,678,922	4,637,342	3,603,370	3,742,006
Net (Expense) Revenue	(1,980,697)	(2,135,091)	(3,743,930)	(2,763,125)	(3,216,985)	(3,752,310)	(4,086,568)
General Revenues and Transfers:							
General revenues:							
Property taxes	2,204,644	2,824,621	3,118,107	3,329,154	3,470,331	3,416,920	3,457,004
Insurance premium taxes	536,123	586,399	625,092	654,003	682,198	698,539	691,986
Alcohol taxes	157,836	198,212	216,835	226,031	248,079	278,121	249,451
Gain (loss) on sale of capital assets	-	-	67,993	24,625	8,000	151,866	28,830
Franchise taxes	506,210	560,334	583,713	664,438	678,198	700,127	705,119
Operating grants	-	-	-	-	-	144,575	143,736
Unrestricted investment earnings	96,590	131,269	276,009	617,677	395,789	140,429	51,494
Settlement proceeds	-	-	-	376,750	16,000		-
Transfers	-	407,248	381,561	-	-	-	-
Total General Revenues and Transfers	3,501,403	4,708,083	5,269,310	5,892,678	5,498,595	5,530,577	5,327,620
Change in Net Assets	$ 1,520,706	$ 2,572,992	$ 1,525,380	$ 3,129,553	$ 2,281,610	$ 1,778,267	$ 1,241,052

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

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

	Fiscal Year Ended June 30,						
Source	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Expenses:							
Water & sewer	$ 3,481,961	$ 3,434,755	$ 3,819,093	$ 3,910,989	$ 3,808,935	$ 3,915,500	$ 4,116,665
Sanitation	821,081	926,767	1,131,230	1,020,067	1,077,369	1,008,274	1,155,465
Total Expenses	4,303,042	4,361,522	4,950,323	4,931,056	4,886,304	4,923,774	5,272,130
Program Revenues:							
Charges for Services:							
Water & sewer	3,612,450	4,125,371	4,555,288	4,249,043	3,737,144	3,848,595	3,972,066
Sanitation	841,892	922,456	937,202	919,832	984,567	1,146,104	1,134,707
Capital grants and contributions	20,960	74,970	70,620	706,780	-	-	-
Total Program Revenues	4,475,302	5,122,797	5,563,110	5,875,655	4,721,711	4,994,699	5,106,773
Net (Expense) Revenue	172,260	761,275	612,787	944,599	(164,593)	70,925	(165,357)
General Revenues and Transfers:							
Unrestricted investment earnings	46,042	52,341	111,358	155,583	123,957	71,725	17,999
Gain on sale of capital assets	26,577	-	10,445	-	-	-	20,734
Transfers	-	(407,248)	(381,561)	-	-	-	-
Total General Revenues and Transfers	72,619	(354,907)	(259,758)	155,583	123,957	71,725	38,733
Changes in Net Assets	$ 244,879	$ 406,368	$ 353,029	$ 1,100,182	$ (40,636)	$ 142,650	$ (126,624)

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

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

	Fiscal Year Ended June 30,						
Source	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Expenses:							
Governmental activities	$ 5,026,095	$ 5,333,908	$ 6,231,018	$ 7,442,047	$ 7,854,327	$ 7,355,680	$ 7,828,574
Business-type activities	4,303,042	4,361,522	4,950,323	4,931,056	4,886,304	4,923,774	5,272,130
Total Expenses	9,329,137	9,695,430	11,181,341	12,373,103	12,740,631	12,279,454	13,100,704
Program Revenues:							
Governmental activities	3,045,398	3,198,817	2,487,088	4,678,922	4,637,342	3,603,370	3,742,006
Business-type activities	4,475,302	5,122,797	5,563,110	5,875,655	4,721,711	4,994,699	5,106,773
Total Program Revenues	7,520,700	8,321,614	8,050,198	10,554,577	9,359,053	8,598,069	8,848,779
Net (Expense) Revenue	(1,808,437)	(1,373,816)	(3,131,143)	(1,818,526)	(3,381,578)	(3,681,385)	(4,251,925)
General Revenues and Transfers:							
Governmental activities	3,501,403	4,708,083	5,269,310	5,892,678	5,498,595	5,530,577	5,327,620
Business-type activities	72,619	(354,907)	(259,758)	155,583	123,957	71,725	38,733
Total General Revenues and Transfers	3,574,022	4,353,176	5,009,552	6,048,261	5,622,552	5,602,302	5,366,353
Changes in Net Assets	$ 1,765,585	$ 2,979,360	$ 1,878,409	$ 4,229,735	$ 2,240,974	$ 1,920,917	$ 1,114,428

