CITY OF POWDER SPRINGS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

Prepared by:
Finance Department

Submitted by:
Pam Conner
Interim City Manager

CITY OF POWDER SPRINGS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

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December 29, 2014

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Powder Springs, Georgia, for the fiscal year ended June 30, 2014 is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. This report has been prepared in accordance with generally accepted accounting principles. All disclosures necessary to enable an interested reader to gain the maximum understanding of the government's financial activities have been included.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Powder Springs for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Powder Springs' financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors report is presented as the first component of the financial section of the report.

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

PROFILE OF THE GOVERNMENT

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

The City of Powder Springs, incorporated in 1859, is located in west-southwest Cobb County approximately nineteen miles northwest of Atlanta and ten miles southwest of Marietta. The City is a municipal corporation created under the laws of the State of Georgia and has as its formal name "The City of Powder Springs, Georgia." A Mayor and a five-member City Council conduct the affairs of the City. The Mayor and two Council members are elected citywide and the remaining three Council members are elected by separate wards. This elected body is responsible for the active coordination of community resources, to anticipate problems, and meet community needs. Policy-making and legislative authority are vested in the City Council, consisting of the Mayor and five Council members, all elected on a non-partisan basis. The Council appoints the government's manager, who in turn appoints the heads of the various departments.

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

The City provides a full range of services to approximately 14,000 residents. These services include: public safety (police); community development; highways and streets; water, sewer, and sanitation; public improvements; code enforcement, planning and zoning; and general administrative services. The City is one of six incorporated municipalities within Cobb County.

The City is not included in Cobb County's reporting entity. The Powder Springs Downtown Development Authority has met the established criteria for inclusion in the reporting entity, and is reported as a blended component unit.

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

LONG TERM FINANCIAL PLANNING

As detailed within the following financial statements, the City's policy is to maintain a healthy General Fund balance, currently 75% of annual expenditures and transfers out, or enough to maintain the City's operations for about 9 months. This excess reserve is necessary for periods such as the last four years when the tax digest continues to decline and other emergency situations, such as the flood in 2009. As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes to facilitate the provision of city services. The City's operating millage rate of 8.5 mills has not been increased since 2005. The City also offers residents a "floating" exemption of property taxes, which maintains the taxable value of the property as long as the resident continues to own the property. Upon sale of the property the taxable value is set at the assessed value.

LOCAL ECONOMY

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 has continued into FY 2014. There continues to be a decline in tax revenues and business licenses, as well as commercial and residential building permits. This trend is projected to end over the next year based on current tax digest figures, as well as according to many financial forecasting agencies. As the national and state economies continue to improve, we believe that the City is positioned to once again continue the growth experienced in the last decade. At that time we hope to see an increase in economic and 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.

According to a recent study by the Fanning Institute, in cooperation with Georgia Power, the breakdown of Powder Springs' statistics is as follows:

Population	13,940	Black	49.9%	Median Income	$61,486
Male	46.1%	White	41.6%	Median Age	36
Female	53.9%	Other	8.5%		

These statistics show that Powder Springs has a higher than average per-capita income. Much of this income is derived from residents who commute to and from their places of employment outside the City, which means that there is relatively low employment in Powder Springs, especially in the manufacturing and industrial sectors.

MAJOR INITIATIVES FOR THIS YEAR

ROAD AND STREET IMPROVEMENTS

Completed Assessment, Design and Engineering

The City completed the assessment, design and engineering phases for all remaining bridge and sidewalk improvements identified in the 2011 SPLOST Program, with bridge construction completed in July 2013:

Sidewalk Projects	Bridge Rehabilitation Projects
Warren Farm Sidewalk – Completed FY14	Bridge @ Silver Comet Trail
Preston Place Sidewalk	Bridge @ Hopkins Road
Lindley Circle Sidewalk	Bridge @ Brownsville Road
Sharon Drive Sidewalk	Bridge @ Dallas Powder Springs Road
Parks Drive Sidewalk	Bridge @ Macedonia
Louise Sidewalk	
Brownsville Road Sidewalk	

Downtown Road Improvements

The City completed downtown road improvements in the redevelopment areas of Pineview, Oakview and Cemetery Drive.

PARKS, RECREATION AND CULTURAL AFFAIRS

Cultural Arts Center

In Fiscal Year 2014, the City completed the design and construction of the cultural arts center at the Ford Center Campus. The Patricia C. Vaughn Cultural Arts Center will be multipurpose, with a capacity of 288 for auditorium-style seating (dramatic presentations, concerts, community meetings, awards functions, etc.), or 120 capacity for an event such as a dinner theater. The Patricia C. Vaughn Cultural Arts Center opened in October 2013.

Phase I of the Silver Comet Linear Park

The first phase of a four phase project to create a 10-acre park along the Silver Comet Trail between Powder Springs Road and New Macland Road has been approved for construction. The park will include a playground and concession area with public restroom facilities.

Application for Community Rating System

In FY2014, the City initiated the application process to participate in the National Flood Insurance Program's [NFIP] Community Rating System. This is a voluntary incentive program that recognizes and encourages community floodplain management activities that exceed the minimum NFIP requirements. As a result, flood insurance premium rates are discounted to reflect the reduced flood risk resulting from the community actions meeting the three goals of the CRS. These goals are to reduce flood damage to insurable property; strengthen and support the insurance aspects of the NFIP, and encourage a comprehensive approach to floodplain management. Acceptance into the Community Rating System will help the City's residents to achieve lower insurance rates in the National Flood Insurance Program. This process will be completed in FY2015; however, the application must be updated annually to maintain the CRS rating

Continuity of Government Operations Plan (COOP)

In FY 2014, the City completed a continuity of government operations plan to guide the City's efforts in providing critical mission essential function when faced by a threat or hazard. The City will undertake emergency preparedness and training in FY15 and conduct exercises to help train city personnel on their roles and responsibilities.

PUBLIC SAFETY AND JUDICIAL

The City of Powder Springs Police Department identified officer retention and recruitment as two of its major goals in FY14. With the adoption of the City's FY2015 Budget, the City of Powder Springs' Police Department has initiated a "Take-Home Car Program" for its officers. The City is continuing its efforts to make fleet updates, and as cars become available, officers are registering for this program. The City also completed a three-year purging and organization of our evidence room.

INITIATIVES FOR FUTURE YEARS

Unified Development Code Update

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

Storm Water Management Plan Update

The Georgia EPD recently issued the new Phase I MS4 NPDES permit effective, June 2014. The City will begin and complete an update to the SWMP in FY2015 that will be compliant with the new permit, including the new requirement to develop an Enforcement Response Plan and to evaluate and adopt Green Infrastructure/Low Impact Development ordinances and comprehensive plan amendments.

Public Safety

The City of Powder Springs will continue to work towards the goals identified in FY2014, to include officer retention, recruitment and certification. Along with the Take-Home Car Program approved in FY14 [to begin in FY15], the City's Police Department also secured the Governor's Gun Club as its training facility for officers. This facility offers state of the art training for officers, and is within the City's limits. The City of Powder Springs Police Department will also work towards implementing a new Police Policy Manual. Through this, and other initiatives, the City strives to receive its State Certification in 2015.

FINANCIAL POLICIES

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

Budgetary Controls

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

OTHER INFORMATION

Awards and Achievements.

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Powder Springs for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for only of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments.

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

Respectfully submitted,



Pam Conner
Interim City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Powder Springs

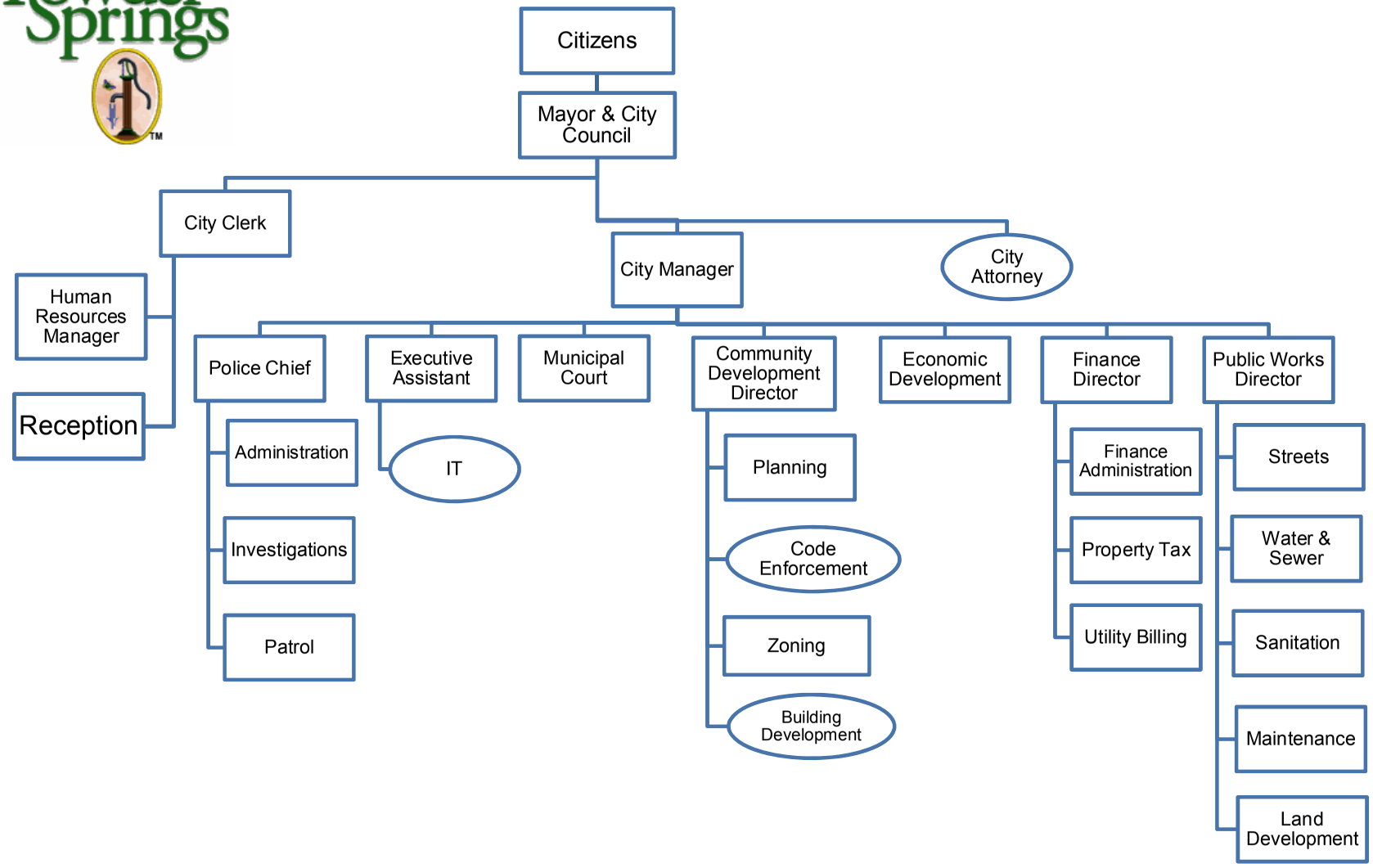
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FY 2014 Organizational Chart



CITY OF POWDER SPRINGS, GEORGIA

LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2014

CITY COUNCIL

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

CITY ADMINISTRATION

Brad Hulsey	City Manager
Diana Belanger	Finance Director
Greg Ramsey	Public Works Director
Charles Sewell	Chief of Police
Pam Conner	Community Development Director
Stephanie Aylworth	Economic Development Director
Rosalyn Nealy	Human Resources Director
Dawn Davis	Clerk of Council
Tracie Jackson	Municipal Court Clerk
Gregory Doyle Calhoun & Rogers	City Attorney

FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Powder Springs, Georgia (the "City")**, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Powder Springs, Georgia as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and the General Fund budgetary comparison information on pages 4-15 and 52-54, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 18, 2014

The Management's Discussion and Analysis of the City of Powder Springs Government's Comprehensive Annual Financial Report (CAFR) provides an overall narrative and analysis of the City's financial statements for the fiscal year ended June 30, 2014. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should also review the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2014 are as follows:

- The City's combined net position totaled $44,321,359, an increase of $3,513,450 over 2013. Of this amount, unrestricted net position of $10,918,820 may be used to meet the government's ongoing obligations to citizens and creditors.
- Combined revenue totaled $16,493,305, of which governmental activities totaled $9,380,441 and business-type activities totaled $7,112,864.
- Overall expenses totaled $12,979,855 of which governmental activities totaled $6,582,465 and business-type activities totaled $6,397,390.
- At the end of June 30, 2014, governmental activities expenses exceeded program revenues by $2,313,993. Operating expenses in excess of charges for services and grants & contributions are funded using general revenues (mostly taxes). Governmental activities net position increased by $2,797,976.
- Total business-type activities revenues exceeded business-type activities expenses by $714,672, resulting in an increase of $715,474 to business-type net assets.
- The net investment in capital assets for government activities increased by $2,759,564 and net investment in capital assets for business-type activities decreased by $293,578.
- At June 30, 2014, the City's General Fund reported an unassigned fund balance of $4,513,986, an increase of $377,834, over the prior fiscal year's unassigned fund balance.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

Government-wide financial statements, the Statement of Net Position and the Statement of Activities which are described below.

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

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

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

The government-wide financial statements include not only the City of Powder Springs Government itself but also a legally separate Powder Springs Downtown Development Authority for which the government is financially accountable. Financial information for this component unit is blended as a debt service fund and reported as a component of the primary government.

The government-wide financial statements are presented on pages 17 and 18 of this report.

Fund Financial Statements

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

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified

accrual basis of accounting. These statements provide a detailed short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the City's current needs.

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

Major funds are reported separately. The City's major funds include the General Fund and the SPLOST Fund. The basic governmental fund statements are presented on pages 19 to 21 of this report.

