CITY OF POWDER SPRINGS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

Prepared by:
Finance Department

Submitted by:
Pam Conner
City Manager

CITY OF POWDER SPRINGS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

Page Number

INTRODUCTORY SECTION

- Letter of Transmittal ..... i-viii
- Certificate of Achievement for Excellence in Financial Reporting ix
- Organizational Chart x
- Listing of Elected and Appointed Officials xi

FINANCIAL SECTION

- Independent Auditor's Report 1-3
- Management's Discussion and Analysis 4-16
- Basic Financial Statements:
  - Government-wide Financial Statements:
    - Statement of Net Position 17
    - Statement of Activities 18
  - Fund Financial Statements:
    - Balance Sheet – Governmental Funds 19
    - Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 20
    - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 21
    - Statement of Net Position – Proprietary Funds 22
    - Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds 23
    - Statement of Cash Flows – Proprietary Funds 24
  - Notes to Financial Statements 25-57
- Required Supplementary Information:
  - Schedule of Changes in Total OPEB Liability 58
  - Schedule of Changes in the City's Net Pension Liability and Related Ratios 59
  - Schedule of City Contributions 60
  - General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) 61
  - Notes to Required Supplementary Information 62
- Combining and Individual Fund Statements and Schedules:
  - Combining Balance Sheet – Nonmajor Governmental Funds 63
  - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 64
  - Police Seizure Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis) 65

CITY OF POWDER SPRINGS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

Page Number

Combining and Individual Fund Statements and Schedules (Continued):
- **Downtown Development Authority Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (GAAP Basis) 66**
- **Schedule of Expenditures of Special Purpose Local Option Sales Tax 67**

STATISTICAL SECTION
- **Net Position by Component 68**
- **Changes in Net Position ..... 69 and 70**
- **Governmental Activities Tax Revenues by Source 71**
- **Fund Balances of Governmental Funds 72**
- **Changes in Fund Balances of Governmental Funds 73**
- **Assessed Value and Estimated Actual Value of Taxable Property 74**
- **Property Tax Rates - Direct and Overlapping Governments 75**
- **Principal Property Taxpayers 76**
- **Property Tax Levies and Collections 77**
- **Water and Sewer Rates ..... 78 and 79**
- **Water Consumed 80**
- **Water Sold by Type of Customer 81**
- **Ratios of Outstanding Debt by Type 82**
- **Direct and Overlapping Governmental Activities Debt 83**
- **Legal Debt Margin 84**
- **Pledged Revenue Coverage 85**
- **Demographic and Economic Statistics 86**
- **Principal Employers 87**
- **Full-time Equivalent City Employees by Function 88**
- **Operating Indicators by Function/Program 89**
- **Capital Asset Statistics by Function/Program 90**

COMPLIANCE SECTION
- **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 91 and 92**
- **Schedule of Findings and Responses ..... 93 and 94**

INTRODUCTORY SECTION

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February 13, 2019

Honorable Al Thurman, 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, 2018 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, 2018 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, 2018 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor report is presented as the first component of the financial section of the report.

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

PROFILE OF THE GOVERNMENT

The City of Powder Springs, 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 15,000 residents. These services include: public safety (police); community development; highways and streets; water, sewer, and sanitation; recreation and cultural affairs, 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 to maintain the City's operations for about 6 months. The General Fund balance is currently 81% of annual expenditures and transfers, or enough to maintain the City's operations for about 9.5 months. This reserve balance is necessary for periods of weak revenues (such as the Great Recession when the tax digest declined) and 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 for fiscal year 2018 was 8.5; it had not been increased since 2005. The City also offers residents a "floating" exemption of property taxes, which maintains the taxable value of the property as long as the resident continues to own the property. Upon sale of the property, the taxable value is set at the assessed value.

LOCAL ECONOMY

The local economy of Powder Springs experienced meaningful improvements and positive signs in its economic climate after years of weak revenues resulting from the economic recession that began in 2008. Based on the US Bureau of Labor Statistics for the Atlanta Metro Statistical Area (MSA), the unemployment rate in Powder Springs dropped to 4% in 2018, down 0.7% the previous year (reported at 4.7%). The City issued 498 Building Permits in Fiscal Year 2018, an increase of 24% from the prior year. Developments in the surrounding area impact the local economy favorably.

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

Powder Springs is primarily dependent on residential property values to fund City services. Approximately 71% of the tax digest is derived from residential property, 23% from commercial property and only 5% from industrial or other property. There was an increase from the total assessed taxable value in 2017. The 2017 Gross Digest had an increase of 10.6% from the 2016 Gross Digest. However, the 2017 net tax digest of the City increased 7.3% to a total assessed taxable value of $398,625,119, a slightly lower rate than the previous year's 7.4%. The 2017 tax digest was approved by the Cobb County Board of Equalization at the end of June 2017.

The increases in the taxable value along with the increase of planned developments are evidence that the economy continues to improve. Powder Springs continues efforts to encourage and recruit a diversified stock of residential and commercial development through partnerships with its development authorities.

MAJOR INITIATIVES FOR THIS YEAR

ROAD AND DRAINAGE IMPROVEMENTS

To assist in the development of a Capital Improvement Plan for Road Resurfacing, the City previously completed a Road Rating Study. The results from this study identified the sub grading of the roads and helped to determine which roads are in need of repair or replacement and by what year. The results provide the foundation for ongoing funding strategies to meet future resurfacing projects. Using that study, the City completed resurfacing under the 2017 Local Maintenance and Improvement Grant (LMIG) program during the City's 2018 fiscal year. Resurfacing costs of approximately $240,000 included improvements to Morning Dew Drive, Wylie Lane, and Woodcrest Drive. Late in the fiscal year, the City also began resurfacing under the 2018 LMIG program at Lookout Trace, Lakewood Way and Country Cove Way for a cost of $250,000.

Road improvements were also completed under the Special Purpose Local Option Sales Tax (SPLOST) program in 2018. Approximately $145,460 in SPLOST and state safety funds were used to complete a deceleration lane at the Deercreek subdivision entrance on Powder Springs Road. Safety improvement work improved visibility at Deercreek Drive by relocating a utility box and installing a decel lane at the entrance to the Deercreek subdivision. Another joint project with Cobb ODT resurfaced Elliot Road with approximately $42,000 in city SPLOST dollars. And the City began a $1.5 million paving project on ten local roads.

The storm water program included the annual street sweeping on primary travel corridors and drainage repairs at New Macland Road, Fambrough Drive and the annual detention pond maintenance.

WATER AND SEWER

Addressing the City's long term problems with water lines on Sharon Drive, the City began replacement of 2,200 feet of existing cast iron water pipe with ductile iron. Additionally, 2,500 aged manual read water meters were placed with more advanced and efficient radio read meters.

The City wrapped up an assessment and valuation of the City's water distribution and waste water collection system and a downtown rehabilitation study. The results revealed a need for a comprehensive asset management plan if the City continued to own and operate the system. Additionally, the downtown study recommended numerous system repairs, replacements or upgrades, including a sewer line and manhole rehabilitation project.

The recommendation to consider selling the system to Cobb County was introduced to the public during the fiscal year 2018 budget development process. The City is a smaller operating entity, more limited in its resources and capacity to provide cost effective services and to invest in infrastructure. The City's rates are higher than the County's and neighboring cities. Selling to Cobb County is a viable and responsible option that would reduce operating costs and usage rates for customers. Over the past five years, the City has spent nearly $3 million on water and sewer projects. Any one project can easily exceed $500,000.

GENERAL GOVERNMENT

Increased Growth and Development

The City launched its One-Stop Shop process so developers can efficiently complete city and county plan reviews. Additionally, the state agreed to allow Powder Springs to review erosion and sediment control plans, which saved developers 40 project days compared to the former process. As a result of smarter processes, the surge in land development inspections and building permits continued in 2018, with 193 building permits issued for single family residences. The 8% increase in housing permits reflects new investment exceeding $36 million in Powder Springs. Commercial remodels and renovations were valued at nearly $7 million.

Cost Savings to Residents

Each year the City applies for recertification of its Community Rating System Status for floodplain management. All property owners who own property within 200 feet of an area of special flood hazard received a flyer explaining flood related issues. The city has a rating of 6 in this program, which means that those who are required to have flood insurance will receive a 20% discount on their premiums. The lower the rating, the larger the discount to the property owner.

Downtown Redevelopment

During this fiscal year the City continued its partnership with the Downtown Development Authority under the Intergovernmental Agreement with Authority to allocate funding to the DDA in order to acquire or renovate existing buildings, structures, and improvements and acquire and construct new buildings, structures, and improvements in the downtown development district for commercial, business, office, park, restaurant, public or other use to further the redevelopment of the downtown. Properties were acquired in the downtown historic area along Marietta Street, Broad Street, Atlanta Street, Pineview Drive and the Town Square.
Two of the properties were acquired for inclusion in the downtown public park amenity. Structures on the

properties were demolished, and following public input on the park's design, work began to complete construction drawings and bid documents. Public input requested gathering spaces, a water feature, trailhead entry and an outdoor entertainment venue. .

The DDA issued $4,200,000 in revenue bonds to finance the cost of acquiring, construction, and installing the park. The Mayor was authorized to execute an agreement with the DDA for the purchase of the properties to be developed as a park, financed with the revenue bonds placed by the DDA. The bonds represent an intergovernmental contract between the City and the DDA payable with an unlimited M&O millage pledge. Debt service payments on the bond series will end in February 2031.

The DDA also purchased properties on Broad Street and Marietta Street for redevelopment purposes. Structures on both properties received limited improvements to prepare the properties for re-sale. The DDA completed demolition of the old Clutch Exchange buildings on Hotel and Murray Avenue and the residential property on Pineview Drive.

The DDA and City joined forces with a developer to build out the existing townhome properties at Park Place adjacent to Pineview Drive and began negotiations to complete the sale of the public properties for redevelopment. An agreement is expected in fiscal year 2019. Similarly, the DDA and City began collaborating with potential developers to repurpose the historic buildings on Marietta Street and Broad Street. Given the level of interest in the properties, the DDA plans to list the properties with a broker in the first quarter of the next fiscal year.

Business Development

As part of the new public art initiative and partnership between the City and the South Cobb Arts Alliance (SCAA) relocated its headquarters to the old museum location at Powder Springs Park. The City created and implemented a new business incubator program to help groom home based businesses or start-ups to transition into their own brick and mortar spaces. Two businesses were selected for the incubator program – Alliance Enterprises and Creative Tourism Solutions.