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

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	$ 3,206,487	$ 3,117,893	$ 2,985,189	$ 2,878,179	$ 6,226,778	$ 6,250,061	$ 9,603,346	$ 6,921,670	$ 4,138,067	$ 403,884
Unreserved	3,393,221	3,323,390	3,088,330	2,958,911	2,522,298	3,201,242	1,371,578	(483,776)	1,565,505	2,193,849
Subtotal General Fund	6,599,708	6,441,283	6,073,519	5,837,090	8,749,076	9,451,303	10,974,924	6,437,894	5,703,572	2,597,733
General Fund Percentage Change	163.1%	-2.4%	-5.7%	-3.9%	49.9%	8.0%	16.1%	-41.3%	-11.4%	-54.5%
All Other Governmental Funds										
Reserved	438,004	623,802	-	300,691	695,643	-	-	-	-	1,251,628
Unreserved										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Fund	-	(438,532)	285	-	-	(68,307)	81,232	(5,866)	477,959	3,162,798
SPLOST Fund	-	-	-	-	-	540,179	1,868,951	1,048,213	2,447,077	1,423,120
										-
Subtotal All Other Governmental Funds	438,004	185,270	285	300,691	695,643	471,872	1,950,183	1,042,347	2,925,036	5,837,546
Total Governmental Funds										
Reserved	3,644,491	3,741,695	2,985,189	3,178,870	6,922,421	6,250,061	9,603,346	6,921,670	4,138,067	1,655,512
Unreserved	3,393,221	2,884,858	3,088,615	2,958,911	2,522,298	3,673,114	3,321,761	558,571	4,490,541	6,779,767
Total Governmental Funds	7,037,712	6,626,553	6,073,804	6,137,781	9,444,719	9,923,175	12,925,107	7,480,241	8,628,608	8,435,279
Restatement	-	-	-	-	134,284	-	-	-	-	76,393
As Restated	$7,037,712	$6,626,553	$6,073,804	$6,137,781	$9,579,003	$9,923,175	$12,925,107	$7,480,241	$8,628,608	$8,511,672
All Governmental Funds Percentage Change	164.5%	-5.8%	-8.3%	1.1%	56.1%	5.1%	30.3%	-42.1%	15.4%	-2.2%