Proprietary Funds

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

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund and the Sanitation Fund, which are both considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's retirement system funding progress and budget presentations. Budgetary comparison schedules for the General Fund are presented which demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on pages 55 to 57 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled $44,321,359 at June 30, 2014. The following table provides a summary of the City's governmental and business-type net assets for fiscal years 2014 and 2013:

Statement of Net Position

	Governmental Activities		Business-type Activities		Total		Percent
	2014	2013	2014	2013	2014	2013	of Total
Assets:							
Current assets	$ 9,196,980	$ 9,741,925	$ 7,427,158	$ 6,450,279	$ 16,624,138	$ 16,192,204	31%
Capital assets, net	33,142,109	30,857,545	5,724,836	6,009,695	38,866,945	36,867,240	69%
Total assets	42,339,089	40,599,470	13,151,994	12,459,974	55,491,083	53,059,444	
Liabilities							
Current liabilities	1,687,285	2,258,213	1,188,711	1,158,358	2,875,996	3,416,571	28%
Long-term liabilities, net	7,407,510	7,894,939	886,218	940,025	8,293,728	8,834,964	72%
Total liabilities	9,094,795	10,153,152	2,074,929	2,098,383	11,169,724	12,251,535	
Net Position							
Net investment in capital assets	26,057,109	23,297,545	5,236,028	5,249,606	31,293,137	28,547,151	70%
Restricted	2,109,402	3,213,650	-	-	2,109,402	3,213,650	8%
Unrestricted	5,077,783	3,935,123	5,841,037	5,111,985	10,918,820	9,047,108	22%
Total net position	$ 33,244,294	$ 30,446,318	$ 11,077,065	$ 10,361,591	$ 44,321,359	$ 40,807,909	

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

The City's investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding comprise 71% of the City's total net position. The City's net investment in capital assets increased by $2,745,986 in fiscal year ended 2014. The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities net position increased by $2,797,976 in fiscal year 2014. The net position of business-type activities increased $715,474. The City's overall financial position increased during fiscal year 2014 by $3,513,450.

The following table indicates the changes in net position for governmental and business-type activities in fiscal year 2014 and fiscal year 2013:

City of Powder Springs
Changes in Net Position

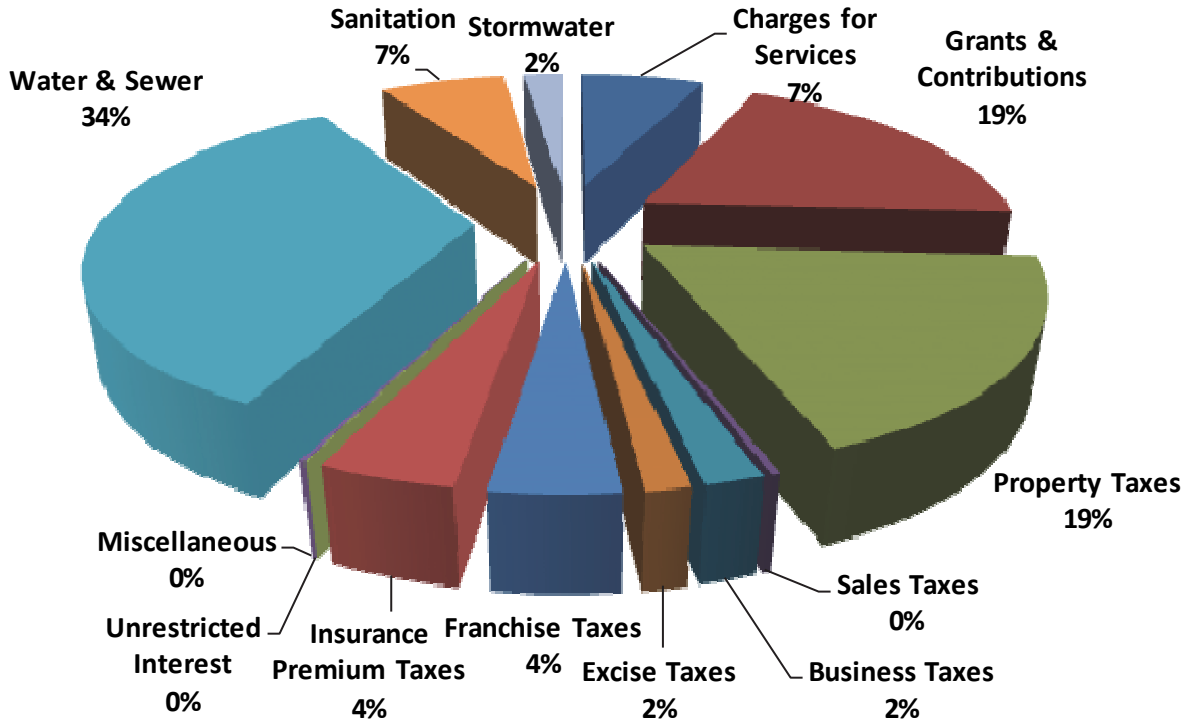
	Governmental Activities		Business-type Activities		Total		Percent
	2014	2013	2014	2013	2014	2013	of Total
Revenues:							
Program revenues:							
Charges for services	$ 1,119,703	$ 1,150,360	$ 7,112,062	$ 6,939,732	$ 8,231,765	$ 8,090,092	49.9%
Operating grants & cont.	331,244	452,090	-	-	331,244	452,090	2.0%
Capital grants & cont.	2,817,525	2,700,194	-	-	2,817,525	2,700,194	17.1%
General revenues:							
Property taxes	3,093,482	2,803,697	-	-	3,093,482	2,803,697	18.8%
Sales taxes	46,350	38,496	-	-	46,350	38,496	0.3%
Business tax	-	25,139	-	-	-	25,139	0.0%
Excisel taxes	238,301	244,182	-	-	238,301	244,182	1.4%
Franchise taxes	675,157	760,074	-	-	675,157	760,074	4.1%
Other taxes	1,028,138	975,496	-	-	1,028,138	975,496	6.2%
Unrestricted interest	4,648	7,158	802	5,718	5,450	12,876	0.0%
Miscellaneous	25,893	24,820	-	-	25,893	24,820	0.2%
Gain on sale of assets	-	-	-	6,101	-	6,101	0.0%
Total revenues	9,380,441	9,181,706	7,112,864	6,951,551	16,493,305	16,133,257	100%
Expenses:							
General government	900,533	760,497	-	-	900,533	760,497	6.9%
Judicial	151,596	428,709	-	-	151,596	428,709	1.2%
Public works	1,742,675	2,055,730	-	-	1,742,675	2,055,730	13.4%
Culture and recreation	408,830	258,969	-	-	408,830	258,969	3.1%
Public safety	2,482,731	3,072,667	-	-	2,482,731	3,072,667	19.1%
Community development	590,648	485,271	-	-	590,648	485,271	4.6%
Interest on long-term debt	305,452	336,412	-	-	305,452	336,412	2.4%
Water & Sewer	-	-	5,113,633	4,838,532	5,113,633	4,838,532	39.4%
Solid waste	-	-	977,570	974,543	977,570	974,543	7.5%
Stormwater	-	-	306,187	155,966	306,187	155,966	2.4%
Total expenses	6,582,465	7,398,255	6,397,390	5,969,041	12,979,855	13,367,296	100%
Increase in net position before transfers	2,797,976	1,783,451	715,474	982,510	3,513,450	2,765,961	
Transfers	-	798	-	(798)	-	-	
Change in net position	2,797,976	1,783,451	715,474	982,510	3,513,450	2,765,961	
Net position, beginning	30,446,318	28,662,069	10,361,591	9,379,879	40,807,909	38,041,948	
Net position, ending	$ 33,244,294	$ 30,445,520	$ 11,077,065	$ 10,362,389	$ 44,321,359	$ 40,807,909	

Changes in Overall Net Position from Operating Results

Revenues

Total governmental activities revenues increased by $198,735. This increase is primarily attributed to an increase in Property Taxes of $289,785 (over prior year revenue). The increase in property taxes revenue of $289,785 was due to a slight decrease in property values (2.7% less than prior year assessed values) combined with an increase in the Title Ad Valorem Tax fee which increased by $397,566 as the fee began in March 2013. The City is heavily reliant on tax revenues to support governmental activities operations. Tax provided $5,081,428 or 54% of the City's governmental revenue. Charges for services provided $1,119,703 or 12% of operating revenues. Accordingly, the City's taxpayers and purchases of City services fund 66% of governmental operating activity. As a result, the condition of the local economy and the economy's impact on local businesses has a major effect on the City's revenue streams.

Business-type activities, also called enterprise or proprietary funds, are established to be supported by fee revenues. Water and sewer revenues increased slightly over prior year revenues ($191,212, or 3.5%). This increase is due to a 4% rate increase that became effective and was implemented mid-year in fiscal year 2014 to cover increased charges for water purchases from Cobb County. Sanitation revenue decreased by $13,753 (1% less than prior year revenue), primarily due to a slight decrease in billing charges and better collections reduced penalty charges billed on accounts. In fiscal year 2013, the City established the Storm Water fund, through the establishment of a Storm Water utility fee rate billed annually with property taxes. The Storm Water fund billed a total $352,579 for the utility fees in 2014, a decrease of $5,129 or 1.4% from fiscal year 2013.



Expenses

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

	Operating Expenses	Percentage of Total	Net Cost of Services	Percentage of Total
General government	$ 900,533	6.9%	$ (675,882)	-42.3%
Public safety	2,482,731	19.1%	2,373,646	148.4%
Community development	590,648	4.6%	544,089	34.0%
Public works	1,742,675	13.4%	(336,615)	-21.0%
Judicial	151,596	1.2%	(195,168)	-12.2%
Culture and recreation	408,830	3.1%	298,471	18.7%
Water & sewer	5,113,633	39.4%	(513,940)	-32.1%
Solid waste	977,570	7.5%	(154,340)	-9.7%
Stormwater	306,187	2.4%	(46,392)	-2.9%
Interest and fiscal charges	305,452	2.4%	305,452	19.1%
Total	$ 12,979,855	100.0%	$ 1,599,321	100.0%

The City's total expenses decreased by $387,441 or by 3%.

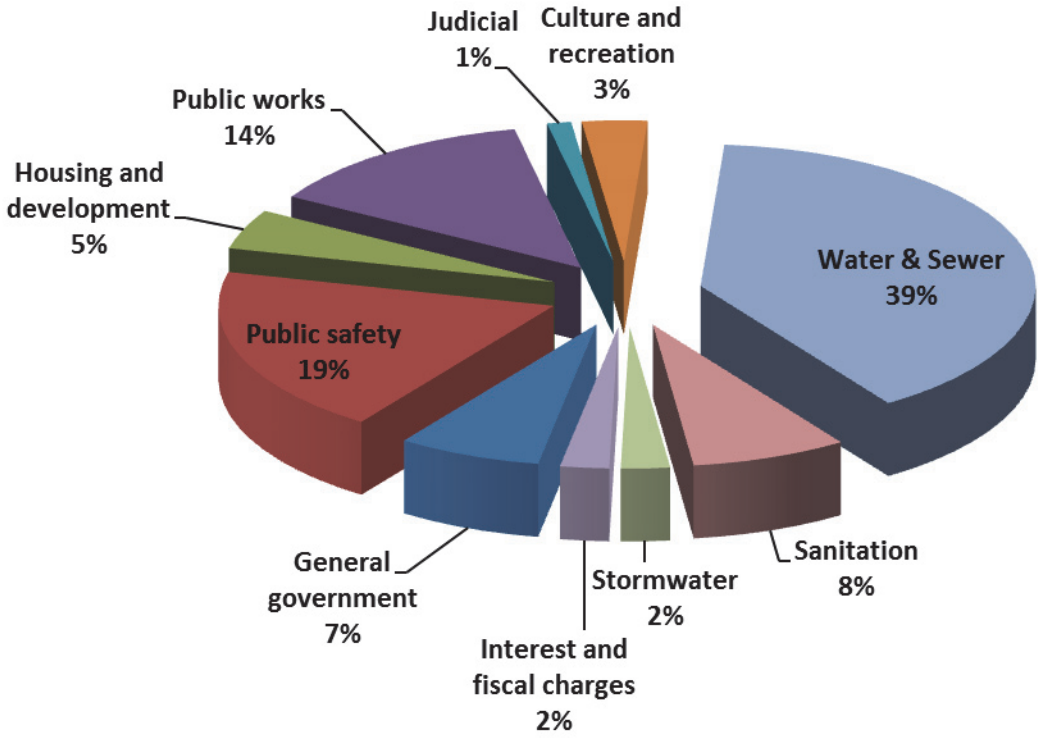
Governmental activities' expenses decreased by $815,790 in fiscal year 2014 from expenses incurred in fiscal year 2013. Significant variances from prior year expenses included:

- Public Works expenditures decreased $313,055 due to decreased SPLOST spending from fiscal year 2013; Major projects completed in fiscal year 2014 include:
    - Completed engineering and construction phases bridge repairs: Silver Comet Trail, Brownsville Road, Dallas Powder Springs Road and Macedonia Road;
    - Engineering and construction phases complete for the following sidewalk projects: Warren Farm Road and Preston Place Subdivision
- Expenditures for Public Safety decreased $589,936 in fiscal year 2014. This decrease from the prior fiscal year is due to one time spending increases in 2013 for SPLOST expenditures totaled $193,163, for the installation computer and video information systems for police cars The City also purchased $74,150 of equipment and $116,970 for vehicles in 2013.Additional decreases in expenditures were in personnel categories related to vacancies within the department.
- Culture and Recreation expenses increased $149,861 partially due to SPLOST and Capital Project Fund expenditures for the final construction phase of the new Community Theater, as well as construction on Phase 1 of Linear Park.
- Judicial expenses decreased $277,113 from fiscal year 2013 expenditures. The expenditures in the prior fiscal year are attributed to one-time spending for the municipal courthouse remodeling.

Business-type operating expense increased $428,349 during the current fiscal year. Significant cost variances included:

- Increases in water purchases from Cobb Marietta Water Authority and sewer processing expenses totaled $120,282, primarily due to increase water rate charges paid to Cobb County as well as increases in consumption. Additional increases included $63,587 for water and sewer line repair and maintenance and meter installations and repairs.
- The establishment of the Storm Water Fund also contributed to an increase in overall business-type operating expenses. Expenses increase by $150,221 from the prior fiscal year. The increase in expenses is due to timing of ongoing repairs and maintenance for the City's Storm Water system.

Enterprise fund net costs decreases resulted in an increase in net position of $715,474 in the current fiscal year.