Construction began on the $37 million dollar step-up senior living and memory care facility located on the corner of Richard Sailors Pkwy and Hwy 278. The Silver Comet Village development consists of two buildings, each a little more than 80,000 square feet for a total of 161,000 square feet. One of the buildings is a 90-unit, 103-bed assisted-living and memory-care facility and the second building is a 64-unit independent or supportive living facility. Construction continued throughout the fiscal year, often delayed by inclement weather. Completion is anticipated in 2019.

The DAPS also continued its partnership with a consulting firm to assist it in marketing available properties for commercial or industrial development that will create job opportunities. Efforts resulted in selection of a location on Richard D. Sailors parkway for a climate controlled self-service storage facility and on Powder Springs Road for a planned commercial development.

PARKS, RECREATION AND CULTURAL AFFAIRS

The City established the Parks, Recreation and Cultural Affairs Department in fiscal year 2018 and consolidated the Senior Citizens Facility and the Seven Springs Museum operations within the department, along with beautification, landscaping, park development and community event functions.

Silver Comet Linear Park

In fiscal year 2018, the City completed the addition of a covered basketball court, additional parking, picnic tables and bike racks. The addition was funded with impact fees and special purpose local option sales tax dollars. Development of linear park features is part of the City's goal to promote a community of healthy living.

Tourism

Both Lucille and Wild Horse Trails are USA Track and Field 5K certified and official qualifiers for the Peachtree Road race. The City partnered again with Sweetwater Mission to host the annual Spring Chicken 5K to benefit Sweetwater Mission. It also partnered with Vision Rehabilitation Services to conduct the Spooktacular 5 and 10K event races in the downtown to benefit those with vision impairments. The City established an Arts & Cultural Affairs Commission to host events at its cultural facilities and partnered with NuStar Maker Performing Arts for artistic direction and management of the cultural arts theater.

Youth Initiatives

The City continued its partnership with schools, churches, businesses and other interested stakeholders to focus on and address needs of youth. The Youth Ambassadors previously branded themselves as the GIPS & GAPS, Growing in Powder Springs & Growing Ambassadors in Powder Springs but began preparation of bylaws and incorporation documents to form a 501(c)(3). The organization held its second annual 2-Week Summer Camp at Tapp Middle School with almost 100 children participating. Local business sponsorships enabled students to attend.

Through its partnerships, the City helped sponsor the Cobb Student Leadership Academy, which has been created to offer selected students an opportunity to submit a project or idea that will give the students a presence in the community through innovative service and leadership. The Youth Ambassadors' efforts connected students with the community, whether through leadership academies where they learn the value of service and volunteerism or through actual volunteer opportunities such as the City's annual beautification project – Pick It Up Powder Springs.

PUBLIC SAFETY AND JUDICIAL

Early in the fiscal year following months of search, the City approved the recommendation to hire a new Police Chief. Tony Bailey came to the City from West Point where he served as Chief for 3 years bringing more than 25 years of law enforcement experience. Chief Bailey restructured the department's service units into two divisions – Operations and Support Services – and assigned staff accordingly. Overtime costs were reduced by 15% compared to 2017, and the department received its state re-certification through the Georgia Association of Chiefs of Police.

The Police Department continued its community outreach events to build and strengthen trust and relationships by expanding its Bridge the Gap program with local pastors to include a parks and recreation component as well as partnerships with area school principals. The Citizen and Police program was expanded to include another neighborhood, and the department participated in various community events including the law enforcement torch run, dragon boat races, career days, National Night Out, and 5K runs.

INITIATIVES FOR FUTURE YEARS

Downtown Redevelopment

Building off the successes of current redevelopment efforts, the City anticipates construction of the downtown park amenity, which will include a downtown trailhead that will provide parking, restrooms, water fountains, bike racks, and a bike maintenance station for pedestrians and cyclists, an interactive water feature, an outdoor entertainment venue, play features and landscaping.

The City will continue to work with the DDA to identify downtown properties for development and redevelopment while simultaneously gathering data, working with consultants, and examining scenarios with the intent of finalizing the Downtown Revitalization Plan. Redevelopment and reuse of historic properties is anticipated to begin in 2019. Additionally, completion of the downtown Park Place townhome community is expected in 2019.

Road and Facility Improvements

The City will continue its resurfacing program using its road rating system. Paving will be completed on Powder Springs Dallas Road, Christian Drive, Spring Gate Drive, Pinetree Court, Morning Dew Court, Spring Industrial Drive, Pembrooke Way, Buffington Way, Sweetbriar Lane and Warwick Drive. The City also anticipates spending approximately $300,000 in the upcoming year to resurface Springdale Lane, Stallion Court, Lindley Road and Piper Court.

To address safety and mobility concerns along Powder Springs Road, the City will complete its design and engineering of intersection improvements at Powder Springs Road, Pinegrove and Flint Hill. The estimated $2.6 million dollar project is expected to begin construction in FY 2019. The project is expected to facilitate both transportation improvements and economic development efforts. The City will also begin programming capital projects recommended in the Georgia Tech Planning Studio's corridor study of Powder Springs Road and Austell Powder Springs Road.

The City plans to complete approximately $86,000 in facility improvements in the upcoming fiscal year to include a new roof at the museum as well as water heater and HVAC replacements. The upcoming fiscal year will also see a recommended 3-year Capital Improvement Program (CIP) and consideration or examination of transit efforts underway in the County.

Business Development

The City plans to update its strategic plan in the upcoming year to revisit the core strategies and the appropriate mix of action items to achieve the strategies. Underlying each strategy is the focus of economic development both in terms of recruitment as well as retention. The City will collaborate with its many boards, commissions and volunteers for input. One initiative likely to be examined will be potential partnerships with the Powder Springs Business Group and the Development Authority of Powder Springs in the upcoming year. Additionally, land acquisition and annexation feasibility will be examined.

Parks, Recreation and Youth

The Youth Ambassadors plan to examine methods for creating a Youth Council and it expects to complete its nonprofit status in the upcoming fiscal year. Park improvements are planned for FY19 for areas on Hopkins Road and Lancer Drive, which was acquired following the 2009 floods. Park features will include a sand volleyball court, disk golf and picnic tables. Additionally, design is underway for a skate park feature within the linear park and shade structures for the park's playground will be installed in the upcoming fiscal year.

Water & Sewer System

Small systems like the City's have fewer people to share the costs of investment and fewer operating resources to implement projects and maintain facilities. In larger system like that of Cobb County, operating costs and investments can be spread across a larger population, generally resulting in a lower rate structure. Because operating water utilities is very costly, particularly for a small system of our size, the sale of the system is expected to be formally considered in the upcoming fiscal year. The sale being considered would reduce rates for most customers and provide an annual payment of $550,000 to the City for ten years.

Staffing

Staffing needs will be closely examined in the upcoming fiscal year to determine an appropriate level and alignment of staffing services, including use of part-time professionals to fulfill city services.

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 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. It is anticipated that the upcoming fiscal year will yield fewer rollover encumbrances.

Acknowledgments.

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

Respectfully submitted,



Pam Conner
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Powder Springs

Georgia

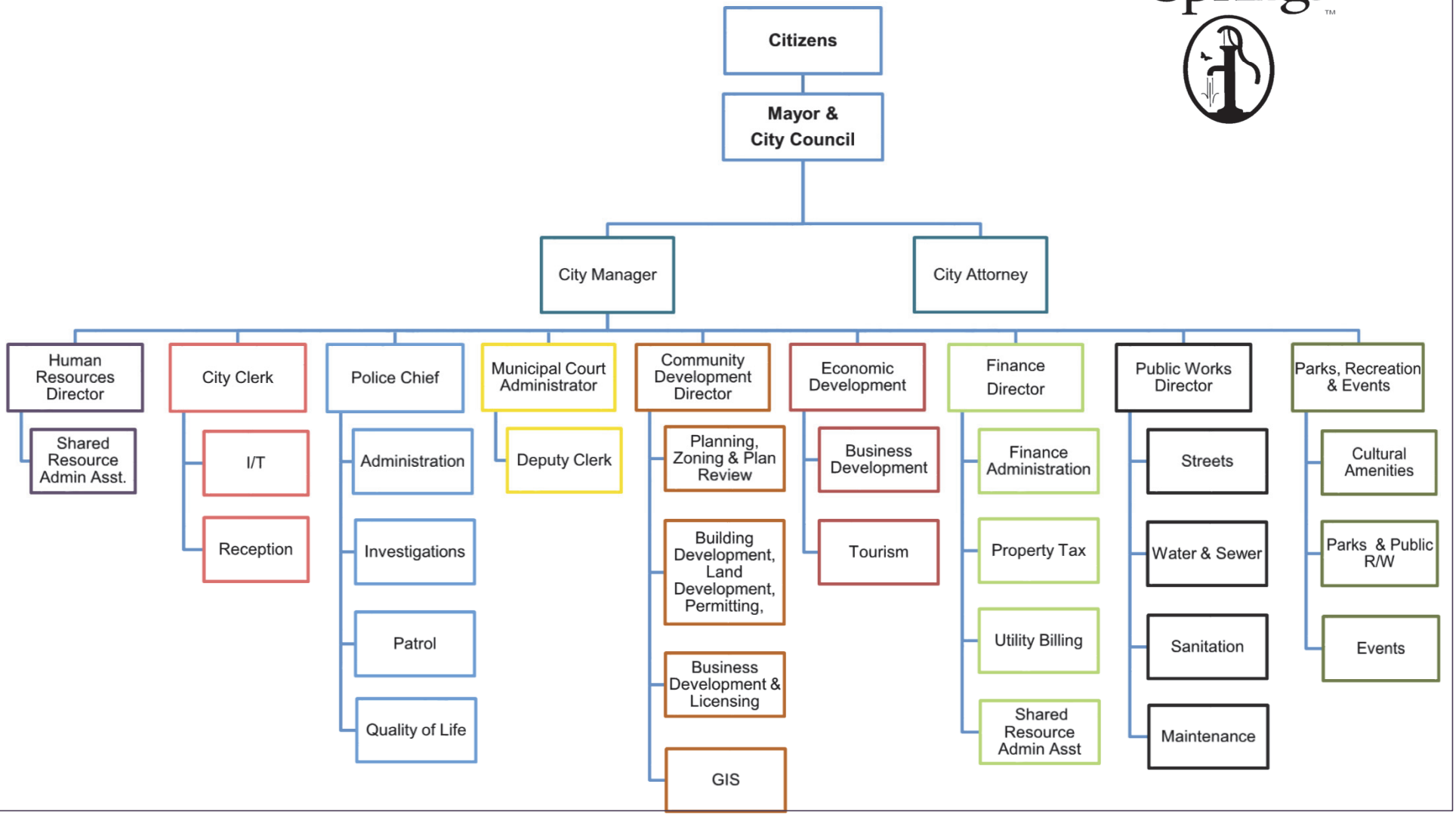
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