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

Source	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Taxes	$ 2,589,993	$ 2,952,515	$ 3,236,320	$ 3,377,436	$ 4,108,125	$ 4,505,142	$ 4,842,799	$ 5,030,210	$ 5,024,064	$ 5,163,063
Licenses and permits	344,607	360,059	427,983	476,468	510,268	581,747	506,555	497,912	406,026	370,705
Intergovernmental	1,167,698	1,078,107	444,896	1,680,042	1,822,427	1,018,327	2,865,656	2,800,920	2,305,178	2,294,309
Fines and forfeitures	447,179	585,754	537,265	503,887	404,986	446,554	625,164	739,117	522,914	648,872
Charges for services	177,781	201,628	197,635	208,769	733,175	229,596	222,587	222,101	289,420	300,523
Fees	-	-	-	-	-	-	-	-	-	-
Railyard Settlement Fund	4,207,000	-	-	-	-	-	-	-	-	-
Investment earnings	188,195	232,896	119,911	96,590	131,269	276,009	617,677	395,789	140,429	51,494
Other	37,723	35,995	129,086	176,232	236,880	210,869	372,162	448,415	234,553	215,709
Total revenues	9,160,176	5,446,954	5,093,096	6,519,424	7,947,130	7,268,244	10,052,600	10,134,464	8,922,584	9,044,675
Expenditures:										
Current:										
General administration	797,328	837,873	860,731	397,347	774,929	919,865	985,663	1,342,324	1,153,712	974,018
Health and welfare	-	-	-	9,354	7,281	10,337	131,796	358,615	15,110	21,319
Housing and development	181,509	169,207	359,496	274,880	480,712	752,569	934,299	1,014,954	788,566	692,356
Public safety	1,879,747	1,986,060	2,119,602	2,520,511	2,690,390	2,626,864	2,969,629	3,134,967	3,054,098	2,947,027
Public works	456,761	595,649	548,140	714,683	850,543	670,296	983,664	1,235,659	1,060,445	929,855
Culture and recreation	-	-	72,347	78,024	53,635	90,007	1,416,553	1,643,149	93,237	86,028
Capital outlay	1,468,179	2,175,009	1,450,481	2,232,940	4,355,535	1,671,594	4,236,881	6,281,507	821,941	2,723,606
Debt service										-
Principal	110,993	138,234	310,293	296,493	311,294	369,243	344,334	397,403	595,459	582,469
Interest	67,000	67,879	72,965	50,475	21,260	177,509	389,652	415,747	404,935	385,049
Issue costs & fees	-	-	-	32,831	99,228	-	-	-	-	1,500
Total expenditures	4,961,517	5,969,911	5,794,055	6,607,538	9,644,807	7,288,284	12,392,471	15,824,325	7,987,503	9,343,227
Excess (deficiency) of revenues over expenditures	4,198,659	(522,957)	(700,959)	(88,114)	(1,697,677)	(20,040)	(2,339,871)	(5,689,861)	935,081	(298,552)
Other financing sources (uses):										
Capital leases/debt issued	78,490	121,589	158,836	792,091	5,004,615	81,246	4,940,428	220,995	61,420	-
Proceeds from disposal of assets	-	-	-	-	-	82,966	24,625	8,000	151,866	28,830
Settlement proceeds	-	-	-	-	-	-	376,750	16,000	-	-
Transfers in	761,176	538,902	375,000	770,253	2,060,000	1,061,455	3,498,657	6,834,756	930,662	4,227,694
Payment to refunding agent	-	-	-	(640,000)	-	-	-	-	-	-
Operating transfer to component unit	-	(9,791)	(10,626)	-	-	-	-	-	-	-
Transfers out	(661,176)	(538,902)	(375,000)	(770,253)	(2,060,000)	(861,455)	(3,498,657)	(6,834,756)	(930,662)	(4,227,694)
Total other financing sources (uses)	178,490	111,798	148,210	152,091	5,004,615	364,212	5,341,803	244,995	213,286	28,830
Net change in fund balances	$ 4,377,149	$ (411,159)	$ (552,749)	$ 63,977	$ 3,306,938	$ 344,172	$ 3,001,932	$ (5,444,866)	$ 1,148,367	$ (269,722)
Debt service as a % of noncapital expenditures	**5.1%**	**5.4%**	**8.8%**	**8.7%**	**7.9%**	**9.6%**	**10.6%**	**11.4%**	**14.8%**	**14.2%**

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

Fiscal Year Ended June 30,	Property	Ad Valorem	Insurance Premium	Alcoholic Beverage	Intangible	Franchise	Total
2001	1,427,563	205,296	296,323	158,498	41,634	460,679	2,589,993
2002	1,508,652	222,232	453,360	168,573	79,163	520,535	2,952,515
2003	1,765,203	238,124	497,440	191,424	72,178	471,951	3,236,320
2004	1,885,419	220,826	536,123	157,836	71,022	506,210	3,377,436
2005	2,477,698	230,648	586,399	198,212	54,834	560,334	4,108,125
2006	2,749,964	262,352	625,092	216,834	67,187	583,713	4,505,142
2007	2,970,212	270,310	654,003	226,031	57,805	664,438	4,842,799
2008	3,097,747	274,050	682,198	248,079	49,938	678,198	5,030,210
2009	3,053,036	266,585	698,539	278,121	27,656	700,127	5,024,064
2010	3,257,226	238,734	691,986	249,451	20,547	705,119	5,163,063
Percentage Change In Dollars Over 10 Years	128.2%	16.3%	133.5%	57.4%	-50.6%	53.1%	99.3%