Fund Analysis

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $8,081,349, an increase of $264,303 or 3% from the prior year. The change in fund balance is a result of:

- *General Fund* fund balance increased by $659,055 to and ending balance of $5,262,451, due to significant budget cuts and conservative spending.
- *Capital Projects Fund* fund balance increased by $178,714 to and ending balance of $745,088. This increase can be attributed to the additional transfers of funds set aside for future capital projects.
- *SPLOST Fund* fund balance decreased $608,193 to an ending fund balance of $2,024,786. The decrease results from spending SPLOST proceeds received in prior years in excess of the amount received for SPLOST projects during the current fiscal year. Most of the 2005 SPLOST projects are completed and many of the 2011 SPLOST projects either completed the assessment, design and engineering phases, or began construction in fiscal year 2014.

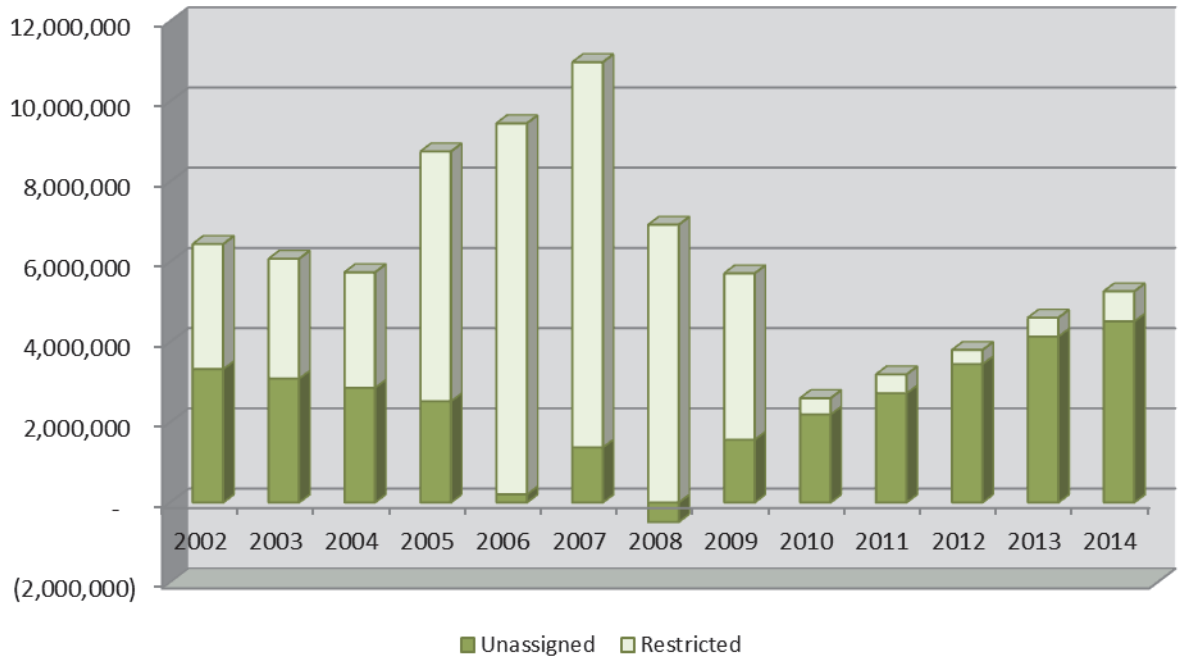
Within the ending fund balance of governmental funds, $4,513,986 is unassigned, indicating availability for continuing City service delivery requirements. The remainder is restricted, assigned or non-spendable to indicate that it is not available for new spending because its obligated as follows:

- **Non-spendable balance:**
  - $39,327 for inventories
  - $1,093,634 for prepaid items
- **Restricted balance:**
  - $2,060,378 for Capital Projects
  - $48,213 for law enforcement equipment
  - $811 for debt service
- **Assigned balance:**
  - $325,000 for use in 2015 Budget

Major Governmental Fund

General Fund – The General Fund is the primary operating fund and the largest source of day-to-day service delivery. The unassigned fund balance at June 30, 2014 of $4,513,986 is considered sufficient, representing the equivalent of 75% of fiscal year 2014 general fund expenditures and transfers out or approximately 9 months of the current years' operating expenditures.

The following charts reports general fund balances from fiscal year 2003 -2014:



General Fund revenues in the current year increased by $93,294 from fiscal year 2013 revenues. Expenditures increased by a greater amount of $265,677.

Capital Projects Fund – The Capital Projects Fund of the City reflects expenditures for capital projects as approved by the governing body. In fiscal year 2014, it is not considered a major fund. The fund balance of the Capital Projects Fund increased $178,714 as a result of transfers to fund future designated capital projects. Revenues, which are primarily, impact fees, increased slightly by $37,969. Expenditures during the current fiscal year decreased $97,003 as a result of the completion of construction for the Community Theater as well as Linear Park Phase 1 in the current year.

SPLOST Fund - The SPLOST Fund is used to account capital projects and infrastructure improvements designated to be funded from County 2005 and 2011 one percent Special Purpose Local Option Sales Tax. The fund balance decrease of $608,193 or 23% is due to the timing of expenditures on projects. SPLOST project expenditures were $3,325,275 during the year as compared to expenditures of $4,541,871 in fiscal year 2013. Revenues are received uniformly from Cobb County based on Cobb's budgeted allocation to the City.

Major Proprietary Funds

The activities of the City that render services to the general public on a user charge basis, or that require periodic determination of revenues for public policy are accounted for as Proprietary Funds. The Proprietary Fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Fund Equity of the Water and Sewer Fund at the end of the year was $9,916,716. Equity increased by $514,137 during the year. Fund expenses increased by $274,303 primarily due to an increase in fees for water purchases and sewer processing as well as water and sewer line repairs. Revenues increased by $186,451 as a result of the City's rate increase necessary to pass through increased costs.

The Sanitation Fund's equity at the end of the year was $912,215. Equity increased by $154,945 during the year as a result of significant budget cuts and conservative spending.

General Fund Budgetary Highlights

The City's budget is prepared in accordance with the laws of the State of Georgia and the Code of Ordinances of the City. The City adopts the fiscal budget during June of the preceding fiscal year. During June of 2014, the City adopted a General Fund Budget of $6,891,316. At the end of the fiscal year, the final amended budgeted expenditures were $7,238,109, an increase of $346,794. Actual General Fund revenue was $193,295 in excess of final budgeted revenues for fiscal year 2014. Actual expenditures were $465,760 less than final budgeted expenditures.

The most significant expenditure amendments are summarized as follows:

- Public Safety had an adjustment to capital outlay in the amount of $178,492 for the purchase of new vehicles.
- Transfers Out to Capital Projects budget was increased by $1,106,730, using some contingency, current year savings and increases in actual revenues. Projects funded that will be completed in fiscal year 2015 include signage renovations throughout the City, to include EMC boards and a new monument sign as well as the purchase of, and renovations to, the Bodiford House located at 4355 Marietta Street. This property will be the new home of the Seven Springs Museum.

Capital Assets and Debt Administration

Capital Assets

The City's net investment in capital assets for its governmental activities amounts to $26,057,109 and in the business-type activities the balance was $5,236,028, as of June 30, 2014. This investment in capital assets includes land, buildings, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, streets and sidewalks, drainage systems and other similar items. As allowed under GASB Statement No. 34, the City has elected not to report major general infrastructure retroactively.

2014 Capital Assets
(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Construction in Progress	$ 4,387,668	$ 9,696,597	$ -	$ -	$ 4,387,668	$ 9,696,597
Land	4,767,188	4,767,188	159,077	159,077	4,926,265	4,926,265
Buildings and Improvements	9,502,926	8,505,543	232,766	259,621	9,735,692	8,765,164
Furniture and Fixtures	7,409	8,397	-	-	7,409	8,397
Parks Equipment	902,120	1,201,289	-	-	902,120	1,201,289
Vehicles and Equipment	351,736	431,050	161,623	185,353	513,359	616,403
Infrastructure	13,223,062	6,247,481	-	-	13,223,062	6,247,481
Utility Systems	-	-	5,171,370	5,405,644	5,171,370	5,405,644
Total	$ 33,142,109	$ 30,857,545	$ 5,724,836	$ 6,009,695	$ 38,866,945	$ 36,867,240

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

At June 30, 2014, 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 71% depreciated, indicating a slower rate of replacement or improvement.

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

- SPLOST resurfacing, sidewalk and bridge improvements totaling $8,219,130 additions to infrastructure;
- Facility renovations totaling $744,749 additions to buildings and improvements.

Major projects included in the construction in progress account at June 30, 2014 are:

- SPLOST resurfacing, sidewalk and bridge improvements as well as improvements to parks totaling $2.63 million
- City facility improvements totaling $763,132
- Linear Park totaling $998,992
- Signage renovations and other City site improvements totaling $47,775

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

Long-Term Debt
As of June 30, 2014, the City's total outstanding long-term debt (principal portion) totaled $7,783,808 and included obligations as follows:

Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the acquisition of City administrative offices, renovation of the Ford Center and acquisition of right-of-way for the Lewis Road improvement project.	$3,560,000
Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the renovation and expansion of a police station and municipal court facilities and to finance the acquisition of a new City museum.	$3,525,000
Loan payable obligations with the Georgia Environmental Facilities Authority for downtown water system conversion project.	$698,808

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 $31,559,198.

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

Economic Factors Affecting the City of Powder Springs

The Mayor and Council consider many factors when adopting the fiscal year 2015 budget. These factors have a significant impact 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 2014 was 8.50. This rate has not changed since fiscal year 2005.

- A decrease in the tax base or assessment values for real and personal property due to the effect of the national economy will continue to cause budget challenges for the City. Real property assessment values continue to be lowered 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 2014 assessment values are reduced approximately 3%.

- 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.

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 7,401,562	$ 6,156,068	$ 13,557,630
Receivables, net of allowance for uncollectibles	119,574	851,674	971,248
Taxes receivable	167,649	-	167,649
Inventories	39,327	123,201	162,528
Prepaid items	1,093,634	86,215	1,179,849
Restricted cash and cash equivalents	55,123	-	55,123
Internal balances	(210,000)	210,000	-
Due from other governments	530,111	-	530,111
Capital assets:			
Non-depreciable	9,154,856	159,077	9,313,933
Depreciable, net of accumulated depreciation	23,987,253	5,565,759	29,553,012
Total assets	42,339,089	13,151,994	55,491,083
LIABILITIES			
Accounts payable	891,204	308,932	1,200,136
Accrued liabilities	29,123	11,196	40,319
Intergovernmental payable	41,414	-	41,414
Customer deposits	-	757,896	757,896
Interest payable	122,722		122,722
Bonds payable, due within one year	495,000	-	495,000
Bonds payable, due in more than one year	6,590,000	-	6,590,000
Note payable, due within one year	-	61,021	61,021
Note payable, due in more than one year	-	637,787	637,787
Intergovernmental contracts, due within one year	-	1,200	1,200
Intergovernmental contracts, due in more than one year	-	56,846	56,846
Compensated absences, due within one year	107,822	48,466	156,288
Compensated absences, due in more than one year	81,340	36,562	117,902
Net OPEB obligation, due in more than one year	736,170	155,023	891,193
Total liabilities	9,094,795	2,074,929	11,169,724
NET POSITION			
Net investment in capital assets	26,057,109	5,236,028	31,293,137
Restricted for:			
Law enforcement	48,213	-	48,213
Debt service	811	-	811
Capital projects	2,060,378	-	2,060,378
Unrestricted	5,077,783	5,841,037	10,918,820
Total net position	$ 33,244,294	$ 11,077,065	$ 44,321,359

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental activities:							
General government	$ 900,533	$ 218,981	$ 331,244	$ 1,026,190	$ 675,882	$ -	$ 675,882
Judicial	151,596	346,764	-	-	195,168	-	195,168
Public safety	2,482,731	109,080	-	5	(2,373,646)	-	(2,373,646)
Public works	1,742,675	336,007	-	1,743,283	336,615	-	336,615
Community development	590,648	46,559	-	-	(544,089)	-	(544,089)
Culture and recreation	408,830	62,312	-	48,047	(298,471)	-	(298,471)
Interest on long-term debt	305,452	-	-	-	(305,452)	-	(305,452)
Total governmental activities	6,582,465	1,119,703	331,244	2,817,525	(2,313,993)	-	(2,313,993)
Business-type activities:							
Water & Sewer	5,113,633	5,627,573	-	-	-	513,940	513,940
Solid waste	977,570	1,131,910	-	-	-	154,340	154,340
Stormwater	306,187	352,579	-	-	-	46,392	46,392
Total business-type activities	6,397,390	7,112,062	-	-	-	714,672	714,672
Total primary government	$ 12,979,855	$ 8,231,765	$ 331,244	$ 2,817,525	(2,313,993)	714,672	(1,599,321)
General revenues:							
Property taxes					3,093,482	-	3,093,482
Sales taxes					46,350	-	46,350
Franchise taxes					675,157	-	675,157
Excise taxes					238,301	-	238,301
Business and occupational taxes					309,058	-	309,058
Insurance premium taxes					719,080	-	719,080
Unrestricted investment earnings					4,648	802	5,450
Miscellaneous					25,893	-	25,893
Total general revenues					5,111,969	802	5,112,771
Change in net position					2,797,976	715,474	3,513,450
Net position, beginning of year					30,446,318	10,361,591	40,807,909
Net position, end of year					$ 33,244,294	$ 11,077,065	$ 44,321,359

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

CITY OF POWDER SPRINGS, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

ASSETS	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash	$ 5,538,586	$ 1,119,888	$ 743,088	$ 7,401,562
Taxes receivable	167,649	-	-	167,649
Accounts receivable	119,574	-	-	119,574
Due from other governments	123,965	406,146	-	530,111
Inventory	39,327	-	-	39,327
Prepaid expenditures	211,206	882,428	-	1,093,634
Restricted cash and cash equivalents	-	-	55,123	55,123
Total assets	$ 6,200,307	$ 2,408,462	$ 798,211	$ 9,406,980
LIABILITIES				
Accounts payable	$ 503,429	$ 383,676	$ 4,099	$ 891,204
Accrued liabilities	29,123	-	-	29,123
Advances from other funds	210,000	-	-	210,000
Intergovernmental payable	41,414	-	-	41,414
Total liabilities	783,966	383,676	4,099	1,171,741
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	144,656	-	-	144,656
Unavailable revenue - other	9,234	-	-	9,234
Total deferred inflows of resources	153,890	-	-	153,890
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepaid items	211,206	882,428	-	1,093,634
Inventories	39,327	-	-	39,327
Restricted:				
Law enforcement	-	-	48,213	48,213
Debt service	-	-	811	811
Capital projects	172,932	1,142,358	745,088	2,060,378
Assigned for use in 2015 budget	325,000	-	-	325,000
Unassigned	4,513,986	-	-	4,513,986
Total fund balances	5,262,451	2,024,786	794,112	8,081,349
Total liabilities, deferred inflows of resources, and fund balances	$ 6,200,307	$ 2,408,462	$ 798,211	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,142,109
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	153,890
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,133,054)
Net position of governmental activities	$ 33,244,294