FY 2018 Organizational Chart



CITY OF POWDER SPRINGS, GEORGIA

LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2018

CITY COUNCIL

Al Thurman	Mayor
Patrick Bordelon	Council Member
Patricia Wisdom	Council Member
Henry Lust	Council Member
Doris Dawkins	Council Member
Nancy Farmer	Council Member

CITY ADMINISTRATION

Pamela Conner	City Manager
Diana Belanger	Finance Director
Michael Anderson	Public Works Director
Tony Bailey	Chief of Police
Tina Garver	Community Development Director
Stephanie Aylworth	Economic Development Director
Rosalyn Nealy	Human Resources Director
Kelly Axt	Clerk of Council (City Clerk)
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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 10 and 14, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of July 1, 2017. This standard significantly changed the accounting for the City's total other postemployment benefits (OPEB) liability and related disclosures. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in total OPEB liability, the schedule of changes in the City's net pension liability and related ratios, the schedule of City contributions, and the General Fund budgetary comparison information on pages 4-16 and 58-62, 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 February 12, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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
February 12, 2019

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, 2018. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should also review the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- The City's combined net position totaled $58,752,900, an increase of $4,300,841 over the 2017 restated net position. Of this amount, unrestricted net position of $16,055,458 may be used to meet the government's ongoing obligations to citizens and creditors.

- Combined revenue totaled $19,928,426, of which governmental activities totaled $11,714,143 and business-type activities totaled $8,214,283.

- Overall expenses totaled $15,627,585 of which governmental activities totaled $8,787,281 and business-type activities totaled $6,840,304.

- At the end of June 30, 2018, governmental activities expenses exceeded program revenues by $2,866,135. Operating expenses in excess of charges for services and grants & contributions are funded using general revenues (mostly taxes). Governmental activities net position increased by $2,931,591.

- Total business-type activities revenues exceeded business-type activities expenses by $1,334,994, with miscellaneous revenues and transfers increasing this amount by $34,256. The resulting value is an increase of $1,369,250 to business-type net position.

- The net investment in capital assets for government activities increased by $2,089,299 over the 2017 restated investment amount and net investment in capital assets for business-type activities increased by $731,909.

- At June 30, 2018, the City's General Fund reported an unassigned fund balance of $5,953,851, an increase of $856,412, 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, deferred outflows/inflows of resources, and liabilities, with the difference between these items are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Evaluation of the overall health of the City extends to other nonfinancial factors such as diversification of the taxpayer base or the condition of infrastructure.

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

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

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, the SPLOST Fund and the Capital Projects Fund. The basic governmental fund statements are presented on pages 19-21 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, and the non-major Storm Water Fund. 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 and other post employment benefit plan funding progress and budget presentations. General Fund budgetary comparison schedules are presented and demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on pages 58 to 62 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 $58,752,900 at June 30, 2018. The following table provides a summary of the City's governmental and business-type net position for fiscal years 2018 and 2017:

City of Powder Springs
Statement of Net Position

	Governmental Activities		Business-type Activities		Total		Percent
	2018	2017 - Restated	2018	2017 - Restated	2018	2017 - Restated	of Total
Assets:							
Current assets	$ 18,162,659	$ 13,069,605	$ 10,096,024	$ 9,536,217	$ 28,258,683	$ 22,605,822	35%
Capital assets, net	38,044,288	36,478,286	6,893,922	6,230,711	44,938,210	42,708,997	65%
Total assets	56,206,947	49,547,891	16,989,946	15,766,928	73,196,893	65,314,819	
Deferred outflows of resources	386,462	361,907	104,297	89,669	490,759	451,576	100%
Liabilities							
Current liabilities	1,549,221	1,709,244	1,441,397	1,636,910	2,990,618	3,346,154	30%
Long-term liabilities, net	10,892,626	7,139,603	797,695	816,110	11,690,321	7,955,713	70%
Total liabilities	12,441,847	8,848,847	2,239,092	2,453,020	14,680,939	11,301,867	
Deferred inflows of resources	167,044	8,024	86,769	4,445	253,813	12,469	100%
Net Position							
Net investment in capital assets	32,842,258	30,752,959	6,454,354	5,722,445	39,296,612	36,475,404	67%
Restricted	3,400,830	3,106,338	-	-	3,400,830	3,106,338	6%
Unrestricted	7,741,430	7,193,630	8,314,028	7,676,687	16,055,458	14,870,317	27%
Total net position	$ 43,984,518	$ 41,052,927	$ 14,768,382	$ 13,399,132	$ 58,752,900	$ 54,452,059	

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 67% of the City's total net position. Net investments in capital assets increased by $2,821,808 in fiscal year 2018. 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 $2,931,591 in fiscal year 2018 over the 2017 restated position. The net position of business-type activities increased $1,369,250 over the 2017 restated position. The City's overall financial position increased during fiscal year 2018 by $4,300,841.

The following table indicates the changes in net position for governmental and business-type activities in fiscal year 2018 and fiscal year 2017:

City of Powder Springs
Changes in Net Position

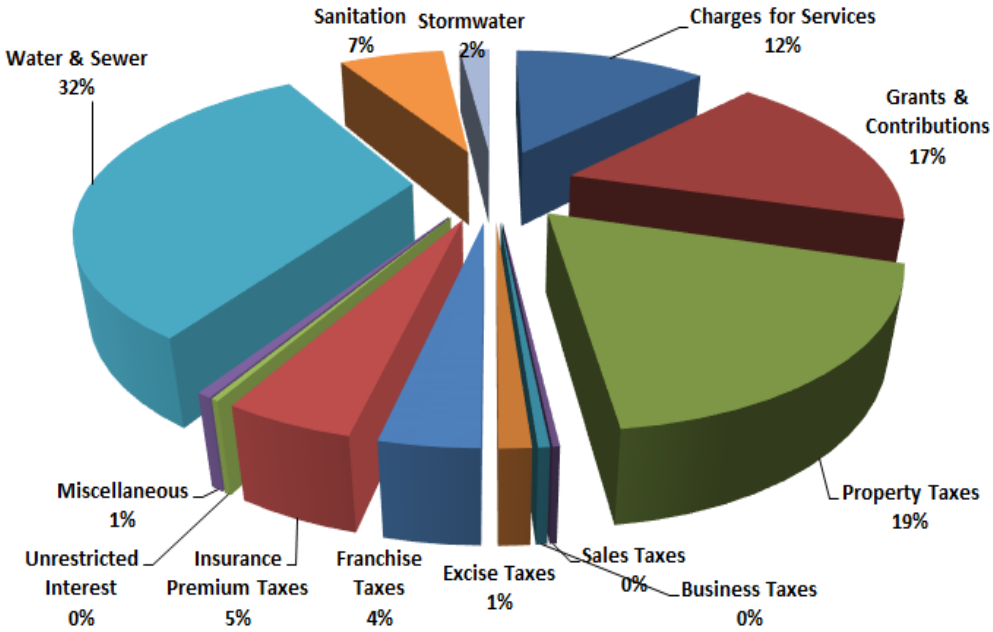
	Governmental Activities		Business-type Activities		Total		Percent
	2018	2017	2018	2017	2018	2017	of Total
Revenues:							
Program revenues:							
Charges for services	$ 2,475,162	$ 2,273,344	$ 8,175,298	$ 8,205,133	$ 10,650,460	$ 10,478,477	53.4%
Operating grants & cont.	397,891	420,132	-	-	397,891	420,132	2.0%
Capital grants & cont.	3,048,093	3,022,374	-	-	3,048,093	3,022,374	15.3%
General revenues:							
Property taxes	3,679,765	3,497,167	-	-	3,679,765	3,497,167	18.5%
Sales taxes	51,319	30,293	-	-	51,319	30,293	0.3%
Business taxes	80,793	78,795	-	-	80,793	78,795	0.4%
Excise taxes	228,815	235,393	-	-	228,815	235,393	1.1%
Franchise taxes	700,293	693,494	-	-	700,293	693,494	3.5%
Other taxes	926,333	870,066	-	-	926,333	870,066	4.6%
Unrestricted interest	46,813	19,814	8,462	3,576	55,275	23,390	0.3%
Miscellaneous	78,866	104,489	30,523	5,700	109,389	110,189	0.4%
Total revenues	11,714,143	11,245,361	8,214,283	8,214,409	19,928,426	19,459,770	100%
Expenses:							
General government	1,289,401	1,015,287	-	-	1,289,401	1,015,287	8.3%
Judicial	483,164	352,753	-	-	483,164	352,753	3.1%
Public works	1,947,785	2,094,427	-	-	1,947,785	2,094,427	12.5%
Culture and recreation	754,486	551,055	-	-	754,486	551,055	4.8%
Public safety	3,216,569	3,231,902	-	-	3,216,569	3,231,902	20.6%
Community development	871,264	923,634	-	-	871,264	923,634	5.6%
Interest on long-term debt	224,612	205,998	-	-	224,612	205,998	1.4%
Water & Sewer	-	-	5,387,584	5,453,734	5,387,584	5,453,734	34.5%
Solid waste	-	-	1,271,079	1,215,260	1,271,079	1,215,260	8.1%
Stormwater	-	-	181,641	238,174	181,641	238,174	1.1%
Total expenses	8,787,281	8,375,056	6,840,304	6,907,168	15,627,585	15,282,224	100%
Increase in net position before transfers	2,926,862	2,870,305	1,373,979	1,307,241	4,300,841	4,177,546	
Transfers	4,729	1,000,000	(4,729)	(1,000,000)	-	-	
Change in net position	2,931,591	3,870,305	1,369,250	307,241	4,300,841	4,177,546	
Net position, beginning	42,826,802	38,956,497	13,236,096	12,928,855	56,062,898	51,885,352	
Restatements	(1,773,875)	-	163,036	-	(1,610,839)	-	
Net position, ending	$ 43,984,518	$ 42,826,802	$ 14,768,382	$ 13,236,096	$ 58,752,900	$ 56,062,898	

Changes in Overall Net Position from Operating Results

Revenues

Total governmental activities revenues increased by $468,782. This increase is partially attributed to increases in programming revenues, such as Charges for Services. This increase accounts for $201,818 (over prior year revenue). The Charges for Services revenue sources include fees for services such as building permits, facility rentals and municipal court fines. Another notable change in governmental activities revenues includes an increase in property taxes revenue of $182,598 due to a slight increase in property values. The City is heavily reliant on tax revenues to support governmental activities operations. Taxes provided $5,667,318 or 48% of the City's governmental revenue. Charges for services provided $2,475,162 or 21% of operating revenues. Accordingly, the City's taxpayers and purchases of City services fund 69% 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 decreased over prior year revenues ($54,718 or less than 1%). This decrease is primarily due to less use of water due to weather conditions. Sanitation revenue increased by $30,483 (2.3% more than prior year revenue), primarily due to a slight increase in customer base. 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 $390,037 for the utility fees in 2018, a decrease of $5,600 or 1.4% from fiscal year 2017. This decrease is attributed to the Detention Pond Maintenance Program, approved in fiscal year 2015 and initially implemented in 2016. This fee is expected to continue to decrease as the maintenance of the ponds continues, thus reducing the ongoing cost to clear the ponds.