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

	Amounts												
Fiscal Year Ended June 30	Residential Property	Agricultural Property	Commercial Property	Industrial Property	Conservation Use Property	Utility Property	Motor Vehicles and Mobile Homes	Other Property	Less: Tax Exempt Property	1 Total Taxable Assessed Value	2 Total Direct Tax Rate	Estimated Actual Value	Annual Percentage Change
2001	142,657,481	29,329	47,764,897	1,100,299	147,541	5,184,604	23,118,665	31,937	2,608,280	217,426,473	7.00	543,566,183	6.9%
2002	171,811,432	51,391	47,024,713	1,101,313	185,341	4,767,040	27,769,035	27,344	2,410,849	250,326,760	7.00	625,816,900	15.1%
2003	201,559,686	44,840	58,043,355	4,697,968	204,468	5,027,206	30,207,357	2,767	2,999,380	296,788,267	7.00	741,970,668	18.6%
2004	220,994,678	151,664	61,629,365	4,442,446	644,240	5,894,102	33,184,325	11,242	5,567,394	321,384,668	7.00	803,461,670	8.3%
2005	240,741,640	151,344	76,820,922	6,206,789	296,624	5,629,432	32,547,277	20,458	6,765,516	355,648,970	8.50	889,122,425	10.7%
2006	262,786,804	197,812	81,783,042	8,525,426	328,488	5,903,299	30,855,374	36,702	4,920,002	385,496,945	8.50	963,742,363	8.4%
2007	290,503,809	197,812	85,894,537	6,966,918	328,488	6,324,951	29,389,390	85,964	2,255,120	417,486,046	8.50	1,043,715,115	8.3%
2008	310,005,150	175,272	92,015,239	6,472,704	215,812	6,468,347	31,542,786	44,085	1,850,532	445,088,863	8.50	1,112,722,158	6.6%
2009	320,621,864	197,812	105,067,948	7,984,989	328,488	5,924,520	31,986,064	15,483	1,667,042	470,460,126	8.50	1,176,150,315	5.7%
2010	315,044,514	197,812	103,267,839	7,587,030	328,488	6,538,010	33,091,238	20,584	3,542,181	462,533,334	8.50	1,156,333,335	-1.7%

Note: 1 - All property is assessed at 40% of fair market value
2 - Tax rates expressed in rate per $1,000

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

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

Fiscal Year	City Direct Rate	1 Underlying Rates			Total Underlying and Direct
		Cobb County	Cobb County Schools	State of Georgia	
2001	7.00	8.99	19.90	0.25	36.14
2002	7.00	9.87	19.90	0.25	37.02
2003	7.00	9.72	19.90	0.25	36.87
2004	7.00	9.72	19.90	0.25	36.87
2005	8.50	9.72	19.90	0.25	38.37
2006	8.50	9.72	19.90	0.25	38.37
2007	8.50	9.72	19.90	0.25	38.37
2008	8.50	9.72	19.90	0.25	38.37
2009	8.50	9.60	18.90	0.25	37.25
2010	8.50	9.60	18.90	0.25	37.25

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

Source: Cobb County Tax Commissioner's Office

CITY OF POWDER SPRINGS, GEORGIA
PRINICIPAL PROPERTY TAXPAYERS
Fiscal Year Ended June 30, 2010 and 2000