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 5,116,613	$ -	$ -	$ 5,116,613
Licenses and permits	176,870	-	-	176,870
Intergovernmental	524,733	2,716,924	100,243	3,341,900
Fines and forfeitures	337,530	-	38,168	375,698
Charges for services	337,009	-	96,813	433,822
Interest income	4,648	158	200	5,006
Contributions and donations	15,822	-	-	15,822
Regulatory fees	11,456	-	-	11,456
Miscellaneous	138,516	-	-	138,516
Total revenues	6,663,197	2,717,082	235,424	9,615,703
Expenditures				
Current:				
General government	697,327	5,164	-	702,491
Judicial	145,967	-	1,113	147,080
Public safety	2,423,010	-	3,406	2,426,416
Public works	895,600	2,118,687	-	3,014,287
Community development	556,013	-	11,953	567,966
Culture and recreation	188,632	58,080	-	246,712
Capital outlay	-	1,143,344	320,186	1,463,530
Debt service:				
Principal retirements	-	-	475,000	475,000
Interest	-	-	313,332	313,332
Total expenditures	4,906,549	3,325,275	1,124,990	9,356,814
Excess (deficiency) of revenues over expenditures	1,756,648	(608,193)	(889,566)	258,889
Other financing sources (uses):				
Proceeds from sale of capital assets	5,414	-	-	5,414
Transfers in	2,820	-	1,224,482	1,227,302
Transfers out	(1,105,827)	-	(121,475)	(1,227,302)
Total other financing sources (uses)	(1,097,593)	-	1,103,007	5,414
Net change in fund balances	659,055	(608,193)	213,441	264,303
Fund balances, beginning of year	4,603,396	2,632,979	580,671	7,817,046
Fund balances, end of year	$ 5,262,451	$ 2,024,786	$ 794,112	$ 8,081,349

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

CITY OF POWDER SPRINGS, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

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

Net change in fund balances - total governmental funds	$	264,303
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		2,884,716
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and sales) is to decrease net position.		(600,152)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(235,262)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents repayments of the principal of long-term debt.		475,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		9,371
Change in net position - governmental activities	$	2,797,976

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

ASSETS	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Maintenance Fund	Totals
CURRENT ASSETS				
Cash and cash equivalents	$ 5,060,733	$ 873,546	$ 221,789	$ 6,156,068
Accounts receivable, net of allowances	689,186	133,370	29,118	851,674
Prepaid items	58,581	26,240	1,394	86,215
Inventories	122,732	469	-	123,201
Total current assets	5,931,232	1,033,625	252,301	7,217,158
NONCURRENT ASSETS				
Advances to other funds	210,000	-	-	210,000
CAPITAL ASSETS				
Non-depreciable	159,077	-	-	159,077
Depreciable, net of accumulated depreciation	5,537,288	28,471	-	5,565,759
Total noncurrent assets	5,906,365	28,471	-	5,934,836
Total assets	11,837,597	1,062,096	252,301	13,151,994
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	280,113	26,259	2,560	308,932
Accrued liabilities	7,545	3,012	639	11,196
Customer deposits	649,960	107,936	-	757,896
Note payable, current	61,021	-	-	61,021
Intergovernmental contract payable, current	1,200	-	-	1,200
Compensated absences payable, current	40,690	7,224	552	48,466
	1,040,529	144,431	3,751	1,188,711
NONCURRENT LIABILITIES				
Note payable	637,787	-	-	637,787
Intergovernmental contract payable	56,846	-	-	56,846
Compensated absences payable	30,696	5,450	416	36,562
OPEB obligation	155,023	-	-	155,023
Total noncurrent liabilities	880,352	5,450	416	886,218
Total liabilities	1,920,881	149,881	4,167	2,074,929
NET POSITION				
Net investment in capital assets	5,207,557	28,471	-	5,236,028
Unrestricted	4,709,159	883,744	248,134	5,841,037
Total net position	$ 9,916,716	$ 912,215	$ 248,134	$ 11,077,065

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Maintenance Fund	Totals
OPERATING REVENUES				
Charges for sales and services	$ 5,267,765	$ 1,096,524	$ 352,579	$ 6,716,868
Other operating income	359,808	35,386	-	395,194
Total operating revenues	5,627,573	1,131,910	352,579	7,112,062
OPERATING EXPENSES				
Salaries and benefits	924,123	360,466	108,602	1,393,191
General operating expenses	2,623,011	615,726	197,585	3,436,322
Depreciation	530,630	1,378	-	532,008
Water purchases	1,007,017	-	-	1,007,017
Total operating expenses	5,084,781	977,570	306,187	6,368,538
Operating income	542,792	154,340	46,392	743,524
NON-OPERATING REVENUES (EXPENSES)				
Interest income	197	605	-	802
Interest and fiscal charges	(28,852)	-	-	(28,852)
Total non-operating revenue (expenses)	(28,655)	605	-	(28,050)
Change in net position	514,137	154,945	46,392	715,474
Net position, beginning of year	9,402,579	757,270	201,742	10,361,591
Net position, end of year	$ 9,916,716	$ 912,215	$ 248,134	$ 11,077,065

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Maintenance Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 5,634,132	$ 1,127,827	$ 353,521	$ 7,115,480
Payments to suppliers	(3,634,472)	(593,289)	(200,070)	(4,427,831)
Payments to employees	(898,673)	(360,472)	(108,777)	(1,367,922)
Net cash provided by operating activities	1,100,987	174,066	44,674	1,319,727
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Repayment of advances to other funds	70,000	-	-	70,000
Net cash provided by non-capital financing activities	70,000	-	-	70,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(247,149)	-	-	(247,149)
Principal payments on loans	(58,656)	-	-	(58,656)
Payment on intergovernmental contracts payable	(7,013)	-	-	(7,013)
Principal payments on capital lease	(2,625)	-	-	(2,625)
Interest paid	(28,852)	-	-	(28,852)
Net cash used in capital and related financing activities	(344,295)	-	-	(344,295)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	828,817	-	-	828,817
Interest received	197	605	-	802
Net cash provided by investing activities	829,014	605	-	829,619
Net increase in cash and cash equivalents	1,655,706	174,671	44,674	1,875,051
Cash and cash equivalents, beginning of year	3,405,027	698,875	177,115	4,281,017
Cash and cash equivalents, end of year	$ 5,060,733	$ 873,546	$ 221,789	$ 6,156,068
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 542,792	$ 154,340	$ 46,392	$ 743,524
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	530,630	1,378	-	532,008
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	6,559	(4,083)	942	3,418
Decrease in due from other funds	63	-	-	63
(Increase) decrease in prepaid items	(7,391)	3,377	(1,394)	(5,408)
(Increase) decrease in inventories	31,436	(469)	-	30,967
Increase (decrease) in accounts payable	(48,015)	4,344	1,368	(42,303)
Increase in accrued liabilities	2,527	800	213	3,540
Decrease in due to other funds	(13,099)	(14,127)	(2,459)	(29,685)
Increase in customer deposits	32,562	29,312	-	61,874
Increase (decrease) in compensated absences payable	17,273	(806)	(388)	16,079
Increase in net OPEB obligation	5,650	-	-	5,650
Net cash provided by operating activities	$ 1,100,987	$ 174,066	$ 44,674	$ 1,319,727

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Additionally, the City reports the following fund types:

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

The **capital projects fund** accounts for financial resources to be used for the acquisition and construction of major capital projects

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Budgets

Annual appropriated budgets are adopted for all governmental funds, with the exception of capital projects funds for which project length budgets are adopted. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except indirect costs are budgeted as revenues rather than a reduction of the expenditures. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General fund, and special revenue funds. During the fiscal year ended June 30, 2014, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All budget appropriations lapse at the end of each year.

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

E. Deposits

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables

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

G. Interfund Receivables and Payables

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

H. Inventories

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items in both government-wide and fund financial statements.

Included in the City's prepaid asset is the City's portion of SPLOST proceeds receipted through June 30, 2014 which are paid to the County for the future improvements to be performed on Powder Springs Park and subsequently turned over to the City. As of June 30, 2014 these deposits totaled $882,428.

J. Capital Assets

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

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

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

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

K. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until that time. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category.

The governmental funds report unavailable revenues from property taxes and intergovernmental revenues as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences

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

M. Long-Term Obligations

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

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

N. Fund Equity

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

Fund balances are classified as follows:

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

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

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

O. Management Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $8,133,054 difference are as follows:

Bonds payable	$	(7,085,000)
Accrued interest payable		(122,722)
Compensated absences (i.e., vacation)		(189,162)
Net OPEB obligation		(736,170)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(8,133,054)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $2,884,716 difference are as follows:

Capital outlay	$	5,405,870
Depreciation expense		(2,521,154)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	2,884,716

Another element of the reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $9,371 difference are as follows:

Compensated absences (i.e., vacation)	$	15,897
Accrued interest		7,880
Net OPEB obligation		(14,406)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	9,371

NOTE 3. LEGAL COMPLIANCE - BUDGETS

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

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

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2014 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	$	13,557,630
Restricted cash and cash equivalents		55,123
	$	13,612,753
Cash deposited with financial institutions	$	9,338,658
Cash deposited with Georgia fund 1		4,274,095
	$	13,612,753

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

As of June 30, 2014, the City had the following investments:

Investment	Rating	Fair Value	Weighted Average Maturity
Georgia Fund 1	AAAf	$ 4,274,095	62 days

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Office of the State Treasurer of the State of Georgia. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share. As of June 30, 2014, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2014, the City’s deposits are insured or collateralized as required by state law.

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NOTE 5. RECEIVABLES

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

Receivables at June 30, 2014, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	SPLOST	Water & Sewer	Sanitation	Stormwater
Receivables:					
Taxes	$ 372,785	$ -	$ -	$ -	$ -
Accounts	140,994	-	788,186	148,126	29,118
Other governments	123,965	406,146	-	-	-
Less allowance for uncollectible	226,556	-	99,000	14,756	-
Net total receivable	$ 411,188	$ 406,146	$ 689,186	$ 133,370	$ 29,118

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NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Nondepreciable capital assets:					
Land	$ 4,767,188	$ -	$ -	$ -	$ 4,767,188
Construction in progress	9,696,597	3,677,412	(200,000)	(8,786,341)	4,387,668
Total	14,463,785	3,677,412	(200,000)	(8,786,341)	9,154,856
Capital assets, being depreciated:					
Buildings and improvements	12,041,349	393,382	-	1,040,762	13,475,493
Furniture and fixtures	100,686	25,274	-	-	125,960
Parks equipment	4,579,452	-	-	-	4,579,452
Vehicles and equipment	2,865,151	1,186,935	(75,524)	-	3,976,562
Infrastructure - streets	7,865,050	122,867	(619,895)	7,745,579	15,113,601
Total being depreciated	27,451,688	1,728,458	(695,419)	8,786,341	37,271,068
Less accumulated depreciation for:					
Buildings and improvements	(3,535,806)	(436,761)	-	-	(3,972,567)
Furniture and fixtures	(92,289)	(26,262)	-	-	(118,551)
Parks equipment	(3,378,163)	(299,169)	-	-	(3,677,332)
Vehicles and equipment	(2,434,101)	(1,266,249)	75,524	-	(3,624,826)
Infrastructure - streets	(1,617,569)	(492,713)	219,743	-	(1,890,539)
Total	(11,057,928)	(2,521,154)	295,267	-	(13,283,815)
Total capital assets, being depreciated, net	16,393,760	(792,696)	(400,152)	8,786,341	23,987,253
Governmental activities capital assets, net	$ 30,857,545	$ 2,884,716	$ (600,152)	$ -	$ 33,142,109

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Nondepreciable capital assets				
Land	$ 159,077	$ -	$ -	$ 159,077
Total	159,077	-	-	159,077
Capital assets, being depreciated				
Buildings and improvements	844,137	-	-	844,137
Furniture and fixtures	46,215	-	-	46,215
Utility systems	16,828,303	232,271	-	17,060,574
Vehicles and equipment	1,170,948	14,878	-	1,185,826
Total	18,889,603	247,149	-	19,136,752
Less accumulated depreciation for:				
Buildings and improvements	(584,516)	(26,855)	-	(611,371)
Furniture and fixtures	(46,215)	-	-	(46,215)
Utility systems	(11,422,659)	(466,545)	-	(11,889,204)
Vehicles and equipment	(985,595)	(38,608)	-	(1,024,203)
Total	(13,038,985)	(532,008)	-	(13,570,993)
Total capital assets being depreciated, net	5,850,618	(284,859)	-	5,565,759
Business-type activities capital assets, net	$ 6,009,695	$ (284,859)	$ -	$ 5,724,836

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

Governmental activities:	
General government	$ 188,463
Public safety	358,988
Public works	1,690,212
Culture and recreation	261,594
Community development	21,897
Total depreciation expense - governmental activities	$ 2,521,154
Business-type activities	
Water & sewer	$ 530,630
Sanitation	1,378
Total depreciation expense - business-type activities	$ 532,008

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2014

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	$ 7,560,000	$ -	$ (475,000)	$ 7,085,000	$ 495,000
Compensated absences	205,059	143,107	(159,004)	189,162	107,822
Net OPEB obligation	721,764	38,142	(23,736)	736,170	-
Governmental activity Long-term liabilities	$ 8,486,823	$ 181,249	$ (657,740)	$ 8,010,332	$ 602,822
Business-type activities:					
Loans payable	757,464	-	(58,656)	698,808	61,021
Intergovernmental contract payable	65,059	-	(7,013)	58,046	1,200
Capital lease	2,625	-	(2,625)	-	-
Compensated absences	68,949	74,308	(58,229)	85,028	48,466
Net OPEB obligation	149,373	15,645	(9,995)	155,023	-
Business-type activity Long-term liabilities	$ 1,043,470	$ 89,953	$ (136,518)	$ 996,905	$ 110,687

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

Revenue Bonds

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

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

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

On August 29, 2006, the DDA issued $4,715,000 in Series 2006 Revenue Bonds bearing interest at 3.95% per annum payable February 1 and August 1 commencing February 1, 2007 with principal payable annually each February 1 commencing on February 1, 2009. The bonds were issued for the purpose of financing the renovation and expansion of a police station and the City administrative offices, and acquiring and renovating a building to be used as a City Museum.