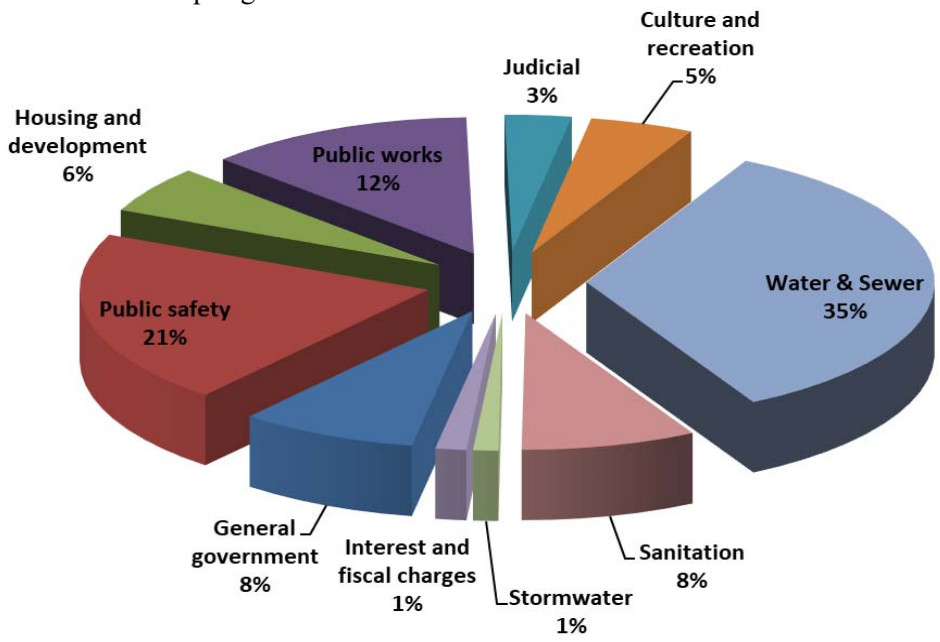


Expenses

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	$ 1,289,401	8.3%	$ (1,160,832)	-75.8%
Public Safety	3,216,569	20.6%	2,935,174	191.7%
Community and development	871,264	5.6%	871,264	56.9%
Public works	1,947,785	12.5%	63,266	4.1%
Judicial	483,164	3.1%	(149,299)	-9.8%
Culture and recreation	754,486	4.8%	81,950	5.4%
Water and sewer	5,387,584	34.5%	(1,044,497)	-68.2%
Solid waste	1,271,079	8.1%	(82,101)	-5.4%
Storm water	181,641	1.2%	(208,396)	-13.6%
Interest and fiscal charges	224,612	1.3%	224,612	14.7%
	$ 15,627,585	100.0%	$ 1,531,141	100.0%

The City's total expenses increased by $345,361 or by 2.26%. Governmental activities' expenses increased by $412,225 in fiscal year 2018 from expenses incurred in fiscal year 2017. Business-type operating expense decreased $66,864 during the current fiscal year (less than 1% from the prior fiscal year). Significant variances from prior year General Government expenses included increased health insurance costs, increased contributions to the pension plan, increased workers compensation costs and increased resurfacing costs. Significant variances from prior year Culture and Recreation expenses included creation of the Parks and Recreation department, increased operating hours at the Senior Center and Seven Springs Museum.



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 fiscal year 2018, the City's governmental funds reported combined ending fund balances of $16,511,530, an increase of $5,339,662 or 48% from the prior year. The change in fund balance is comprised of the following:

- *General Fund* fund balance increased by $987,826 to an ending balance of $6,369,522, primarily due to an increase in overall revenues of $486,162 from fiscal year 2017, accompanied by a decrease in transfers out of $462,552.
- *Capital Projects Fund* fund balance increased by $3,118,552 to an ending balance of $6,151,598. This increase is primarily attributed to the issuance of a revenue bond with proceeds of $4,200,000. In addition revenues in the fund decreased by $67,380 while expenditures in the fund increased by $291,842.
- *SPLOST Fund* fund balance increased by $236,157 to an ending fund balance of $2,973,091. An increase in SPLOST funds of $116,168 accounted for much of this change. The City began collecting for the 2016 SPLOST in March of 2016 and is currently in the assessment and design phase of Street, Public Facility and Park Improvements.

The ending unassigned governmental fund balance is $5,953,851, indicating availability for continuing City service delivery requirements. The remainder of the governmental fund balance is restricted, assigned or non-spendable indicating that it is not available for new spending and is obligated as follows:

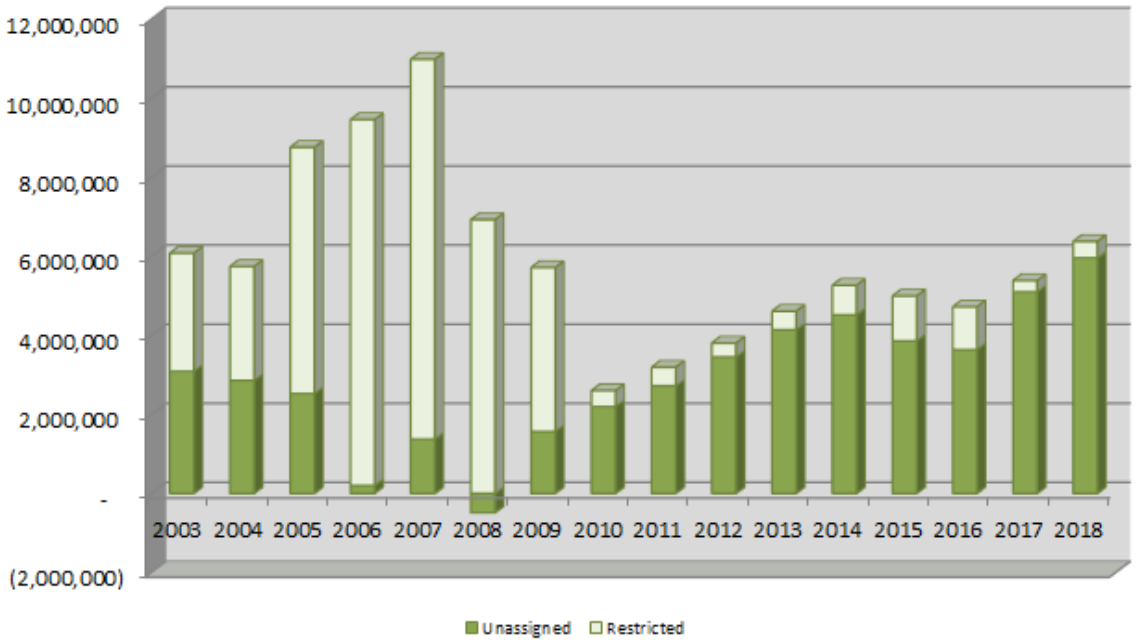
- **Non-spendable balance:**
  - $ 21,061 for inventories
  - $ 433,405 for prepaid items
- **Restricted balance:**
  - $7,295,652 for Capital Projects
  - $ 26,951 for law enforcement equipment
- **Assigned balance:**
  - $2,646,811 for Capital Projects
  - $ 133,799 for encumbered projects for fiscal year 2019

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, 2018 of $5,953,851 is considered sufficient, representing the equivalent of 81% of fiscal year 2018 general fund expenditures and transfers out, or 9.7 months of the current years' operating expenditures.

General Fund revenues in the current year increased by $486,162 from fiscal year 2017 revenues. Expenditures increased by $669,363 from fiscal year 2018 expenditures and operating transfers out decreased by $462,552.

The following charts reports general fund balances from fiscal year 2003 -2018:



Capital Projects Fund – The Capital Projects Fund of the City reflects expenditures for capital projects as approved by the governing body. In fiscal year 2018, it is considered a major fund. The fund balance of the Capital Projects Fund increased $3,118,552 primarily as a result of issuance of a revenue bond with proceeds of $4,200,000. Impact fees increased nominally by $23,060 and transfers in from the General Fund, decreased by $1,436,480. Expenditures during the current fiscal year increased by $291,842 as a result of completion of the basketball court at the Silver Comet Trail Linear Park, completion of the 10-year update of the Comprehensive Plan, installation of an ADA ramp at City Hall, and design and engineering work on the downtown park amenity.

SPLOST Fund - The SPLOST Fund is used to account capital projects and infrastructure improvements designated to be funded from County 2011 and 2016 one percent Special Purpose Local Option Sales Tax. The fund balance increase of $236,157 or 8.6% is due to the timing of collection of proceeds versus the corresponding expenditures on projects. SPLOST project expenditures were $2,577,532 during the year as compared to expenditures of $3,078,401 in fiscal year 2017. Revenues are received uniformly from Cobb County based on Cobb's budgeted allocation to the City. The 2011 SPLOST Fund was completed and closed in fiscal year 2018.

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.

Net position of the Water and Sewer Fund at the end of the year was $12,542,446. Net position increased by $1,041,405 during the year. Fund expenses and transfers decreased by $1,058,785 primarily due to a $1,000,000 one-time transfer to the Capital Projects Fund in fiscal year 2017 for infrastructure and development improvements in the downtown. Revenues decreased by $54,718 primarily due to a reduction in water sales due to weather conditions.