2010				2000			
Principal Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Principal Taxpayer**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Home Depot	$ 6,538,204	1	1.55%	Rhodes, Inc.	$ 10,038,324	1	5.65%
Sembler Family Partnership	4,991,240	2	1.18%	BellSouth Telecommunications	3,214,659	2	1.81%
Kroger Company	3,497,303	3	0.83%	Foster, W. M.	1,791,722	3	1.01%
McNeel Builders, Inc.	3,280,404	4	0.78%	Powder Springs Partners, L. P.	1,497,631	4	0.84%
Foster, W. M.	2,814,068	5	0.67%	M G International, Inc.	1,477,854	5	0.83%
Weingarten Realty Investors	2,778,640	6	0.66%	CVS Pharmacy	1,383,735	6	0.78%
Florence Road LLC	2,704,800	7	0.64%	Hubert Properties, L. P.	1,364,902	7	0.77%
Priske Jones	1,600,800	8	0.38%	Standex Air Distribution Products	1,225,875	8	0.69%
Powder Springs Holdings, LLC	1,574,164	9	0.37%	Sembler Family Partnership	1,027,948	9	0.58%
Standex Air Distribution Products	1,558,600	10	0.37%	Winn Dixie	1,005,373	10	0.57%
Total Principal Taxpayers	31,338,223		7.41%		24,028,023		13.52%
All Other Taxpayers	391,545,279		92.59%		153,753,761		86.48%
Total	$ 422,883,502		100.00%		$ 177,781,784		100.00%

Source: City Finance Office

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	1,468,841	1,313,436	89.42%	148,863	1,462,299	99.55%
2002	1,534,600	1,462,407	95.30%	59,655	1,522,062	99.18%
2003	1,736,175	1,679,655	96.74%	47,244	1,726,899	99.47%
2004	1,824,133	1,775,836	97.35%	24,043	1,799,879	98.67%
2005	2,445,897	2,344,785	95.87%	81,284	2,426,069	99.19%
2006	2,691,845	2,595,938	96.44%	78,403	2,674,341	99.35%
2007	2,887,406	2,786,661	96.51%	75,016	2,861,677	99.11%
2008	3,056,073	2,971,048	97.22%	28,683	2,999,731	98.16%
2009	3,283,867	3,146,542	95.82%	7,982	3,154,524	96.06%
2010	3,221,287	2,932,944	91.05%	-	2,932,944	91.05%

Source: City Finance Office

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

Water

Fiscal Year	Inside City Limits (1) Base Rate	*Gallons	Usage Rate	Outside City Limits (1) Base Rate	*Gallons	Usage Rate
2001	5.14		2.57	10.14		2.57
2002	5.14		2.57	10.14		2.57
2003	5.26		2.63	10.26		2.63
2004	6.76		2.66	11.83		2.66
2005	6.93		3.47	12.12		3.54
2006	7.02		3.51	12.27		3.58
2007	7.09		3.58	12.34		3.65
2008	8.20	2001-6000	4.10	13.38	2001-6000	4.17
	8.20	6001-15000	5.13	13.38	6001-15000	5.21
	8.20	>15001	6.15	13.38	>15001	6.26
2009	8.20	2001-6000	4.10	12.86	2001-6000	4.16
	8.20	6001-15000	5.13	12.86	6001-15000	5.20
	8.20	>15001	6.15	12.86	>15001	6.26
2010	8.62	2001-6000	4.31	13.28	2001-6000	4.37
	8.62	6001-15000	5.34	13.28	6001-15000	5.41
	8.62	>15001	6.36	13.28	>15001	6.47

Sewer

	Inside City Limits (1) Base Rate	(2) Usage Rate	Outside City Limits (1) Base Rate	(2) Usage Rate
2001	5.88	2.94	6.60	3.30
2002	6.76	3.38	7.60	3.80
2003	6.76	3.38	7.60	3.80
2004	9.12	3.45	9.98	3.88
2005	9.48	4.75	10.38	5.20
2006	9.67	4.84	10.58	5.30
2007	9.80	4.97	10.71	5.43
2008	10.84	5.42	11.80	5.90
2009	10.84	5.42	11.70	5.85
2010	11.14	5.57	12.00	6.00