Concurrent with the issuance of the Series 2006 Revenue Bonds, the City and the DDA entered into an intergovernmental agreement whereby the City is obligated to make lease payments to the DDA for the purpose of paying the principal and interest payments on the outstanding balance of the 2006 Revenue Bonds issued by the DDA. The lease is a direct financing lease in accordance with generally accepted accounting principles. This agreement will not expire until full payment of the bonds is complete.

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

Year Ending June 30,	Principal	Interest	Total
2015	$ 495,000	$ 294,533	$ 789,533
2016	515,000	274,706	789,706
2017	530,000	253,953	783,953
2018	555,000	232,118	787,118
2019	580,000	209,225	789,225
2020-2024	3,295,000	665,058	3,960,058
2025-2027	1,115,000	66,446	1,181,446
Total	$ 7,085,000	$ 1,996,039	$ 9,081,039

Notes Payable

The City has also incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects. The notes outstanding at June 30, 2014 are as follows:

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

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2015	$ 61,021	$ 26,296	$ 87,317
2016	63,453	23,865	87,318
2017	66,063	21,255	87,318
2018	68,700	18,618	87,318
2019	71,467	15,850	87,317
2020-2024	243,547	45,334	288,881
2025-2027	124,557	7,241	131,798
Total	$ 698,808	$ 158,459	$ 857,267

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

The portion paid to the County totaled $7,031 for the year ended June 30, 2014. The remaining $58,046 will be payable in fiscal year 2015 and thereafter as additional homeowners choose to tap onto the system.

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NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2014 is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and sewer fund	General fund	$ 210,000

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor Governmental Funds	$ 2,820
Nonmajor Governmental Funds	General Fund	1,105,827
Nonmajor Governmental Funds	Nonmajor Governmental Funds	118,655
		$ 1,227,302

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

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NOTE 9. PENSION PLAN

Plan Description

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

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

At January 1, 2014, the date of the most recent actuarial valuation, there were 114 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	15
Terminated vested participants not yet receiving benefits	28
Active employees - vested	37
Active employees - nonvested	34
Total	114

NOTE 9. PENSION PLAN (CONTINUED)

Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2014, the actuarially determined contribution rate was 6.78% of covered payroll. The City makes all contributions to the plan.

For 2014, the City's recommended contribution was $210,620. Actual contributions totaled $210,620. The recommended contribution was determined as part of the January 1, 2013 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 7.75% rate of return on investments and projected salary increases of 3.5% (3.5% due to inflation). The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years, 15 years for actuarial gains and losses, 20 years for changes to plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The Plan uses a closed level dollar amortization method for the remaining unfunded liability, which at June 30, 2014 has 10 years remaining to amortize the unfunded liability. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

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

NOTE 9. PENSION PLAN (CONTINUED)

The following is a schedule of funding progress, using the actuarial cost method:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded/ (Surplus) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2014	$ 2,327,191	$ 2,406,449	$ 79,258	96.7%	$ 2,931,666	2.7%

The previous schedule of funding progress serves as a surrogate for the funded status and the funding progress of the plan. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan net position is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2014.

Employer Contributions

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2014	$ 210,620	$ 210,620	100.0 %	$ -
2013	245,280	245,280	100.0	-
2012	223,775	223,775	100.0	-

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Powder Spring's OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Powder Springs. The City provides certain healthcare insurance benefits to retirees. Substantially all of the City's employees may become eligible for those benefits if they retire under the rule of 75 with a minimum retirement age of 50. Benefits are payable to the retirees on a sliding scale, based on their age with 4% of benefits being paid from age 50-55 up to 100% of benefits payable from 65 and older. As of June 30, 2014, there were seven retirees eligible for the benefits and 64 active employees. The City has the authority to establish and amend benefit provisions.

The Plan does not issue separate financial statements.

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

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

The following is a schedule of funding progress:

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

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

Funding Policy

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

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Employer Contributions

Fiscal Year Ended June 30,	Annual OPEB Cost (AOPEBC)	Actual OPEB Contribution	Percentage of AOPEBC Contributed	Net OPEB Obligation
2014	$ 53,787	$ 33,731	62.7 %	$ 891,193
2013	13,143	28,354	215.7	871,137
2012	14,457	20,234	140.0	886,348

Annual OPEB Cost and Net OPEB Obligation

	For The Plan Year Ending June 30, 2014	For The Plan Year Ending June 30, 2013
Annual required contribution	$ 70,472	$ 31,955
Interest on net OPEB obligation	35,026	33,379
Adjustments to annual required contribution	(51,711)	(52,191)
Annual OPEB cost	53,787	13,143
Contributions made	(33,731)	(28,354)
Increase (decrease) in net OPEB obligation	20,056	(15,211)
Net OPEB obligation, beginning of year	871,137	886,348
Net OPEB obligation, end of year	$ 891,193	$ 871,137

Assumptions

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

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

NOTE 11. JOINT VENTURE

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

NOTE 12. RISK MANAGEMENT

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

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

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

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

NOTE 12. RISK MANAGEMENT (CONTINUED)

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

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

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation:

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

Grant Contingencies:

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

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Construction Commitments:

The City has active construction projects as of June 30, 2014. The projects include street construction, sidewalks and pedestrian pathways in areas previously void of such amenities, park improvements, and the construction of general administration facilities. At year end the government's commitments with contractors include:

Project	Spent-to-Date	Remaining Commitment
Park improvements	$ 1,054,064	$ 438,492
Sidewalk and pedestrian projects	154,269	162,051
Street and transportation improvements	2,416,201	116,010
General administrative facilities	763,132	34,583
Total	$ 4,387,666	$ 751,136

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

NOTE 14. SUBSEQUENT EVENTS

On September 17, 2014, the City's Downtown Development Authority issued $3,335,000 in Series 2014 Refunding Revenue bonds in the amount of $3,335,000. The bonds were issued through private placement with a third party financial institution for the purpose of refunding the Downtown Development Authority's Series 2006 Revenue Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POWDER SPRINGS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
1/1/14	$ 2,327,191	$ 2,406,449	$ 79,258	96.7%	$ 2,931,666	2.7%
1/1/13	$ 2,009,662	$ 2,267,892	$ 258,230	88.6%	$ 3,055,121	8.5%
1/1/12	1,716,982	2,110,942	393,960	81.3%	3,253,654	12.1%

Note: See assumptions used for the Schedule of Funding Progress in Note 9 to the financial statements.

CITY OF POWDER SPRINGS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
POST EMPLOYMENT HEALTHCARE PLAN
SCHEDULE OF FUNDING PROGRESS

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

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

CITY OF POWDER SPRINGS, GEORGIA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 4,557,396	$ 4,926,804	$ 5,116,613	$ 189,809
Licenses and permits	164,025	173,025	176,870	3,845
Intergovernmental	121,794	546,353	524,733	(21,620)
Fines and forfeitures	409,054	409,054	337,530	(71,524)
Charges for services	1,138,350	1,076,973	1,096,982	20,009
Interest	4,500	4,500	4,648	148
Contributions and donations	-	-	15,822	15,822
Regulatory fees	9,500	9,500	11,456	1,956
Miscellaneous	86,900	86,900	138,516	51,616
Total revenues	6,491,519	7,233,109	7,423,170	190,061
Expenditures				
Current:				
General government:				
Legislative	156,818	157,788	145,441	12,347
General administration fees	780,737	634,602	635,402	(800)
Financial administration	380,794	364,532	353,169	11,363
Data Processing	239,938	240,113	240,055	58
Human Resources	85,345	85,883	83,233	2,650
Total general government	1,643,632	1,482,918	1,457,300	25,618
Judicial	178,308	176,846	145,967	30,879
Public safety	2,546,799	2,669,845	2,423,010	246,835
Public works	881,883	988,887	895,600	93,287
Community Development	644,844	605,224	556,013	49,211
Culture and recreation	207,404	207,659	188,632	19,027
Debt Service				
Principal	475,000	-	-	-
Interest	313,446	-	-	-
Total expenditures	6,891,316	6,131,379	5,666,522	464,857
Excess (deficiency) of revenues over expenditures	(399,797)	1,101,730	1,756,648	654,918
Other financing sources (uses)				
Proceeds from sale of capital assets	5,000	5,000	5,414	414
Transfers in	172,655	-	2,820	2,820
Transfers out	-	(1,106,730)	(1,105,827)	903
Total other financing sources (uses)	177,655	(1,101,730)	(1,097,593)	4,137
Net change in fund balances	(222,142)	-	659,055	659,055
Fund balance, beginning of year	4,603,396	4,603,396	4,603,396	-
Fund balance, end of year	$ 4,381,254	$ 4,603,396	$ 5,262,451	$ 659,055

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

Revenues GAAP Basis	$ 6,663,197	
Indirect Cost Revenues	759,973	
Revenues, Budgetary Basis		7,423,170
Expenditures GAAP Basis	4,906,549	
Indirect Cost Expenditures	759,973	
Expenditures, Budgetary Basis		5,666,522
Excess of revenues Over Expenditures, Budgetary Basis		$ 1,756,648

Actual expenditures of the General Fund's General Administration Fees department exceeded their appropriations by $800. This over expenditure was funded by addition revenue collections.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

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

Debt Service Fund

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

Capital Projects Fund

Capital Projects Fund – To account for the financial resources to be used for the acquisition and construction of major capital projects.

CITY OF POWDER SPRINGS, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

ASSETS	Special Revenue Fund Police Seizure Fund	Debt Service Fund Downtown Development Authority Fund	Capital Projects Fund Capital Projects Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 48,711	$ 811	$ 693,566	$ 743,088
Restricted cash and cash equivalents	-	-	55,123	55,123
Total assets	$ 48,711	$ 811	$ 748,689	$ 798,211
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 498	$ -	$ 3,601	$ 4,099
Total liabilities	498	-	3,601	4,099
FUND BALANCES				
Restricted:				
Law enforcement	48,213	-	-	48,213
Debt service	-	811	-	811
Capital projects	-	-	745,088	745,088
Total fund balances	48,213	811	745,088	794,112
Total liabilities and fund balances	$ 48,711	$ 811	$ 748,689	$ 798,211

CITY OF POWDER SPRINGS, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Police Seizure Fund	Downtown Development Authority Fund	Capital Projects Fund	
REVENUES				
Charges for services	$ -	$ -	$ 96,813	$ 96,813
Intergovernmental	-	-	100,243	100,243
Fines and forfeitures	38,168	-	-	38,168
Interest income	5	-	195	200
Total revenues	38,173	-	197,251	235,424
EXPENDITURES				
Current				
Judicial	-	-	1,113	1,113
Public safety	3,406	-	-	3,406
Community Development	-	-	11,953	11,953
Capital outlay	-	-	320,186	320,186
Debt service:				
Principal retirements	-	475,000	-	475,000
Interest	-	313,332	-	313,332
Total expenditures	3,406	788,332	333,252	1,124,990
Excess (deficiency) of revenues over expenditures	34,767	(788,332)	(136,001)	(889,566)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	788,292	436,190	1,224,482
Transfers out	-	-	(121,475)	(121,475)
Total other financing sources (uses)	-	788,292	314,715	1,103,007
Net change in fund balances	34,767	(40)	178,714	213,441
FUND BALANCES, beginning of year	13,446	851	566,374	580,671
FUND BALANCES, end of year	$ 48,213	$ 811	$ 745,088	$ 794,112

CITY OF POWDER SPRINGS, GEORGIA
POLICE SEIZURE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines & forfeitures	$ 11,600	$ 11,600	$ 38,168	$ 26,568
Interest	-	-	5	5
Total revenues	11,600	11,600	38,173	26,573
EXPENDITURES				
Public safety	11,600	11,600	3,406	8,194
Net change in fund balances	-	-	34,767	34,767
FUND BALANCE, beginning of year	13,446	13,446	13,446	-
FUND BALANCE, end of year	$ 13,446	$ 13,446	$ 48,213	$ 34,767

CITY OF POWDER SPRINGS, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES				
Debt service:				
Principal	$ 475,000	$ 475,000	$ 475,000	$ -
Interest	314,196	314,196	313,332	864
Total expenditures	789,196	789,196	788,332	864
Deficiency of revenues over expenditures	(789,196)	(789,196)	(788,332)	864
OTHER FINANCING SOURCES				
Transfers in				
Total other financing sources:	789,196	789,196	788,292	(904)
Net change in fund balances	-	-	(40)	(40)
FUND BALANCE, beginning of year	851	851	851	-
FUND BALANCE, end of year	$ 851	$ 851	$ 811	$ (40)

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE YEAR ENDED JUNE 30, 2014

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
2006 SPLOST Program:					
Transportation	$ 13,212,326	$ 12,035,049	$ 11,602,105	$ 248,695	$ 11,850,800
800 MHz Radios	281,340	281,340	266,157	-	266,157
	$ 13,493,666	$ 12,316,389	$ 11,868,262	$ 248,695	$ 12,116,957
2012 SPLOST Program:					
General Street Imporvements	$ 1,629,906	$ 1,629,906	$ 37,560	$ 61,953	$ 99,513
Resurfacing	1,677,921	1,677,921	44,784	205,127	249,911
Bridge Improvements	2,593,000	2,593,000	730,654	1,438,633	2,169,287
Sidewalk Improvements	1,396,000	1,396,000	337,478	139,575	477,053
Facilities Improvements	1,630,000	1,630,000	427,512	1,176,220	1,603,732
Public Safety Improvements	251,771	251,771	193,162	-	193,162
Powder Springs Park	1,500,000	1,500,000	-	55,072	55,072
Total	$ 10,678,598	$ 10,678,598	$ 1,771,150	$ 3,076,580	$ 4,847,730