The Sanitation Fund net position at the end of the year was $1,698,755. Net position increased by $119,449 during the year.

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 2017, the City adopted a General Fund Budget for fiscal year 2018 of $8,162,547. At the end of the fiscal year, the final amended budgeted expenditures were $9,036,292, an increase of $873,745. Actual General Fund revenue was $580,208 more than final budgeted revenues for fiscal year 2018. Actual expenditures were $796,375 less than final budgeted expenditures.

The most significant expenditure amendments are summarized as follows:

- The City of Powder Springs received additional permitting revenue in fiscal year and amended the revenue and expenditure budgets by $151,375 to allocate these funds to permitting as well as the corresponding Contract Labor for building inspections.
- The City of Powder Springs received a telephone franchise fee payment from a vendor not previously budgeted in the amount of $17,907.
- The City of Powder Springs amended the revenues and expenditure budgets by $189,172 for resurfacing expenses that were offset by escrowed funds for paving collected at building permit issuance.
- A transfer was made from General Fund use of fund balances in the amount of $172,729 for emergency preparedness and resurfacing.
- Contingency funds of $60,028 were appropriated for brush removal following the snow storm event and for additional building costs to install an ADA ramp at City Hall.
- The City received Equitable Sharing Program funds in fiscal year 2018 and allocated $5,000 for the purchase of additional servers at the Police Department and $12,189 for additional uniform supplies for police officers.
- The City appropriated fund balance of $184,123 for invoices received for purchases made in 2017.
- Savings from municipal elections and receipt of additional property tax revenues enable the City to amend the General Fund by $14,805 to allocation funds for implementation and migration of Office 365 and services provided by the City's outsourced information technology provider.
- The City appropriated $46,275 of increased impact fee receipts for the update to the Capital Improvement Element of the Comprehensive Plan and the costs of administering the impact fee program.

Capital Assets and Debt Administration

Capital Assets

The City's capital assets for its governmental activities amounts to $38,044,288 and in the business-type activities the balance was $6,893,922 as of June 30, 2018. 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.

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

2018 Capital Assets
(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 Restated	2018	Restated	2018	2017 Restated
Construction in Progress	$ 260,882	$ 512,255	$ 79,600	$ 140,417	$ 340,482	$ 652,672
Land	5,907,823	4,667,188	159,077	159,077	6,066,900	4,826,265
Buildings and Improvements	12,303,973	11,839,598	134,207	160,572	12,438,180	12,000,170
Furniture and Fixtures	-	3	-	-	-	3
Parks Equipment	846,123	779,413	-	-	846,123	779,413
Vehicles and Equipment	1,210,577	1,117,285	425,124	511,409	1,635,701	1,628,694
Infrastructure	17,514,910	17,562,544	-	-	17,514,910	17,562,544
Utility Systems	-	-	6,095,914	5,259,236	6,095,914	5,259,236
Total	$ 38,044,288	$ 36,478,286	$ 6,893,922	$ 6,230,711	$ 44,938,210	$ 42,708,997

The City determined in fiscal year 2018 that a restatement to beginning balance of governmental assets was necessary for the year ended June 30, 2018. The table above includes the effects of this $2,024.925 restatement of beginning balances. Additional information about this restatement can be found in Note 14 of the financial statements

At June 30, 2018, the depreciable capital assets for governmental activities were 38% depreciated. Conversely, the depreciable capital assets of business-type activities were 70% depreciated.

The significant capital assets added during the fiscal year for governmental activities are:

- Costs associated with the purchase of land of $1,240,635 for the downtown park to be developed.
- Costs associated with the further development of Linear Park of $1,099,708.
- Costs associated with 2017 LMIG Projects and resurfacing of Valley Drive, Macedonia Road, and Hopkins Road totaling $440,963.
- Costs associated with a developer paving project of $199,129 paid primarily from funds held in escrow from the developer.

The significant capital asset added during the fiscal year for business-type activities is:

- Costs associated with the water system meter project of $988,653.

Costs left in construction in progress at June 30, 2018 consist of the following:

- City hall sidewalk modification of $8,850.
- Downtown park site improvements of $66,860.
- Intersection improvements of $185,172.
- Sharon Drive water line replacement of $52,400.
- Lewis Road Bridge Footings of $27,200

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, 2018, the City's total outstanding long-term debt (principal portion) totaled $9,885,790 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.	$2,440,000
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.	$2,675,000
Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the acquisition of acquiring, constructing, and installing a park to be located in the downtown development district.	$4,200,000
Inter-governmental agreement with Cobb County (through State Contract 980-280008) for the Capital Lease Purchase of 27 additional in car and 47 additional handheld 800 MHz Radios.	$131,222
Loan payable obligations with the Georgia Environmental Facilities Authority for downtown water system conversion project.	$439,568

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 $39,862,512.

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 2019 budget. These factors have a significant impact on the City's financial position or results of operations. Key assumptions are as follows:

- Budget adopted for the General Fund estimates expenditures in the amount of $8,204,685. The expected unassigned fund balance for the General Fund at the end of the fiscal year 2018 is $5,953,851.

- The millage rate is adopted in July of each year for the operations and maintenance in General Fund. The millage rate for the 2018 tax digest is 9.50 (for fiscal year 2019). This is the first rate change since 2005.

- The 2017 tax digest (fiscal year 2018) was $398,625,119; which was $27,090,645 or 7.3% higher than the prior year. The budget is adopted in June and the approved digest is received shortly thereafter. Property taxes are a primary revenue stream and also subject to changes based on reassessments and development.

- Water rates paid to Cobb Marietta Water Authority have increased as well as other costs of doing business. Auto fuel cost increases are uncertain.

- Increased costs of benefits and retirement contributions have a significant effect on the City's benefit costs.

The City continues to take steps to reduce expenditures and control operational costs to help maintain a positive fund balance.

Contacting the City's Financial Management

This financial report prepared by the Finance Department and submitted by the City Manager 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. Supporting records are available for review and inspection pursuant to and to the extent required by the Georgia Open Records Act.

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 11,440,188	$ 9,073,843	$ 20,514,031
Receivables, net of allowance for uncollectibles	219,871	870,216	1,090,087
Taxes receivable, net of allowance for uncollectibles	45,883	-	45,883
Inventories	21,061	100,811	121,872
Prepaid items	433,405	51,154	484,559
Restricted cash and cash equivalents	4,486,466	-	4,486,466
Due from other governments	525,417	-	525,417
Land held for resale	990,368	-	990,368
Capital assets:			
Non-depreciable	6,168,705	238,677	6,407,382
Depreciable, net of accumulated depreciation	31,875,583	6,655,245	38,530,828
Total assets	56,206,947	16,989,946	73,196,893
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on refundings	148,477	-	148,477
Pension related items	200,786	104,297	305,083
OPEB related items	37,199	-	37,199
Total deferred outflows of resources	386,462	104,297	490,759
LIABILITIES			
Accounts payable	1,393,846	346,150	1,739,996
Accrued liabilities	155,375	131,999	287,374
Customer deposits	-	963,248	963,248
Interest payable	87,820	-	87,820
Bonds payable, due within one year	615,000	-	615,000
Bonds payable, due in more than one year	8,700,000	-	8,700,000
Note payable, due within one year	-	439,568	439,568
Capital leases, due within one year	51,905	-	51,905
Capital leases, due in more than one year	79,317	-	79,317
Compensated absences, due within one year	118,082	34,583	152,665
Compensated absences, due in more than one year	89,080	26,089	115,169
Net pension liability, due in more than one year	572,647	297,455	870,102
Total OPEB liability, due in more than one year	578,775	-	578,775
Total liabilities	12,441,847	2,239,092	14,680,939
DEFERRED INFLOWS OF RESOURCES			
Pension related items	167,044	86,769	253,813
Total deferred inflows of resources	167,044	86,769	253,813
NET POSITION			
Net investment in capital assets	32,842,258	6,454,354	39,296,612
Restricted for:			
Law enforcement	26,951	-	26,951
Capital projects	3,373,879	-	3,373,879
Unrestricted	7,741,430	8,314,028	16,055,458
Total net position	$ 43,984,518	$ 14,768,382	$ 58,752,900

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, 2018

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	$ 1,289,401	$ 1,405,279	$ 397,891	$ 647,063	$ 1,160,832	$ -	$ 1,160,832
Judicial	483,164	632,463	-	-	149,299	-	149,299
Public safety	3,216,569	143,251	-	138,144	(2,935,174)	-	(2,935,174)
Public works	1,947,785	-	-	1,884,519	(63,266)	-	(63,266)
Community development	517,730	-	-	-	(517,730)	-	(517,730)
Planning and zoning	228,083	-	-	-	(228,083)	-	(228,083)
Economic development	125,451	-	-	-	(125,451)	-	(125,451)
Culture and recreation	754,486	294,169	-	378,367	(81,950)	-	(81,950)
Interest on long-term debt	224,612	-	-	-	(224,612)	-	(224,612)
Total governmental activities	8,787,281	2,475,162	397,891	3,048,093	(2,866,135)	-	(2,866,135)
Business-type activities:							
Water & Sewer	5,387,584	6,432,081	-	-	-	1,044,497	1,044,497
Solid waste	1,271,079	1,353,180	-	-	-	82,101	82,101
Stormwater	181,641	390,037	-	-	-	208,396	208,396
Total business-type activities	6,840,304	8,175,298	-	-	-	1,334,994	1,334,994
Total primary government	$ 15,627,585	$ 10,650,460	$ 397,891	$ 3,048,093	(2,866,135)	1,334,994	(1,531,141)
General revenues:							
Property taxes					3,679,765	-	3,679,765
Sales taxes					51,319	-	51,319
Franchise taxes					700,293	-	700,293
Excise taxes					228,815	-	228,815
Business and occupational taxes					80,793	-	80,793
Insurance premium taxes					926,333	-	926,333
Unrestricted investment earnings					46,813	8,462	55,275
Gain on sale of capital assets					-	30,523	30,523
Miscellaneous					78,866	-	78,866
Transfers					4,729	(4,729)	-
Total general revenues and transfers					5,797,726	34,256	5,831,982
Change in net position					2,931,591	1,369,250	4,300,841
Net position, beginning of year, restated					41,052,927	13,399,132	54,452,059
Net position, end of year					$ 43,984,518	$ 14,768,382	$ 58,752,900