Notes: (1) 0 - 2,000 gallons

(2) Rate per each additional 1,000 gallons

* Graduated rate schedule implemented in 2008

Source: City Utility Billing Office

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

Fiscal Year	Gallons of Water Consumed	Graduated Rate *Gallons	Total Direct Rate							
			Inside the City Limits				Outside the City Limits			
			Water		Sewer		Water		Sewer	
			Base Rate (1)	Usage Rate (2)	Base Rate (1)	Usage Rate (2)	Base Rate (1)	Usage Rate (2)	Base Rate (1)	Usage Rate (2)
2001	423,319,681		5.14	2.57	5.88	2.94	10.14	2.57	6.60	3.30
2002	430,160,540		5.14	2.57	6.76	3.38	10.14	2.57	7.60	3.80
2003	369,677,527		5.26	2.63	6.76	3.38	10.26	2.63	7.60	3.80
2004	420,900,177		6.76	2.66	9.12	3.45	11.83	2.66	9.98	3.88
2005	424,409,260		6.93	3.47	9.48	4.75	12.12	3.54	10.38	5.20
2006	431,593,749		7.02	3.51	9.67	4.84	12.27	3.58	10.58	5.30
2007	452,627,952		7.09	3.58	9.80	4.97	12.34	3.65	10.71	5.43
2008	345,214,885	<2001	8.20		10.84		13.38		11.80	
		2001-6000	8.20	4.10	10.84	5.42	13.38	4.17	11.80	5.90
		6001-15000	8.20	5.13	10.84	5.42	13.38	5.21	11.80	5.90
		>15001	8.20	6.15	10.84	5.42	13.38	6.26	11.80	5.90
2009	364,975,200	<2001	8.20		10.84		12.86		11.70	
		2001-6000	8.20	4.10	10.84	5.42	12.86	4.16	11.70	5.85
		6001-15000	8.20	5.13	10.84	5.42	12.86	5.20	11.70	5.85
		>15001	8.20	6.15	10.84	5.42	12.86	6.26	11.70	5.85
2010	17,182,150	<2001	8.62		11.14		13.28		12.00	
	162,721,496	2001-6000	8.62	4.31	11.14	5.57	13.28	4.37	12.00	6.00
	132,938,112	6001-15000	8.62	5.34	11.14	5.57	13.28	5.41	12.00	6.00
	62,584,100	>15001	8.62	6.36	11.14	5.57	13.28	6.47	12.00	6.00

(1) 0 - 2,000 gallons

(2) Rate per each additional 1,000 gallons

* Graduated rate schedule implemented in 2008

Source: City Utility Billing Office

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

Fiscal Year	Residential		Commercial		Total Consumption	Annual Percentage
	Gallons	%	Gallons	%	Gallons	Change
2001	416.7	98%	6.6	2%	423.3	-0.82%
2002	419.9	98%	10.3	2%	430.2	1.59%
2003	358.5	97%	11.2	3%	369.7	-16.36%
2004	382.8	91%	38.1	9%	420.9	12.17%
2005	386.2	91%	38.2	9%	424.4	0.83%
2006	393.7	91%	37.8	9%	431.5	1.66%
2007	413.8	91%	38.9	9%	452.7	4.65%
2008	362.3	91%	35.1	9%	397.4	-13.88%
2009	322.2	88%	42.7	12%	364.9	-8.90%
2010	328.8	88%	46.6	12%	375.4	2.78%

Source: City Utility Billing Office

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

Fiscal Year	Governmental-Type Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
	Capital Leases	Intergovernmental Contracts	Revenue Bonds	Capital Leases	Loans Payable			
2001	$ 945,464	$ -	$ 2,800,000	$ 50,079	$ 358,122	$ 4,153,665	1.38%	$ 332.80
2002	928,246	-	2,545,000	175,184	627,812	4,276,242	1.42%	342.62
2003	920,807	361,840	2,275,000	178,330	619,617	4,355,594	1.44%	348.98
2004	862,163	260,836	1,775,000	192,425	938,965	4,029,389	1.33%	322.84
2005	5,696,681	121,878	1,570,000	140,429	1,169,509	8,698,497	2.88%	696.94
2006	5,488,942	41,620	1,275,000	362,182	1,138,121	8,305,865	2.75%	665.48
2007	10,132,654	-	970,000	285,068	1,165,134	12,552,856	4.16%	1,005.76
2008	10,016,157	121,388	655,000	186,036	1,115,518	12,094,099	4.00%	969.00
2009	9,516,800	86,706	330,000	273,416	1,060,457	11,267,379	3.73%	902.76
2010	8,969,014	52,024	-	160,049	999,990	10,181,077	2.82%	665.87