STATISTICAL SECTION

STATISTICAL SECTION

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

Page

Financial Trends **61**

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

Revenue Capacity **64**

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

Debt Capacity **75**

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

Demographic and Economic Information **79**

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

Operating Information **80**

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

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

CITY OF POWDER SPRINGS, GEORGIA

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets	$ 26,057,109	$ 23,297,545	$ 19,796,418	$ 19,063,683	$ 18,465,318	$ 17,988,722	$ 18,252,541	$ 12,294,054	$ 9,479,531	$ 8,669,471
Restricted	2,109,402	2,651,150	5,281,299	4,053,179	3,427,514	2,538,975	2,805,509	4,620,570	2,659,796	2,654,193
Unrestricted	5,077,783	4,497,623	3,340,628	2,640,321	2,697,837	2,745,527	436,907	2,298,723	3,944,467	3,234,750
Total governmental activities net position	$ 33,244,294	$ 30,446,318	$ 28,418,345	$ 25,757,183	$ 24,590,669	$ 23,273,224	$ 21,494,957	$ 19,213,347	$ 16,083,794	$ 14,558,414
Business-type activities										
Net investment in capital assets	$ 5,236,028	$ 5,529,606	$ 5,676,728	$ 6,100,821	$ 6,449,371	$ 6,461,913	$ 6,131,289	$ 6,088,728	$ 5,026,093	$ 5,087,132
Restricted	-	-	-	-	-	2,276,071	2,213,743	2,963,610	3,031,512	2,102,246
Unrestricted	5,841,037	4,831,985	3,644,991	3,337,765	3,296,448	1,134,459	1,384,761	718,091	612,642	1,127,840
Total business-type activities net position	$ 11,077,065	$ 10,361,591	$ 9,321,719	$ 9,438,586	$ 9,745,819	$ 9,872,443	$ 9,729,793	$ 9,770,429	$ 8,670,247	$ 8,317,218
Primary government										
Net investment in capital assets	$ 31,293,137	$ 28,827,151	$ 25,473,146	$ 25,164,504	$ 24,914,689	$ 24,450,635	$ 24,383,830	$ 18,382,782	$ 14,505,624	$ 13,756,603
Restricted	2,109,402	2,651,150	5,281,299	4,053,179	3,427,514	4,815,046	5,019,252	7,584,180	5,691,308	4,756,439
Unrestricted	10,918,820	9,329,608	6,985,619	5,978,086	5,994,285	3,879,986	1,821,668	3,016,814	4,557,109	4,362,590
Total primary government net position	$ 44,321,359	$ 40,807,909	$ 37,740,064	$ 35,195,769	$ 34,336,488	$ 33,145,667	$ 31,224,750	$ 28,983,776	$ 24,754,041	$ 22,875,632

CITY OF POWDER SPRINGS, GEORGIA

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government	$ 900,533	$ 760,497	$ 1,113,494	$ 1,045,622	$ 1,420,608	$ 1,294,648	$ 1,352,686	$ 280,769	$ 1,044,646	$ 1,030,922
Judicial	151,596	428,709	-	-	-	-	-	-	-	-
Public safety	2,482,731	3,072,667	2,499,557	2,801,692	3,077,897	3,360,690	3,260,209	3,025,826	2,901,659	2,611,125
Public works	1,742,675	2,055,730	1,228,591	1,871,778	1,611,057	908,492	1,104,408	1,692,422	816,897	865,445
Community development	590,648	485,271	633,252	655,434	785,004	801,439	1,070,261	1,686,974	771,398	516,158
Culture and recreation	408,830	258,969	79,266	218,853	505,801	569,561	629,301	332,015	507,775	276,531
Health and welfare	-	-	43,497	71,221	41,658	15,915	13,828	128,352	11,134	7,747
Interest on long-term debt	305,452	336,412	325,017	511,573	386,549	404,935	423,634	295,689	177,509	25,980
Total governmental activities expenses	6,582,465	7,398,255	5,922,674	7,176,173	7,828,574	7,355,680	7,854,327	7,442,047	6,231,018	5,333,908
Business-type activities:										
Water & Sewer	5,113,633	4,838,532	4,579,748	4,268,528	4,116,665	3,915,500	3,808,935	3,910,989	3,819,093	3,434,755
Solid waste	977,570	974,543	1,111,782	1,101,621	1,155,465	1,008,274	1,077,369	1,020,067	1,131,230	926,767
Stormwater	306,187	155,966	-	-	-	-	-	-	-	-
Total business-type activities expenses	6,397,390	5,969,041	5,691,530	5,370,149	5,272,130	4,923,774	4,886,304	4,931,056	4,950,323	4,361,522
Total primary government expenses	$ 12,979,855	$ 13,367,296	$ 11,614,204	$ 12,546,322	$ 13,100,704	$ 12,279,454	$ 12,740,631	$ 12,373,103	$ 11,181,341	$ 9,695,430
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 218,981	$ 236,510	$ 286,222	$ 332,228	$ 342,706	$ 389,740	$ 478,845	$ 446,014	$ 391,248	$ 390,892
Judicial	346,764	438,947	-	-	-	-	-	-	-	-
Public safety	109,080	84,753	383,850	585,064	733,208	644,592	997,195	890,445	728,961	610,733
Public works	336,007	345,445	341,509	316,589	300,523	289,420	222,101	222,587	229,596	3,632
Community development	46,559	44,705	125,018	142,654	133,811	114,743	289,927	297,314	230,557	406,136
Culture and recreation	62,312	-	29,024	16,942	20,050	18,300	26,095	17,605	34,782	37,660
Operating grants and contributions	331,244	452,090	11,163	45,363	-	-	-	-	-	60
Capital grants and contributions	2,817,525	2,700,194	2,576,001	2,133,255	2,211,708	2,146,575	2,623,179	2,804,957	871,944	1,749,704
Total governmental activities program revenues	4,268,472	4,302,644	3,752,787	3,572,095	3,742,006	3,603,370	4,637,342	4,678,922	2,487,088	3,198,817
Business-type activities:										
Charges for services:										
Water & Sewer	5,627,573	5,436,361	4,445,915	3,967,475	3,972,066	3,848,595	3,737,144	4,249,043	4,555,288	4,125,371
Solid waste	1,131,910	1,145,663	1,123,017	1,089,226	1,134,707	1,146,104	984,567	919,832	937,202	922,456
Stormwater	352,579	357,708	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	706,780	70,620	74,970
Total business-type activities program revenues	7,112,062	6,939,732	5,568,932	5,056,701	5,106,773	4,994,699	4,721,711	5,875,655	5,563,110	5,122,797
Total primary government program revenues	$ 11,380,534	$ 11,242,376	$ 9,321,719	$ 8,628,796	$ 8,848,779	$ 8,598,069	$ 9,359,053	$ 10,554,577	$ 8,050,198	$ 8,321,614

(Continued)

CITY OF POWDER SPRINGS, GEORGIA

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (expense)/revenue										
Governmental activities	$ (2,313,993)	$ (3,095,611)	$ (2,169,887)	$ (3,604,078)	$ (4,086,568)	$ (3,752,310)	$ (3,216,985)	$ (2,763,125)	$ (3,743,930)	$ (2,135,091)
Business-type activities	714,672	970,691	(122,598)	(313,448)	(165,357)	70,925	(164,593)	944,599	612,787	761,275
Total primary government net (expense) revenue	$ (1,599,321)	$ (2,124,920)	$ (2,292,485)	$ (3,917,526)	$ (4,251,925)	$ (3,681,385)	$ (3,381,578)	$ (1,818,526)	$ (3,131,143)	$ (1,373,816)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ 3,093,482	$ 2,803,697	$ 3,006,646	$ 2,982,111	$ 3,457,004	$ 3,416,920	$ 3,470,331	$ 3,329,154	$ 3,118,107	$ 2,824,621
Insurance premium taxes	719,081	694,492	653,845	671,875	691,986	698,539	682,198	654,003	625,092	586,399
Alcohol taxes	238,301	244,182	301,161	241,680	249,451	278,121	248,079	226,031	216,835	198,212
Franchise taxes	675,157	760,074	722,554	739,619	705,119	700,127	678,198	664,438	583,713	560,334
Other taxes	355,407	344,639 (1)	-	-	-	-	-	-	-	-
Gain on sale of capital assets	-	-	15,493	-	28,830	151,866	8,000	24,625	67,993	-
Operating Grants	-	-	128,522	131,817	143,736	144,575	-	-	-	-
Unrestricted Investment Earnings	4,648	7,158	2,828	3,490	51,494	140,429	395,789	617,677	276,009	131,269
Settlement Proceeds	-	-	-	-	-	-	16,000	376,750	-	-
Miscellaneous	25,893	24,820	-	-	-	-	-	-	-	-
Transfers	-	798	-	-	-	-	-	-	381,561	407,248
Total governmental activities	5,111,969	4,879,860	4,831,049	4,770,592	5,327,620	5,530,577	5,498,595	5,892,678	5,269,310	4,708,083
Business-type activities:										
Unrestricted Investment earnings	802	5,718	2,731	6,215	17,999	71,725	123,957	155,583	111,358	52,341
Gain on sale of capital assets	-	6,101	-	-	20,734	-	-	-	10,445	-
Transfers	-	(798)	-	-	-	-	-	-	(381,561)	(407,248)
Total business-type activities	802	11,021	2,731	6,215	38,733	71,725	123,957	155,583	(259,758)	(354,907)
Total primary government	$ 5,112,771	$ 4,890,881	$ 4,833,780	$ 4,776,807	$ 5,366,353	$ 5,602,302	$ 5,622,552	$ 6,048,261	$ 5,009,552	$ 4,353,176
Change in Net Position										
Governmental activities	$ 2,797,976	$ 1,784,249	$ 2,661,162	$ 1,166,514	$ 1,241,052	$ 1,778,267	$ 2,281,610	$ 3,129,553	$ 1,525,380	$ 2,572,992
Business-type activities	715,474	981,712	(119,867)	(307,233)	(126,624)	142,650	(40,636)	1,100,182	353,029	406,368
Total primary government	$ 3,513,450	$ 2,765,961	$ 2,541,295	$ 859,281	$ 1,114,428	$ 1,920,917	$ 2,240,974	$ 4,229,735	$ 1,878,409	$ 2,979,360

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

CITY OF POWDER SPRINGS, GEORGIA

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

Fiscal Year	Property Tax	Ad Valorem	Insurance Premium	Alcoholic Beverage	Occupational	Intangible	Franchise	Total
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
2011	2,869,474	289,745	671,875	241,680	-	15,263	739,619	4,827,656
2012	2,659,592	314,751	653,845	259,376	-	23,048	722,554	4,633,166
2013	2,581,510	260,683	694,492	244,182	281,004 (1)	25,139	760,074	4,847,084
2014	2,937,673	202,159	719,081	238,301	283,742	25,316	675,156	5,081,428
Percentage change over 10 years	18.6%	-12.4%	22.6%	20.2%	100.0%	-53.8%	20.5%	23.7%

(1) In prior years the City reported the business and occupational taxes as a license and permit revenue but amount will be reported as a tax in 2013 and subsequent.

CITY OF POWDER SPRINGS, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2014	2013	2012	2011 (1)	2010	2009	2008	2007	2006	2005
General fund										
Reserved	$ -	$ -	$ -	$ -	$ 403,884	$ 4,138,067	$ 6,921,670	$ 9,603,346	$ 6,250,061	$ 6,226,778
Unreserved	-	-	-	-	2,193,849	1,565,505	(483,776)	1,371,578	3,201,242	2,522,298
Nonspendable	250,533	212,744	174,395	317,155	-	-	-	-	-	-
Restricted	-	-	170,727	149,431	-	-	-	-	-	-
Assigned	497,932	254,500	5,115	5,317	-	-	-	-	-	-
Unassigned	4,513,986	4,136,152	3,448,575	2,718,530	-	-	-	-	-	-
Total general fund	$ 5,262,451	$ 4,603,396	$ 3,798,812	$ 3,190,433	$ 2,597,733	$ 5,703,572	$ 6,437,894	$ 10,974,924	$ 9,451,303	$ 8,749,076
All other governmental funds										
Reserved	$ -	$ -	$ -	$ -	$ 1,251,628	$ -	$ -	$ -	$ -	$ 695,643
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
SPLOST Fund	-	-	-	-	1,423,120	2,447,077	1,048,213	1,868,951	540,179	-
SPLOST 2011 Fund	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	3,162,798	477,959	(5,866)	81,232	(68,307)	-
Nonspendable	882,428	562,500	-	-	-	-	-	-	-	-
Restricted	1,936,470	2,651,150	5,465,544	4,399,248	-	-	-	-	-	-
Total all other governmental funds	$ 2,818,898	$ 3,213,650	$ 5,465,544	$ 4,399,248	$ 5,837,546	$ 2,925,036	$ 1,042,347	$ 1,950,183	$ 471,872	$ 695,643