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

CITY OF POWDER SPRINGS, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS	General Fund	SPLOST Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash	$ 7,303,892	$ 2,398,330	$ 1,711,015	$ 26,951	$ 11,440,188
Taxes receivable	45,883	-	-	-	45,883
Accounts receivable	219,871	-	-	-	219,871
Due from other governments	64,938	460,479	-	-	525,417
Restricted cash and cash equivalents	-	-	4,486,466	-	4,486,466
Due from other funds	-	-	8,689	-	8,689
Inventory	21,061	-	-	-	21,061
Prepaid items	259,463	173,942	-	-	433,405
Land held for resale	-	-	-	990,368	990,368
Total assets	$ 7,915,108	$ 3,032,751	$ 6,206,170	$ 1,017,319	$ 18,171,348
LIABILITIES					
Accounts payable	$ 1,279,614	$ 59,660	$ 54,572	$ -	$ 1,393,846
Accrued liabilities	155,375	-	-	-	155,375
Due to other funds	8,689	-	-	-	8,689
Total liabilities	1,443,678	59,660	54,572	-	1,557,910
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	31,420	-	-	-	31,420
Unavailable revenue - court fines	66,291	-	-	-	66,291
Unavailable revenue - intergovernmental	4,197	-	-	-	4,197
Total deferred inflows of resources	101,908	-	-	-	101,908
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	259,463	173,942	-	-	433,405
Inventory	21,061	-	-	-	21,061
Restricted:					
Law enforcement	-	-	-	26,951	26,951
Capital projects	1,348	2,799,149	4,495,155	-	7,295,652
Assigned for:					
Use in 2019 budget	133,799	-	-	-	133,799
Capital projects	-	-	1,656,443	990,368	2,646,811
Unassigned	5,953,851	-	-	-	5,953,851
Total fund balances	6,369,522	2,973,091	6,151,598	1,017,319	16,511,530
Total liabilities, deferred inflows of resources, and fund balances	$ 7,915,108	$ 3,032,751	$ 6,206,170	$ 1,017,319	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	38,044,288
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	101,908
The deferred outflows of resources, deferred inflows of resources, and the net pension liability and total OPEB liability related to the City's pension plan and OPEB plan are not expected to be liquidated with expendable available current financial resources and, therefore, are not reported in the governmental funds.	(1,080,481)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(9,592,727)
Net position of governmental activities	$ 43,984,518

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, 2018

	General Fund	SPLOST Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 5,771,994	$ -	$ -	$ -	$ 5,771,994
Licenses and permits	1,013,010	-	-	-	1,013,010
Intergovernmental	421,713	2,813,640	234,453	-	3,469,806
Fines and forfeitures	590,550	-	-	6,737	597,287
Charges for services	379,362	-	443,590	-	822,952
Interest income	46,776	-	15	22	46,813
Contributions and donations	5,000	-	-	-	5,000
Miscellaneous	73,817	49	-	-	73,866
Total revenues	8,302,222	2,813,689	678,058	6,759	11,800,728
Expenditures					
Current:					
General government	926,933	9,901	57,009	-	993,843
Judicial	397,133	-	-	-	397,133
Public safety	2,800,958	83,112	-	-	2,884,070
Public works	1,217,013	546,642	-	-	1,763,655
Community development	333,691	-	178,194	-	511,885
Planning and zoning	294,944	-	-	-	294,944
Economic development	125,451	-	-	-	125,451
Culture and recreation	391,325	-	-	-	391,325
Capital outlay	-	1,884,377	583,992	-	2,468,369
Debt service:					
Principal retirements	-	51,141	-	595,000	646,141
Interest	-	2,359	-	188,358	190,717
Total expenditures	6,487,448	2,577,532	819,195	783,358	10,667,533
Excess (deficiency) of revenues over expenditures	1,814,774	236,157	(141,137)	(776,599)	1,133,195
Other financing sources (uses):					
Revenue bonds issued	-	-	4,200,000	-	4,200,000
Sales of general capital assets	1,738	-	-	-	1,738
Transfers in	40,678	-	222,857	1,773,726	2,037,261
Transfers out	(869,364)	-	(1,163,168)	-	(2,032,532)
Total other financing sources (uses)	(826,948)	-	3,259,689	1,773,726	4,206,467
Net change in fund balances	987,826	236,157	3,118,552	997,127	5,339,662
Fund balances, beginning of year	5,381,696	2,736,934	3,033,046	20,192	11,171,868
Fund balances, end of year	$ 6,369,522	$ 2,973,091	$ 6,151,598	$ 1,017,319	$ 16,511,530

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, 2018

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

Net change in fund balances - total governmental funds	$	5,339,662
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.		1,863,958
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets.		(297,956)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(86,585)
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, and the issuance of new long-term debt.		(3,553,859)
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.		(333,629)
Change in net position - governmental activities	$	2,931,591

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

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

ASSETS	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
CURRENT ASSETS				
Cash and cash equivalents	$ 7,152,355	$ 1,548,296	$ 373,192	$ 9,073,843
Accounts receivable, net of allowances	665,866	146,064	58,286	870,216
Prepaid items	30,193	18,492	2,469	51,154
Inventories	100,811	-	-	100,811
Total current assets	7,949,225	1,712,852	433,947	10,096,024
NONCURRENT ASSETS - CAPITAL ASSETS				
Non-depreciable	211,477	-	27,200	238,677
Depreciable, net of accumulated depreciation	6,212,155	345,972	97,118	6,655,245
Total noncurrent assets	6,423,632	345,972	124,318	6,893,922
Total assets	14,372,857	2,058,824	558,265	16,989,946
DEFERRED OUTLFOWS OF RESOURCES				
Pension related items	65,416	34,230	4,651	104,297
Total deferred outflows of resources	65,416	34,230	4,651	104,297
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	311,998	25,449	8,703	346,150
Accrued liabilities	115,261	13,328	3,410	131,999
Customer deposits	746,709	216,539	-	963,248
Note payable, current	439,568	-	-	439,568
Compensated absences payable, current	23,541	7,343	3,699	34,583
Total current liabilities	1,637,077	262,659	15,812	1,915,548
NONCURRENT LIABILITIES				
Compensated absences payable	17,759	5,539	2,791	26,089
Net pension liability	186,568	97,624	13,263	297,455
Total noncurrent liabilities	204,327	103,163	16,054	323,544
Total liabilities	1,841,404	365,822	31,866	2,239,092
DEFERRED INFLOWS OF RESOURCES				
Pension related items	54,423	28,477	3,869	86,769
Total deferred inflows of resources	54,423	28,477	3,869	86,769
NET POSITION				
Net investment in capital assets	5,984,064	345,972	124,318	6,454,354
Unrestricted	6,558,382	1,352,783	402,863	8,314,028
Total net position	$ 12,542,446	$ 1,698,755	$ 527,181	$ 14,768,382

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, 2018

	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
OPERATING REVENUES				
Charges for sales and services	$ 6,005,789	$ 1,300,751	$ 390,037	$ 7,696,577
Other operating income	426,292	52,429	-	478,721
Total operating revenues	6,432,081	1,353,180	390,037	8,175,298
OPERATING EXPENSES				
Salaries and benefits	924,730	493,659	94,415	1,512,804
General operating expenses	2,516,612	733,229	87,226	3,337,067
Depreciation	500,969	44,191	-	545,160
Water purchases	1,426,654	-	-	1,426,654
Total operating expenses	5,368,965	1,271,079	181,641	6,821,685
Operating income	1,063,116	82,101	208,396	1,353,613
NON-OPERATING REVENUES (EXPENSES)				
Interest income	1,637	6,825	-	8,462
Interest and fiscal charges	(18,619)	-	-	(18,619)
Gain on sale of property	-	30,523	-	30,523
Total non-operating revenues (expenses)	(16,982)	37,348	-	20,366
Change in net position before transfers	1,046,134	119,449	208,396	1,373,979
Transfers out	(4,729)	-	-	(4,729)
Change in net position	1,041,405	119,449	208,396	1,369,250
Net position, beginning of year, restated	11,501,041	1,579,306	318,785	13,399,132
Net position, end of year	$ 12,542,446	$ 1,698,755	$ 527,181	$ 14,768,382

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, 2018

	Water & Sewer Fund	Sanitation Fund	Nonmajor Storm Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 6,401,323	$ 1,352,392	$ 386,644	$ 8,140,359
Payments to suppliers	(4,179,567)	(713,085)	(79,861)	(4,972,513)
Payments to employees	(848,645)	(456,586)	(84,664)	(1,389,895)
Net cash provided by operating activities	1,373,111	182,721	222,119	1,777,951
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers out to other funds	(4,729)	-	-	(4,729)
Net cash used in non-capital financing activities	(4,729)	-	-	(4,729)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(1,084,053)	-	(124,318)	(1,208,371)
Principal payments on loans	(68,698)	-	-	(68,698)
Proceeds from the sale of assets	-	30,523	-	30,523
Interest paid	(18,619)	-	-	(18,619)
Net cash provided by (used in) capital and related financing activities	(1,171,370)	30,523	(124,318)	(1,265,165)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,637	6,825	-	8,462
Net cash provided by investing activities	1,637	6,825	-	8,462
Net increase in cash and cash equivalents	198,649	220,069	97,801	516,519
Cash and cash equivalents, beginning of year	6,953,706	1,328,227	275,391	8,557,324
Cash and cash equivalents, end of year	$ 7,152,355	$ 1,548,296	$ 373,192	$ 9,073,843
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$ 1,063,116	$ 82,101	$ 208,396	$ 1,353,613
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	500,969	44,191	-	545,160
Change in assets and liabilities:				
Increase in accounts receivable	(30,758)	(788)	(3,393)	(34,939)
(Increase) decrease in prepaid items	5,445	5,921	(107)	11,259
Increase in inventories	(19,608)	-	-	(19,608)
Increase in deferred outflows of resources - pension related items	(9,135)	(4,011)	(1,482)	(14,628)
Increase (decrease) in accounts payable	(247,537)	(13,787)	7,472	(253,852)
Increase in accrued liabilities	1,772	1,213	1,945	4,930
Increase in customer deposits	25,399	28,010	-	53,409
Increase (decrease) in compensated absences payable	(2,184)	(3,604)	1,124	(4,664)
Increase in net pension liability	34,006	16,485	4,456	54,947
Increase in deferred inflows of resources - pension related items	51,626	26,990	3,708	82,324
Net cash provided by operating activities	$ 1,373,111	$ 182,721	$ 222,119	$ 1,777,951

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 (CONTINUED)

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 2011 and 2016 Special Purpose Local Options Sales tax referendums.