Note: [1] See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF POWDER SPRINGS, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2010 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Cobb County General Obligation Debt (including Tax Anticipation Notes)	$166,980,000	1.50%	$ 2,504,700
Other debt			
Cobb County Recreation Authority	2,125,000	1.50%	31,875
Cobb County Solid Waste Disposal	10,030,000	1.50%	150,450
Cobb County Administration Building	2,390,000	1.50%	35,850
Cobb-Marietta Coliseum and Exhibit Hall	50,920,000	1.50%	763,800
Subtotal, overlapping debt			3,486,675
City direct debt			9,043,978
Total direct and overlapping debt			$ 12,530,653

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

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

[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 government's boundaries and dividing it by the county's total taxable assessed value.

CITY OF POWDER SPRINGS, GEORGIA
LEGAL DEBT MARGIN
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed Value	$ 217,426,473	$ 250,326,760	$ 296,788,267	$ 321,384,668	$ 355,648,970	$ 385,496,945	$ 417,486,046	$ 445,088,863	$ 432,534,063	$ 422,883,502
Legal Debt Margin										
Debt Limit (10% of assessed value)	21,742,647	25,032,676	29,678,827	32,138,467	35,564,897	38,549,695	41,748,605	44,508,886	43,253,406	42,288,350
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	$ 21,742,647	$ 25,032,676	$ 29,678,827	$ 32,138,467	$ 35,564,897	$ 38,549,695	$ 41,748,605	$ 44,508,886	$ 43,253,406	$ 42,288,350
As a percentage of debt limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Notes: Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the City's outstanding general obligation debt should not exceed 10% of the assessed valuation of taxable property within the City.

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

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

	Water Revenue Bonds					
	1	2		Debt Service		
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2001	2,993,344	2,473,202	520,142	255,000	148,073	129%
2002	3,228,014	2,571,798	656,216	270,000	135,705	162%
2003	3,278,272	2,913,652	364,620	280,000	122,205	91%
2004	3,652,193	3,062,875	589,318	205,000	37,238	243%
2005	4,171,546	2,990,802	1,180,744	295,000	44,745	348%
2006	4,652,025	3,144,303	1,507,722	305,000	36,337	442%
2007	4,389,895	3,234,689	1,155,206	315,000	27,645	337%
2008	3,845,512	3,097,858	747,654	325,000	18,667	218%
2009	3,910,804	3,212,562	698,242	330,000	9,404	206%
* 2010						

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

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

CITY OF POWDER SPRINGS, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
June 30, 2010

Year	Population	Personal Income	Per Capita Income	Median Age	Unemployment Rate
1950	619	$ -	$ -	N/A	N/A
1960	746	1,802,336	2,416	N/A	N/A
1970	2,559	7,331,535	2,865	25.4	N/A
1980	3,381	23,142,945	6,845	29.5	N/A
1990	6,893	104,401,378	15,146	29.5	1.9%
2000	12,481	302,040,200	24,200	32.0	2.9%
2010	15,231	360,228,381	23,651	35.3	9.6%

Source: U. S. Census Bureau and City Community Development Department

CITY OF POWDER SPRINGS, GEORGIA
PRINICIPAL EMPLOYERS
Fiscal Year Ended June 30, 2010 and 2006 (Unaudited)

	2010			*2006			
Employer	Number of Employees	Rank	Percentage of Total City Employment	Employer	Number of Employees	Rank	Percentage of Total City Employment
Powder Springs Nursing & Rehab	250	1	10.87%	Powder Springs Nursing & Rehab	260	1	11.30%
Kroger	125	2	5.43%	Star Acquisitions	200	2	8.70%
Powder Springs Elementary	120	3	5.22%	Kroger	150	3	6.52%
Home Depot	102	4	4.43%	Home Depot	120	4	5.22%
Tapp Middle School	100	5	4.35%	Powder Springs Elementary	120	5	5.22%
City of Powder Springs[1]	99	6	4.30%	Tapp Middle School	118	6	5.13%
Publix	98	7	4.26%	City of Powder Springs	115	7	5.00%
Compton Elementary School	90	8	3.91%	Compton Elementary School	110	8	4.78%
Star Acquisitions	80	9	3.48%	Alco Manufacturing	100	9	4.35%
Caldwell Insulation	75	10	3.26%	Publix	100	10	4.35%
Total Principal Employees	1,139		49.52%		1,393		60.57%
Other Employees	1,161		50.48%		907		39.43%
Total Employees[2]	2,300		100.00%		2,300		100.00%