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

CITY OF POWDER SPRINGS, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	$ 5,116,613	$ 4,828,780	$ 4,633,166	$ 4,827,656	$ 5,163,063	$ 5,024,064	$ 5,030,210	$ 4,842,799	$ 4,505,142	$ 4,108,125
Licenses and permits	176,870	168,420	426,421	423,361	370,705	406,026	497,912	506,555	581,747	510,268
Intergovernmental	3,341,900	2,937,235	2,701,083	2,357,274	2,294,309	2,305,178	2,800,920	2,865,656	1,018,327	1,822,427
Fines and forfeitures	375,698	444,098	371,840	567,361	648,872	522,914	739,117	625,164	446,554	404,986
Charges for services	433,822	402,314	337,106	307,382	300,523	289,420	222,101	222,587	229,596	733,175
Interest income	5,006	10,100	7,283	12,769	51,494	140,429	395,789	617,677	276,009	131,269
Miscellaneous	165,794	163,144	90,437	89,664	215,709	234,553	448,415	372,162	210,869	236,880
Total revenues	9,615,703	8,954,091	8,567,336	8,585,467	9,044,675	8,922,584	10,134,464	10,052,600	7,268,244	7,947,130
Expenditures										
General government	702,491	582,917	758,824	809,992	974,018	1,153,712	1,342,324	985,663	919,865	774,929
Judicial	147,080	435,750	-	-	-	-	-	-	-	-
Public safety	2,426,416	2,907,462	2,469,425	2,526,163	2,947,027	3,054,098	3,134,967	2,969,629	2,626,864	2,690,390
Public works	3,014,287	2,314,446	580,883	892,172	929,855	1,060,445	1,235,659	983,664	670,296	850,543
Community development	567,966	595,807	620,910	640,822	692,356	788,566	1,014,954	934,299	752,569	480,712
Culture and recreation	246,712	159,354	79,266	90,956	86,028	93,237	1,643,149	1,416,553	90,007	53,635
Health and welfare	-	-	43,497	55,095	21,319	15,110	358,615	131,796	10,337	7,281
Capital outlay	1,463,530	2,942,810	1,530,733	3,518,574	2,723,606	821,941	6,281,507	4,236,881	1,671,594	4,355,535
Debt service										
Principal retirements	475,000	455,000	476,553	530,802	582,469	595,459	397,403	344,334	369,243	311,294
Interest and fiscal charges	313,332	343,872	348,063	366,489	386,549	404,935	415,747	389,652	177,509	120,488
Total expenditures	9,356,814	10,737,418	6,908,154	9,431,065	9,343,227	7,987,503	15,824,325	12,392,471	7,288,284	9,644,807
Excess of revenues over (under) expenditures	258,889	(1,783,327)	1,659,182	(845,598)	(298,552)	935,081	(5,689,861)	(2,339,871)	(20,040)	(1,697,677)
Other financing sources (uses)										
Issuance of long-term debt	-	-	-	-	-	61,420	220,995	4,940,428	81,246	5,004,615
Proceeds from sale of capital assets	5,414	146,898	15,493	-	28,830	151,866	8,000	24,625	82,966	-
Settlement Proceeds	-	-	-	-	-	-	16,000	376,750	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	1,227,302	1,041,151	-	-	4,227,694	930,662	6,834,756	3,498,657	1,061,455	2,060,000
Transfers out	(1,227,302)	(1,040,353)	-	-	(4,227,694)	(930,662)	(6,834,756)	(3,498,657)	(861,455)	(2,060,000)
Total other financing sources (uses)	5,414	147,696	15,493	-	28,830	213,286	244,995	5,341,803	364,212	5,004,615
Net change in fund balances	$ 264,303	$ (1,635,631)	$ 1,674,675	$ (845,598)	$ (269,722)	$ 1,148,367	$ (5,444,866)	$ 3,001,932	$ 344,172	$ 3,306,938
Debt service as a percentage of noncapital expenditures	20.0%	12.1%	15.3%	15.2%	14.6%	14.0%	8.5%	9.0%	9.7%	8.2%

CITY OF POWDER SPRINGS, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property (1)	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2005	$ 240,741,640	$ 76,820,922	$ 6,206,789	$ 38,645,135	$ 6,765,516	$ 355,648,970	8.500	$ 889,122,425	40.00%
2006	262,786,804	81,783,042	8,525,426	37,321,675	4,920,002	385,496,945	8.500	963,742,363	40.00%
2007	290,503,809	85,894,537	6,966,918	36,326,605	2,255,120	417,436,749	8.500	1,043,591,873	40.00%
2008	310,005,150	92,015,239	6,472,704	38,446,302	1,850,532	445,088,863	8.500	1,112,722,158	40.00%
2009	320,621,864	105,067,948	7,984,989	38,452,367	1,667,042	470,460,126	8.500	1,176,150,315	40.00%
2010	315,044,514	103,267,839	7,587,030	40,176,132	3,542,181	462,533,334	8.500	1,156,333,335	40.00%
2011	251,879,253	99,113,782	7,319,072	34,141,569	3,024,103	389,429,573	8.500	973,573,933	40.00%
2012	228,758,892	91,789,641	7,153,550	33,963,415	3,044,034	358,621,464	8.500	896,553,660	40.00%
2013	193,035,041	97,654,149	6,579,762	33,982,178	6,764,956	324,486,174	8.500	811,215,435	40.00%
2014	185,387,966	100,020,754	6,339,141	36,385,060	12,540,943	315,591,978	8.500	788,979,945	40.00%

Source: Cobb County, Georgia Tax Assessors Office

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

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

CITY OF POWDER SPRINGS, GEORGIA

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

Fiscal Year	City Direct Rate (1)	Overlapping Rates			Total Direct & Overlapping Rates
		County	School District	State	
2005	8.500	9.720	19.900	0.25	38.370
2006	8.500	9.720	19.900	0.25	38.370
2007	8.500	9.720	19.900	0.25	38.370
2008	8.500	9.720	19.900	0.25	38.370
2009	8.500	9.600	18.900	0.25	37.250
2010	8.500	9.600	18.900	0.25	37.250
2011	8.500	11.110	18.900	0.25	38.760
2012	8.500	11.110	18.900	0.25	38.760
2013	8.500	11.110	18.900	0.20	38.710
2014	8.500	10.910	18.900	0.15	38.460

Source: Cobb County Tax Commissioner's Office

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

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

CITY OF POWDER SPRINGS, GEORGIA

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

	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Home Depot USA, Inc.	$ 5,365,405	1	1.700 %	$ -		- %
Kroger Company	3,215,440	2	1.019	4,212,256	2	1.18
Foster, W. M.	2,601,768	3	0.824	2,574,816	3	0.72
McNeel Builders, Inc.	2,452,758	4	0.777			-
Weingarten Realty Investors	1,455,088	5	0.461			-
BW HVAC Real Estate Holdings	1,435,320	6	0.455			-
Hitachi Power Tools USA Ltd	1,290,103	7	0.409			-
M.M & A, LLC	1,258,560	8	0.399			-
WellStar Health System Inc	1,069,712	9	0.339			-
JT Kiger	1,029,732	10	0.326			-
Sembler Family Partnership	-		-	4,730,060	1	1.33
Winn Dixie	-		-	1,298,628	5	0.37
Standex Air Distribution Products	-		-	1,354,837	4	0.38
Walgreens	-		-	1,292,172	6	0.36
Ace Hardware	-		-	1,115,398	7	0.31
BellSouth	-		-	1,028,614	8	0.29
West Cobb Plaza Equities, LLC	-		-	699,965	9	0.20
Hubert Properties, LLP	-		-	671,781	10	0.19
	$ 21,173,886		6.709 %	$ 18,978,527		5.336 %

Source: City of Powder Springs Finance Department

CITY OF POWDER SPRINGS, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	(1) Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	$ 2,445,897	$ 2,344,785	95.87 %	$ 91,713	$ 2,436,498	99.62 %
2006	2,691,845	2,595,938	96.44	83,179	2,679,117	99.53
2007	2,887,406	2,786,661	96.51	87,312	2,873,973	99.53
2008	3,056,073	2,971,048	97.22	70,932	3,041,980	99.54
2009	3,283,867	3,146,542	95.82	118,891	3,265,433	99.44
2010	3,221,287	2,932,944	91.05	262,225	3,195,169	99.19
2011	2,910,203	2,599,174	89.31	257,849	2,857,023	98.17
2012	2,615,610	2,405,060	91.95	110,761	2,515,821	96.18
2013	2,333,938	2,286,170	97.95	33,631	2,319,801	99.39
2013	2,329,591	2,257,954	96.92	-	2,257,954	96.92

Source: City of Powder Springs Finance Department

(1) Includes assessment adjustments

CITY OF POWDER SPRINGS, GEORGIA

WATER AND SEWER RATES
LAST TEN FISCAL YEARS

	Water					
	Inside City Limits			Outside City Limits		
Fiscal Year	(1) Base Rate	Gallons	Usage Rate	(1) Base Rate	Gallons	Usage Rate
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	2,001-6,000	4.10	13.38	2,001-6,000	4.17
	8.20	6,001-15,000	5.13	13.38	6,001-15,000	5.21
	8.20	>15,001	6.15	13.38	>15,001	6.26
2009	8.20	2,001-6,000	4.10	12.86	2,001-6,000	4.16
	8.20	6,001-15,000	5.13	12.86	6,001-15,000	5.20
	8.20	>15,001	6.15	12.86	>15,001	6.26
2010	8.62	2,001-6,000	4.31	13.28	2,001-6,000	4.37
	8.62	6,001-15,000	5.34	13.28	6,001-15,000	5.41
	8.62	>15,001	6.36	13.28	>15,001	6.47
2011	9.30	2,001-6,000	4.65	13.58	2,001-6,000	4.70
	9.30	6,001-15,000	5.76	13.58	6,001-15,000	5.83
	9.30	>15,001	6.86	13.58	>15,001	6.96
2012	7.16	0-2,000	4.50	7.16	0-2,000	4.50
	7.16	2,001-5,000	4.75	7.16	2,001-5,000	4.75
	7.16	5,001-10,000	5.00	7.16	5,001-10,000	5.00
	7.16	10,001-20,000	5.25	7.16	10,001-20,000	5.25
	7.16	20,001-50,000	5.50	7.16	20,001-50,000	5.50
	7.16	>50,001	5.75	7.16	>50,001	5.75
2013	7.16	0-2,000	4.77	7.16	0-2,000	4.77
	7.16	2,001-5,000	5.04	7.16	2,001-5,000	5.04
	7.16	5,001-10,000	5.30	7.16	5,001-10,000	5.30
	7.16	10,001-20,000	5.57	7.16	10,001-20,000	5.57
	7.16	20,001-50,000	5.83	7.16	20,001-50,000	5.83
	7.16	>50,001	6.10	7.16	>50,001	6.10
2014	7.16	0-2,000	4.96	7.16	0-2,000	4.96
	7.16	2,001-5,000	5.24	7.16	2,001-5,000	5.24
	7.16	5,001-10,000	5.51	7.16	5,001-10,000	5.51
	7.16	10,001-20,000	5.79	7.16	10,001-20,000	5.79
	7.16	20,001-50,000	6.06	7.16	20,001-50,000	6.06
	7.16	>50,001	6.34	7.16	>50,001	6.34

(Continued)

CITY OF POWDER SPRINGS, GEORGIA

WATER AND SEWER RATES
LAST TEN FISCAL YEARS

	Sewer					
	Inside City Limits			Outside City Limits		
Fiscal Year	(1) Base Rate	Gallons	(2) Usage Rate	(1) Base Rate	Gallons	(2) Usage Rate
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
2011	11.58		5.79	12.34		6.17
2012	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2013	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2014	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25

Notes (1) 0 - 2,000 gallons is the first tier rate and no longer part of the minimum base rate.
(2) Rate per each additional 1,000 gallons
* Graduated rate schedule implemented in 2008
(3) Rates are equalized for Inside and Outside City Limits
(4) ERU's are charged for Non-residential acounts. Residential accounts are charged for 1/ea ERU

Source: City utility billing office.

CITY OF POWDER SPRINGS, GEORGIA

WATER CONSUMED
LAST TEN FISCAL YEARS

Fiscal Year	Gallons of Water Consumed	Graduated Rate * Gallons	Total Direct Rate							
			Inside City Limits				Outside City Limits			
			(1) Water	(2)	(1) Sewer	(2)	(1) Water	(2)	(1) Sewer	(2)
			Base Rate	Usage Rate	Base Rate	Usage Rate	Base Rate	Usage Rate	Base Rate	Usage Rate
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	<2,000	8.20		10.84		13.38		11.80	
		2,001-6,000	8.20	4.10	10.84	5.42	13.38	4.17	11.80	5.90
		6,001-15,000	8.20	5.13	10.84	5.42	13.38	5.21	11.80	5.90
		>15,001	8.20	6.15	10.84	5.42	13.38	6.26	11.80	5.90
2009	364,975,200	<2,000	8.20		10.84		12.86		11.70	
		2,001-6,000	8.20	4.10	10.84	5.42	12.86	4.16	11.70	5.85
		6,001-15,000	8.20	5.13	10.84	5.42	12.86	5.20	11.70	5.85
		>15,001	8.20	6.15	10.84	5.42	12.86	6.26	11.70	5.85
2010	17,182,150	<2,000	8.62		11.14		13.28		12.00	
	162,721,496	2,001-6,000	8.62	4.31	11.14	5.57	13.28	4.37	12.00	6.00
	132,938,112	6,001-15,000	8.62	5.34	11.14	5.57	13.28	5.41	12.00	6.00
	62,584,100	>15,001	8.62	6.36	11.14	5.57	13.28	6.47	12.00	6.00
2011	6,151,512	<2,000	9.30		11.58		13.58		12.34	
	94,536,626	2,001-6,000	9.30	4.65	11.58	5.79	13.58	4.70	12.34	6.17
	61,254,344	6,001-15,000	9.30	5.76	11.58	5.79	13.58	5.83	12.34	6.17
	235,189,514	>15,001	9.30	6.36	11.58	5.79	13.58	6.96	12.34	6.17
2012	111,272	<2,000	9.30		11.58		13.58		12.34	
Jul - Mar	746,490	2,001-6,000	9.30	4.65	11.58	5.79	13.58	4.70	12.34	6.17
	6,384,801	6,001-15,000	9.30	5.76	11.58	5.79	13.58	5.83	12.34	6.17
	263,032,184	>15,000	9.30	6.86	11.58	5.79	13.58	6.96	12.34	6.17
2012	205,597	<2,000	7.16	4.50	7.44	6.53	7.16	4.50	7.44	6.53
Apr - Jun	2,000,605	2,001-5,000	7.16	4.75	7.44	6.89	7.16	4.75	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.00	7.44	7.25	7.16	5.00	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.25	7.44	7.25	7.16	5.25	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.50	7.44	7.25	7.16	5.50	7.44	7.25
	14,563,753	>50,001	7.16	5.75	7.44	7.25	7.16	5.75	7.44	7.25
2013	205,597	0-2,000	7.16	4.50	7.44	6.53	7.16	4.50	7.44	6.53
July-Dec	2,000,605	2,001-5,000	7.16	4.75	7.44	6.89	7.16	4.75	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.00	7.44	7.25	7.16	5.00	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.25	7.44	7.25	7.16	5.25	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.50	7.44	7.25	7.16	5.50	7.44	7.25
	14,563,753	>50,001	7.16	5.75	7.44	7.25	7.16	5.75	7.44	7.25
2013	205,597	0-2,000	7.16	4.77	7.44	6.53	7.16	4.77	7.44	6.53
Jan-June	2,000,605	2,001-5,000	7.16	5.04	7.44	6.89	7.16	5.04	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.30	7.44	7.25	7.16	5.30	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.57	7.44	7.25	7.16	5.57	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.83	7.44	7.25	7.16	5.83	7.44	7.25
	14,563,753	>50,001	7.16	6.10	7.44	7.25	7.16	6.10	7.44	7.25
2014	12,359,769	0-2,000	7.16	4.77	7.44	6.53	7.16	4.77	7.44	6.53
July-Dec	10,507,471	2,001-5,000	7.16	5.04	7.44	6.89	7.16	5.04	7.44	6.89
	10,305,859	5,001-10,000	7.16	5.30	7.44	7.25	7.16	5.30	7.44	7.25
	19,083,779	10,001-20,000	7.16	5.57	7.44	7.25	7.16	5.57	7.44	7.25
	59,018,435	20,001-50,000	7.16	5.83	7.44	7.25	7.16	5.83	7.44	7.25
	61,739,867	>50,001	7.16	6.10	7.44	7.25	7.16	6.10	7.44	7.25
2014	12,573,910	0-2,000	7.16	4.96	7.44	6.53	7.16	4.96	7.44	6.53
Jan-June	10,867,240	2,001-5,000	7.16	5.24	7.44	6.89	7.16	5.24	7.44	6.89
	10,110,046	5,001-10,000	7.16	5.51	7.44	7.25	7.16	5.51	7.44	7.25
	16,249,292	10,001-20,000	7.16	5.79	7.44	7.25	7.16	5.79	7.44	7.25
	46,580,445	20,001-50,000	7.16	6.06	7.44	7.25	7.16	6.06	7.44	7.25
	50,912,049	>50,001	7.16	6.34	7.44	7.25	7.16	6.34	7.44	7.25

Note: (1) Base rate is applied for any consumption less than 2,000 gallons.
(2) Usage rates are billed per 1,000 gallon for each tier.
The City implemented graduated tier rate system in 2008.
Source: City utility billing office.