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

The City reports the following major enterprise funds:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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, 2018, 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 and Investments

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.”

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

H. Inventories

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

Included in the City’s prepaid items is the City’s portion of SPLOST proceeds receipted through June 30, 2018 which are paid to the County for the future improvements to be performed on Powder Springs Joint Project and subsequently turned over to the City. As of June 30, 2018, these deposits totaled $173,942.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

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

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

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

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

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

K. Land Held for Resale

The Downtown Development Authority (DDA) holds title to four parcels within the downtown district of the City. The DDA is holding and renovating the parcels in order to bring new business development into downtown. These parcels are recorded at the historical acquisition cost.

L. Deferred Outflows/Inflows of Resources

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

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

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

M. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Pensions

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

O. 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.

P. 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, 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)

P. 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 and other governmental funds may only report negative unassigned fund balances. The City, by resolution, has created a minimum fund balance policy to be no less than 25% of the next fiscal year's budgeted expenditures and outgoing transfers, in order to maintain adequate reserves to cover unforeseen revenue shortfalls and to maintain a budget stabilization commitment.

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

Net Position – Net position represents the difference between assets, deferred outflows of resources, 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)

P. 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.

Q. Management Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $9,592,727 difference are as follows:

Bonds payable	$	(9,315,000)
Deferred charges on refunding		148,477
Accrued interest payable		(87,820)
Compensated absences (i.e., vacation)		(207,162)
Capital Lease Payable		(131,222)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(9,592,727)

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

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

Another element of that reconciliation states that "deferred outflows of resources, deferred inflows of resources, and the net pension liability are not expected to be liquidated with expendable available resources and, therefore, are not reported in the funds." The details of this $1,080,481 difference are as follows:

Net pension liability	$	(572,647)
Deferred outflows of resources - pension related items		200,786
Deferred inflows of resources - pension related items		(167,044)
Total OPEB liability		(578,775)
Deferred outflows of resources - OPEB related items		37,199
Net adjustment to reduce *fund balance- total governmental funds* to arrive at *net position - governmental activities*	$	(1,080,481)

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 $1,863,958 difference are as follows:

Capital outlay	$	3,775,627
Depreciation expense		(1,911,669)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	1,863,958

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

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

The "issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither, transaction; however, has any effect on net position." The details of this $3,553,859 difference are as follows:

Revenue bonds issued	$	(4,200,000)
Payment on bonds payable		595,000
Payment on capital lease		51,141
Net adjustment to reduce *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(3,553,859)

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 $333,629 difference are as follows:

Compensated absences (i.e., vacation)	$	(33,269)
Accrued interest		(15,336)
Amortization of deferred charges		(18,559)
Pension expense		(256,172)
OPEB expense		(10,293)
Net adjustment to reduce *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(333,629)

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.

The data processing department of the General Fund reported expenditures in excess of appropriations of $2,623. These over-expenditures were funded with revenues in excess of appropriations.

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, 2018 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	$	20,514,031
Restricted cash and cash equivalents		4,486,466
	$	25,000,497
Cash deposited with financial institutions	$	20,819,194
Cash deposited with Georgia fund 1		4,181,303
	$	25,000,497

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. 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). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

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.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

Custodial Credit Risk – Deposits: State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2018, the financial institution holding all of the City's deposits is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of June 30, 2018, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by State Statutes.

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, 2018, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	Receivables				
	Taxes	Accounts	From Other Governments	Less Allowances	Net Total Receivables
General	$ 300,449	$ 372,974	$ 64,938	$ (407,669)	$ 330,692
SPLOST	-	-	460,479	-	460,479
Water & Sewer	-	840,164	-	(174,298)	665,866
Sanitation	-	183,845	-	(37,781)	146,064
Nonmajor - Stormwater	-	58,286	-	-	58,286
	$ 300,449	$ 1,455,269	$ 525,417	$ (619,748)	$ 1,661,387

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2018 is as follows:

	Restated Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Nondepreciable capital assets:					
Land and improvements	$ 4,667,188	$ 1,240,635	$ -	$ -	$ 5,907,823
Construction in progress	512,255	337,716	-	(589,089)	260,882
Total	5,179,443	1,578,351	-	(589,089)	6,168,705
Capital assets, being depreciated:					
Buildings and improvements	17,594,418	1,100,385	-	13,807	18,708,610
Furniture and fixtures	100,686	-	-	-	100,686
Parks equipment	5,024,493	235,850	-	-	5,260,343
Vehicles and equipment	4,166,913	122,122	(45,701)	283,156	4,526,490
Infrastructure - streets	21,968,310	738,919	(297,956)	292,126	22,701,399
Total being depreciated	48,854,820	2,197,276	(343,657)	589,089	51,297,528
Less accumulated depreciation for:					
Buildings and improvements	(5,754,820)	(649,817)	-	-	(6,404,637)
Furniture and fixtures	(100,683)	(3)	-	-	(100,686)
Parks equipment	(4,245,080)	(169,140)	-	-	(4,414,220)
Vehicles and equipment	(3,049,628)	(311,986)	45,701	-	(3,315,913)
Infrastructure - streets	(4,405,766)	(780,723)	-	-	(5,186,489)
Total	(17,555,977)	(1,911,669)	45,701	-	(19,421,945)
Total capital assets, being depreciated, net	31,298,843	285,607	(297,956)	589,089	31,875,583
Governmental activities capital assets, net	$ 36,478,286	$ 1,863,958	$ (297,956)	$ -	$ 38,044,288

The City has determined that a restatement to beginning balance of governmental assets is necessary for the year ended June 30, 2018. The table above includes the effects of this net $2,024,925 restatement in beginning balances for each line of the above schedule. Additional information about this restatement can be found in Note 14.

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Nondepreciable capital assets					
Land	$ 159,077	$ -	$ -	$ -	$ 159,077
Construction in progress	140,417	79,600	-	(140,417)	79,600
Total	299,494	79,600	-	(140,417)	238,677
Capital assets, being depreciated					
Buildings and improvements	844,137	-	(25,067)	-	819,070
Furniture and fixtures	46,215	-	-	-	46,215
Utility systems	18,386,429	1,137,737	-	140,417	19,664,583
Vehicles and equipment	1,727,925	2,397	(128,024)	-	1,602,298
Total	21,004,706	1,140,134	(153,091)	140,417	22,132,166
Less accumulated depreciation for:					
Buildings and improvements	(683,565)	(15,002)	13,704	-	(684,863)
Furniture and fixtures	(46,215)	-	-	-	(46,215)
Utility systems	(13,127,193)	(441,476)	-	-	(13,568,669)
Vehicles and equipment	(1,216,516)	(88,682)	128,024	-	(1,177,174)
Total	(15,073,489)	(545,160)	141,728	-	(15,476,921)
Total capital assets being depreciated, net	5,931,217	594,974	(11,363)	140,417	6,655,245
Business-type activities capital assets, net	$ 6,230,711	$ 674,574	$ (11,363)	$ -	$ 6,893,922

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

Governmental activities:	
General government	$ 210,103
Public safety	375,858
Public works	912,800
Judicial	49,995
Culture and recreation	360,551
Community development	2,362
Total depreciation expense - governmental activities	$ 1,911,669
Business-type activities:	
Water & sewer	$ 500,968
Sanitation	44,192
Total depreciation expense - business-type activities	$ 545,160

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2018 is as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	$ 5,710,000	$ 4,200,000	$ (595,000)	$ 9,315,000	$ 615,000
Capital lease payable	182,363	-	(51,141)	131,222	51,905
Compensated absences	173,893	199,984	(166,715)	207,162	118,082
Net pension liability	437,675	606,789	(471,817)	572,647	-
Total OPEB liability	563,188	47,492	(31,905)	578,775	-
Governmental activity Long-term liabilities	$ 7,067,119	$ 5,054,265	$ (1,316,578)	$ 10,804,806	$ 784,987
Business-type activities:					
Loans payable	$ 508,266	$ -	$ (68,698)	$ 439,568	$ 439,568
Compensated absences	65,336	70,712	(75,376)	60,672	34,583
Net pension liability	242,508	315,191	(260,244)	297,455	-
Business-type activity Long-term liabilities	$ 816,110	$ 385,903	$ (404,318)	$ 797,695	$ 474,151

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

The City implemented GASB 75 as of July 1, 2017 and as discussed in notes 10 and 14, the beginning balance of total OPEB liability were restated.

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. As of June 30, 2018 the outstanding balance of these bonds is $2,440,000.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

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

On September 17, 2014, the DDA issued $3,335,000 in Series 2014 Revenue Bonds bearing interest at 2.40% per annum payable February 1 and August 1 commencing February 1, 2015 with principal payable annually each February 1 commencing on February 1, 2015. The bonds were issued for the purpose of partially refunding the outstanding balance of the Series 2006 Bonds, maturing February 1, 2017 through February 1, 2026 which were paid in full in January 2015. The reacquisition price exceeded the net carrying amount of the old debt by $204,154. This amount is being amortized over the remaining life of the refunded debt. The refunding was undertaken to reduce the total debt service payments by $204,481, with a present value of $177,959. As of June 30, 2018 the outstanding balance of the Series 2014 bonds is $2,675,000.

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

On April 19, 2018, the DDA issued $4,200,000 in Series 2018 Revenue Bonds bearing interest at a rate of 2.77% per annum payable each February 1 and August 1 with principal payable annually on February 1. The bonds were issued for the purpose of financing the costs of acquiring, constructing, and installing a park to be located in the downtown development district of Powder Springs, Georgia and to finance related costs. As of June 30, 2018 the outstanding balance of the Series 2018 bonds is $4,200,000.