Source: City Department of Economic Development

Notes: 1 - Full-time Equivalent Employees
2 - Estimated

*Information prior to 2006 is not readily available

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

Function / Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Administration										
Council	5	5	5	5	5	5	5	5	5	5
Mayor	1	1	1	1	1	1	1	1	1	1
Elections	-	1	1	1	1	1	1	-	-	-
Administration	3	5	7	11	11	12	10	11	10	10
Information Technology	-	-	-	-	-	-	1	1	1	1
Purchasing	-	-	-	-	-	-	1	1	1	1
Municipal Court	5	6	6	5	5	6	8	6	3	3
Total General Administration	14	18	20	23	23	25	27	25	21	21
Housing and Development										
Building Inspection	2	1	1	2	2	2	2	2	1	1
Community Development	2	3	3	3	4	7	8	8	6	5
Code Enforcement	1	1	2	2	2	1	3	3	2	2
Total Housing and Development	5	5	6	7	8	10	13	13	9	8
Public Safety										
Police	36	41	49	51	51	53	51	57	48	49
Public Works										
Streets	4	5	6	6	8	8	6	6	5	4
Water & Sewer										
Water	8	9	12	8	10	10	11	12	11	11
Sewer	3	6	9	6	5	6	5	6	4	5
Total Water & Sewer	11	15	21	14	15	16	16	18	15	16
Sanitation	5	7	6	8	9	13	13	14	14	12
Total	75	91	108	109	114	125	126	133	112	110

Source: City Finance Office

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Building Permits Issued	214	185	319	272	233	246	211	(1) 173	249	517
Police										
Physical Arrests	N/A	668	714	726	660	664	810	882	485	437
Citations Issued	4,275	4,813	4,595	4,191	5,047	5,785	8,811	8,592	6,313	7,563
Refuse Collection										
Refuse Collected (tons per day)	N/A	N/A	N/A	N/A	N/A	35	35	35	42	42
Water										
Average Daily Consumption	1,159,780	1,178,522	1,012,815	1,153,151	1,162,765	1,182,449	1,270,000	1,088,940	999,932	900,780

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	13	12	14	15	14	37	36	36
Refuse Collection										
Collection Trucks	N/A	N/A	4	4	4	5	5	4	4	4
Other Public Works										
Streets (miles)	N/A	N/A	N/A	N/A	N/A	60	61	61	61	62
Streetlights	N/A	N/A	N/A	N/A	N/A	2,000	2,000	2,000	2,000	2,112
Water										
Water mains (miles)	N/A	N/A	N/A	N/A	N/A	70	70	70	70	70
Wastewater										
Sanitary Sewers (miles)	N/A	N/A	N/A	N/A	N/A	70	70	70	70	70

N/A - Information not available

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

SUPPLEMENTAL INFORMATION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Powder Springs, Georgia as of and for the year ended June 30, 2010, which collectively comprise the City of Powder Springs, Georgia's basic financial statements and have issued our report thereon dated February 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Powder Springs, Georgia's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of City of Powder Springs, Georgia's financial statements that is more than inconsequential will not be prevented or detected by City of Powder Springs, Georgia's internal control.

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

> Condition: Controls over the financial reporting process did not prevent misstatements from occurring in the fund financial statements.
>
> Management Response: Significant progress has been made in controlling expenses through purchasing procedures, performing daily transaction reconciliations in Utility Billing, and in monitoring budget restrictions. On July 1, 2010, an updated and integrated financial software system was implemented. The implementation of our new system and an accounting position change from part time to full time in fiscal year 2011 will also help in improving our internal controls by allowing for more timely account reconciliations and segregation of duties. We will continue to improve our controls in conjunction with completing our City-wide software implementation.

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

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

Compliance and Other Matters

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

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

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

Moore & Cubbedge, LLP

Moore & Cubbedge, LLP

February 17, 2011