CITY OF POWDER SPRINGS, GEORGIA

WATER SOLD BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS
(in millions of gallons)

Fiscal Year	Residential		Commercial		Total Consumption in Gallons	Annual Percentage Change
	Gallons	Percentage	Gallons	Percentage		
2005	386.2	91.0%	38.2	9.0%	424.4	0.83%
2006	393.7	91.2%	37.8	8.8%	431.5	1.67%
2007	413.8	91.4%	38.9	8.6%	452.7	4.91%
2008	362.3	91.2%	35.1	8.8%	397.4	-12.22%
2009	322.2	88.3%	42.7	11.7%	364.9	-8.18%
2010	328.8	87.6%	46.6	12.4%	375.4	2.88%
2011	342.1	86.2%	54.9	13.8%	397.0	5.75%
2012	316.5	87.1%	47.0	12.9%	363.5	-8.44%
2013	302.1	86.1%	48.8	13.9%	350.9	-3.47%
2014	320.1	86.6%	49.5	13.4%	369.6	5.33%

Source: City utility billing office

CITY OF POWDER SPRINGS, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Fiscal Year	Governmental Activities		Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds (2)	Intergovern-mental Contracts	Revenue Bonds	Capital Leases	Intergovern-mental Contracts	Loans Payable			
2005	$ 5,696,681	$ 121,878	$ 1,570,000	$ 140,429	$ -	$ 1,169,509	$ 8,698,497	2.88 %	$ 696.9
2006	5,488,942	41,620	1,275,000	362,182	-	1,138,121	8,305,865	2.75	665.5
2007	10,132,654	-	970,000	285,068	-	1,165,134	12,552,856	4.16	1,005.8
2008	10,016,157	121,388	655,000	186,036	-	1,115,518	12,094,099	4.00	969.0
2009	9,516,800	86,706	330,000	273,416	-	1,060,457	11,267,379	3.73	902.8
2010	8,969,014	52,024	-	160,049	-	999,990	10,181,077	2.81	730.4
2011	8,472,895	17,342	-	76,761	-	941,672	9,508,670	2.62	682.1
2012	8,015,000	-	-	24,134	-	881,641	8,920,775	2.46	639.9
2013	7,560,000	-	-	2,625	65,059	757,464	8,385,148	2.31	601.5
2014	7,085,000	-	-	-	58,046	698,808	7,841,854	2.16	562.5

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

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

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

CITY OF POWDER SPRINGS, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014

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)	$ 78,065,000	1.50%	$ 1,170,975
Other debt			
Cobb County Parking Debt Certificates	9,670,000	1.50%	145,050
Cobb-Marietta Coliseum and Exhibit Hall Authority	45,190,000	1.50%	677,850
Cobb County Solid Waste Management Authority	2,000,000	1.50%	30,000
Subtotal overlapping debt	134,925,000		2,023,875
City debt			7,085,000
Total direct and overlapping debt			$ 9,108,875

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

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

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

CITY OF POWDER SPRINGS, GEORGIA

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed value	$ 355,648,970	$ 385,496,945	$417,436,749	$445,088,863	$470,460,126	$462,533,334	$389,429,573	$358,621,464	$324,486,174	$315,591,978
Legal Debt Margin										
Debt Limit (10% of assessed value)	35,564,897	38,549,695	41,743,675	44,508,886	47,046,013	46,253,333	38,942,957	35,862,146	32,448,617	31,559,198
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicalble to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 35,564,897	$ 38,549,695	$ 41,743,675	$ 44,508,886	$ 47,046,013	$ 46,253,333	$ 38,942,957	$ 35,862,146	$ 32,448,617	$ 31,559,198
As a percentage of debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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

CITY OF POWDER SPRINGS, GEORGIA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

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

Notes 1 - Includes interest income
2 - Excludes depreciation expense

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

CITY OF POWDER SPRINGS, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
JUNE 30, 2014

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

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

N/A - information is not readily available

CITY OF POWDER SPRINGS, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT AND EIGHT YEARS AGO

	2014			2006 (3)		
Employer	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
Powder Springs Nursing and Rehab (2)	247	1	8.9 %	-		- %
Hussman Services Corp	157	2	5.6	-		-
Kroger	127	3	4.6	150	3	6.52
The Home Depot	122	4	4.4	120	4	5.22
Publix Supermarkets	119	5	4.3	100	10	4.35
Powder Springs Elementary	110	6	4.0	120	5	5.22
Compton Elementary	90	7	3.2	110	8	4.78
Tapp Middle School	88	8	3.2	118	6	5.13
Star Filing	80	9	2.9	-		-
City of Powder Springs	73	10	2.6	115	7	5.00
Brian Center Nursing Care	-		-	260	1	11.30
Star Acquisitions	-		-	200	2	8.70
Alco Manufacturing	-		-	100	9	4.35
Top ten total	1,213		43.6 %	1,393		60.57 %
Other emloyers	1,569		56.4 %	907		39.43 %
Total employees	2,782		100.0 %	2,300		100.00 %

Source: City Department of Economic Development

Notes: 1 - Full-time equivalent employees
2 - Formally known as Brian Center Nursing Care
3 - Information prior to 2006 is not readily available

CITY OF POWDER SPRINGS, GEORGIA

FULL TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function / Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General administration										
Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Elections	1.0	1.0	1.0	-	-	-	-	-	-	-
Administration	11.0	12.0	75.0	7.5	7.5	7.5	8.0	6.3	7.3	8.3
Information technology	-	-	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Purchasing	-	-	1.0	1.0	1.0	1.0	1.0	-	-	-
Municipal court	2.0	2.0	2.0	3.0	3.0	3.0	2.0	2.0	1.0	1.0
Total general administration	20.0	21.0	86.0	18.5	18.5	18.5	18.0	15.3	14.3	15.3
Health and welfare										
Senior center	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Culture and recreation										
Museum	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Housing and development										
Building inspections	2.0	2.0	2.0	2.0	1.0	0.5	0.5	0.5	-	-
Community development	4.0	7.0	8.0	8.0	6.0	5.0	5.0	5.0	4.0	4.0
Economic development	-	-	-	-	-	-	-	-	-	1.0
Code enforcement	2.0	1.0	3.0	3.0	2.0	2.0	2.0	2.0	-	-
Total housing and development	8.0	10.0	13.0	13.0	9.0	7.5	7.5	7.5	4.0	5.0
Public safety										
Police	51.0	52.5	51.0	48.5	39.5	41.5	36.0	33.0	29.0	31.0
Public works										
Streets	8.0	8.0	6.0	6.0	5.0	4.0	3.0	3.0	3.0	3.0
Water & sewer										
Water	10.0	10.0	11.0	12.0	11.0	11.0	11.0	11.8	11.7	11.7
Sewer	5.0	6.0	5.0	6.0	4.0	5.0	5.0	5.0	6.0	6.0
Total water & sewer	15.0	16.0	16.0	18.0	15.0	16.0	16.0	16.8	17.7	17.7
Sanitation	9.0	13.0	13.0	14.0	14.0	11.0	11.0	9.0	9.0	7.0
Stormwater	-	-	-	-	-	-	-	-	-	1.0
Total	112.0	121.5	186.0	119.0	102.0	99.5	92.5	85.6	78.0	81.0

Source: City Finance Office

CITY OF POWDER SPRINGS, GEORGIA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Building permits issued	233	248	211	173	249	517	251	309	315	294
Police										
Physical arrests	660	684	810	882	495	437	317	372	411	384
Citations issued	5,047	5,785	8,811	8,592	8,313	7,563	5,878	4,325	4,626	3,088
Refuse collection										
Refuse collected (tons per day)	N/A	35.00	35.00	35.00	42.00	42.00	28.00	24.61	24.06	23.86
Water										
Average daily consumption	1,162,765	1,182,449	1,270,000	1,088,940	999,932	900,780	1,088,033	1,083,254	1,071,012	1,112,069

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	15	14	14	14	14	14	14	17	17
Refuse collection										
Collection trucks	4	5	5	4	4	4	4	4	3	3
Other public works										
Streets (miles)	N/A	60	61	61	61	62	85	85	87	87
Streetlights	N/A	2,000	2,000	2,000	2,000	2,112	2,112	2,112	2,112	2,112
Water										
Water mains (miles)	N/A	70	70	70	70	70	70	70	70	70
Wastewater										
Sanitary sewers (miles)	N/A	70	70	70	70	70	70	70	70	70

N/A - Information not available

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

COMPLIANCE SECTION

MAULDIN & JENKINS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Powder Springs, Georgia ("the City") as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2014.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses, as items 2014-001 and 2014-002, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses, as item 2014-003, to be a significant deficiency.

Compliance and Other Matters

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

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

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 18, 2014

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	__X__ yes ____ none reported
Noncompliance material to financial statements noted?	_____ yes __X__ no

Federal Awards

There was not an audit of major federal award programs for the year ended June 30, 2014 due to the total amount expended being less than $500,000.

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2014-001 Revenue Recognition

Criteria: Internal controls should be in place to ensure that amounts reported as revenues and related balance sheet accounts are appropriate and properly valued in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the City's revenues and related balance sheet accounts.

Context/Cause: During our testing, audit adjustments were required to properly report the City's revenues and related balance sheet accounts. The nature of these adjustments is as follows:

- An adjustment of approximately $203,000 was required to accrue sales tax revenues and the receivable in the SPLOST fund.
- An adjustment of approximately $100,000 was required to properly report intergovernmental revenues which were improperly reported as deferred revenues in the Capital Projects Fund.
- An adjustment of approximately $53,000 was required to adjust the allowance for doubtful accounts in the Water & Sewer Fund, as the balance was not adjusted for current year activity.
- An adjustment of approximately $6,000 was required to adjust the allowance for doubtful accounts in the Sanitation Fund, as the balance was not adjusted for current year activity.

Effects: Total misstatements related to revenue recognition and reporting of the related balance sheet accounts were approximately $362,000 for the year ended June 30, 2014.

Recommendation: We recommend the City carefully review all revenues to ensure they are reported in the proper reporting period and in accordance with generally accepted accounting principles.

Auditee's Response: We will take necessary steps in the future to ensure that revenues and related balance sheet accounts are properly recorded.

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2014-002 Expenditure Recognition

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

Condition: Misstatements were detected in the reporting of the City's expenditures and the related prepaid items.

Context/Cause: In the SPLOST Fund, an adjustment was required to properly report capital outlay expenditures related to the City's park project. The City and Cobb County have entered into an intergovernmental agreement whereby a portion of the City's SPLOST revenues are being held by Cobb County as a deposit on the future improvements of the City's parks. These deposits are reported as prepaid items of the City until the project begins incurring expenditures and is turned over to the City. The adjustment reduced prepaid balances and reported capital outlay expenditures for the City's portion of project expenditures incurred during the fiscal year.

Effects: An audit adjustment totaling approximately $55,000 was needed to correct the City's fund level expenditures and government-wide capital assets.

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

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

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2014-003 Segregation of Duties

Criteria: Segregation of employees' duties is a common practice in an effective internal control structure. Segregation of duties is achieved when specific employee functions related to important accounting areas are separated among different individuals to significantly reduce the risk that any one individual could intentionally or unintentionally misappropriate assets. Policies should be in place requiring the segregation of certain duties.

Condition: The limited number of employees and the resulting overlapping of duties causes segregation of duties to be difficult.

Context/Cause: During the course of our test work, we noted the following areas where the City's control procedures were not sufficient to mitigate risks created due to insufficient oversight:

(1) The employee preparing the manual journal entries is able to post entries without an independent review and approval of the entry.
(2) Credit cardholders are responsible for reviewing and approving their own purchases. Additionally, we also noted there is no secondary review of account coding on individual purchases prior to posting to the general ledger

Effects: Without some segregation of duties within these functions, there is increased exposure that someone could intentionally or unintentionally misappropriate assets of the City. Additionally, without additional internal controls related to financial reporting, errors could occur and not be detected.

Recommendation: We recommend that the City review its processes and determine where it can effectively segregate duties to alleviate the segregation of duties issues as described above and strengthen internal controls.

Auditee's Response: We will review our operations to determine the most efficient and effective solutions to properly segregate duties and strengthen internal controls at the City.

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

None noted