Concurrent with the issuance of the Series 2018 Revenue Bonds, the City and 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 2018 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.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

The debt service to maturity on the Series 2005, 2014, and 2018 revenue bonds is as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 615,000	$ 246,833	$ 861,833
2020	696,000	253,095	949,095
2021	717,000	231,845	948,845
2022	739,000	209,886	948,886
2023	761,000	187,207	948,207
2024-2028	3,656,000	594,510	4,250,510
2029-2031	2,131,000	116,368	2,247,368
Total	$ 9,315,000	$ 1,839,744	$ 11,154,744

Loans 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, 2018 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

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

Year Ending June 30,	Principal	Interest	Total
2019	$ 439,568	$ 68,425	$ 507,993
Total	$ 439,568	$ 68,425	$ 507,993

While the maturity dates 1998 and 2004 notes are in fiscal years 2020 and 2027, respectively, the City has elected to pay off the notes in the fiscal year ending June 30, 2019. Subsequently, in November 2018, the City paid in full the remaining balances on the notes.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Capital Lease

In March 2016, the City entered into a capital lease agreement with Cobb County for the purchase of $267,500 of radio and weather response equipment. The lease term is sixty months ending February of 2021. The lease bears interest at 1.43% with monthly payments due $4,458. As of June 30, 2018 the City has $257,663 of assets held under capital lease, with associated accumulated depreciation of $51,462 included in the capital assets. The annual amortization of the leased assets is included as a component of depreciation expense.

The capital lease debt service requirements are as follows:

	Payment
Year Ending June 30,	
2019	$ 53,500
2020	53,500
2021	26,750
Total payments	133,750
Less interest expense	(2,528)
Total principal	$ 131,222

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NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Capital Projects Fund	General Fund	$ 8,689

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

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Water & Sewer Fund	$ 4,729
General Fund	Capital Projects Fund	35,949
		$ 40,678
Capital Projects Fund	General Fund	$ 222,857
Nonmajor Governmental Funds	General Fund	$ 646,507
Nonmajor Governmental Funds	Capital Projects Fund	1,127,219
		$ 1,773,726

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.

NOTE 9. PENSION PLAN

Plan Description

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

As provided by state law, benefit provisions for participants in GMEBS are established and amended by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials who are immediately eligible, who work forty hours per week are eligible to participate after one year. Benefits vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 1.75% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to $30 for each year of service after reaching normal retirement age.

Plan Membership

At January 1, 2018, the date of the most recent actuarial valuation, there were 147 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	27
Terminated vested participants not yet receiving benefits	36
Active employees - vested	37
Active employees - nonvested	47
Total	147

NOTE 9. PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2018, the actuarially determined contribution rate was 5.64% of covered payroll. The City makes all contributions to the Plan. For 2018, the City's contribution to the Plan was $197,541.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2017.

Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	2.75%
Investment rate of return	7.50%

Mortality rates for the January 1, 2017 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Actuarial Assumptions (Continued)

Cost of living adjustments were assumed to be 0.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.71%
International equity	20%	7.71
Global fixed income	5%	3.36
Domestic fixed income	20%	2.11
Real estate	10%	5.21
Cash	—%	
Total	100%	

* Rates shown are net of the 2.75% assumed rate of inflation

Discount rate

The discount rate used to measure the total pension liability was 7.50%. This is a decrease from the prior year discount rate from 7.75% to 7.50%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2018 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/17	$ 3,937,862	$ 3,257,679	$ 680,183
Changes for the year:			
Service cost	160,240	-	160,240
Interest	299,730	-	299,730
Differences between expected and actual experience	(67,433)	-	(67,433)
Contributions—employer	-	173,207	(173,207)
Net investment income	-	491,420	(491,420)
Benefit payments, including refunds of employee contributions	(140,718)	(140,718)	-
Administrative expense	-	(19,834)	19,834
Other	442,175		442,175
Net changes	693,994	504,075	189,919
Balances at 6/30/18	$ 4,631,856	$ 3,761,754	$ 870,102

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

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	$ 1,547,797	$ 870,102	$ 311,490

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2017 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended June 30, 2018, the City recognized pension expense of $580,156. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 103,688	$ 53,948
Changes in assumptions	53,240	7,999
Net difference between projected and actual earnings on pension plan investments	-	191,866
City contributions subsequent to the measurement date	148,155	-
Total	$ 305,083	$ 253,813

City contributions subsequent to the measurement date of $148,155 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2019	$ (24,216)
2020	(6,615)
2021	(41,548)
2022	(24,506)
Total	$ (96,885)

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits Provided

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. The City pays full premium for retirees prior to 65 minus the amount paid by employees for coverage; after age 65, the City provides an explicit subsidy equal to 70% of the premium for single coverage up to a maximum of $150 per month. Additionally, the City offers an implicit subsidy allowing retirees to purchase insurance at active employee rates. As of June 30, 2018, there are ten retirees eligible for the benefits and 57 active employees. The City has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the plan.

The following schedule reflects membership for the OPEB Plan as of July 1, 2016, the most recent actuarial valuation:

Active participants	57
Retirees and beneficiaries currently receiving benefits	10
Total	67

Contributions

The City Council has elected to fund the Plan on a "pay as you go" basis. Per the Council resolution, retirees are able to continue to receive health insurance at active employee rates, subsidized by City contributions. For the fiscal year ended June 30, 2018, the City contributed $37,199 for the pay as you go benefits for the Plan.

Total OPEB Liability

Effective July 1, 2017, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly changed the City's accounting for OPEB amounts. The information disclosed in this note is presented in accordance with this new standard.

The City's total OPEB liability of $578,775 was measure as of June 30, 2017 and was determined by an actuarial valuation as of July 1, 2016, with the actuary using standard techniques to roll forward the liability to the measurement date.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation rate	2.00%
Real wage growth	1.00%
Wage inflation	3.00%
Municipal bond index rate	
Measurement date	3.13%
Health care cost trends	
Pre-medicare	8.00% - 5.00%, Ultimate Trend in 2023
Medicare	5.50% - 5.00%, Ultimate Trend in 2020

The current mortality rates were based on the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB.

Discount rate

The discount rate used to measure the total OPEB liability was 3.13%. The discount rate is based on the S&P Municipal Bond 20-year Municipal Bond High Grade Index.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the City for the fiscal year ended June 30, 2018 were as follows:

	Total OPEB Liability
Balance at June 30, 2016	$ 563,188
Service Cost	29,625
Interest	17,867
Benefit payments	(31,905)
Balance at June 30, 2017	$ 578,775

The required schedule of changes in the City's total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) that the current discount rate:

	1% Decrease (2.13%)	Current (3.13%)	1% Increase (4.13%)
Total OPEB liability	$ 647,055	$ 578,775	$ 519,026

Sensitivity of the Total OPEB Liability to Changes in the Trend Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (7.00% to 4.00%)	Current (8.00% to 5.00%)	1% Increase (9.00% to 6.00%)
Total OPEB liability	$ 517,368	$ 578,775	$ 652,139

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 revisions 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 June 30, 2018 and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2018 the City recognized OPEB expense of $47,492. At June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

City contributions subsequent to the measurement date	$ 37,199

The City contributions made subsequent to the measurement date of $37,199 are reported as deferred outflows of resources and will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2019.

NOTE 11. JOINT VENTURE

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

NOTE 12. RISK MANAGEMENT

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

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

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

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

NOTE 12. RISK MANAGEMENT (CONTINUED)

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

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

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation:

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

Grant Contingencies:

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

Construction Commitments:

The City has active construction projects as of June 30, 2018. The projects include street construction, sidewalks and pedestrian pathways in areas previously void of such amenities, park improvements, and the construction of general administration facilities. At year end, the City's commitments with contractors was $1,528,391. The projects are being financed primarily through the Capital Project and SPLOST funds, using pay-as-you-go funding sources.

NOTE 14. RESTATEMENTS

The City has determined a restatement to beginning net position was required in the City's governmental activities, (1) for the implementation of GASB Statement No. 75, which requires retroactive reporting of opening balances, and (2) to correct capital assets cost and accumulated depreciation values, which had not been accurately reported in prior years. In addition, the City has determined a restatement to beginning net position was required in the City's business-type activities as a result of the implementation of GASB Statement No. 75, as the City elected to record the liability in the governmental activities as the governmental activities will fund the OPEB contribution payments. The effect of the restatements resulted in a change to beginning net position of the governmental activities and the business-type activities at the respective fund levels as follows:

	Governmental Activities
Net Position, governmental activities, as previously reported	$ 42,826,802
Restatement for implementation of GASB Statement No. 75:	
Total OPEB liability as of June 30, 2017	(563,188)
Deferred outflows of resources - contributions	31,905
Removal of prior net OPEB obligation reported June 30, 2017	782,333
To adjust capital assets previously reported in error	(2,024,925)
Net Position, governmental activities, as restated	$ 41,052,927

Net Position, Water Fund, as previously reported	$ 11,338,005
Removal of prior net OPEB obligation reported June 30, 2017	163,036
Beginning net position, Water Fund, as restated	$ 11,501,041

Net Position, Business-type Activities, as previously reported	$ 13,236,096
Removal of prior net OPEB obligation reported June 30, 2017	163,036
Beginning net position, Business-type Activities, as restated	$ 13,399,132

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POWDER SPRINGS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
OPEB HEALTHCARE BENEFIT PLAN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

	2018
Total OPEB liability	
Service cost	$ 29,625
Interest on total OPEB liability	17,867
Benefit payments	(31,905)
Net change in total OPEB liability	15,587
Total OPEB liability - beginning	563,188
Total OPEB liability - ending	$ 578,775
Covered-employee payroll	$ 2,636,891
Total OPEB liability as a percentage of covered-employee payroll	21.9%

Notes to the Schedule:

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

The City is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

CITY OF POWDER SPRINGS, GEORGIA

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

	2018	2017	2016	2015
Total pension liability				
Service cost	$ 160,240	$ 129,174	$ 152,063	$ 147,966
Interest on total pension liability	299,730	268,392	241,997	221,191
Differences between expected and actual experience	(67,433)	140,185	17,435	4,544
Changes of assumptions	66,551	-	-	(23,991)
Changes of benefit terms	375,624	-	-	-
Benefit payments, including refunds of employee contributions	(140,718)	(126,016)	(87,044)	(75,427)
Other changes	-	-	35,607	-
Net change in total pension liability	693,994	411,735	360,058	274,283
Total pension liability - beginning	3,937,862	3,526,127	3,166,069	2,891,786
Total pension liability - ending (a)	$ 4,631,856	$ 3,937,862	$ 3,526,127	$ 3,166,069
Plan fiduciary net position				
Contributions - employer	$ 173,207	$ 168,902	$ 189,890	$ 187,392
Net investment income	491,420	325,721	28,135	277,971
Benefit payments, including refunds of member contributions	(140,718)	(126,016)	(87,044)	(75,427)
Administrative expenses	(19,834)	(10,567)	(11,753)	(9,403)
Net change in plan fiduciary net position	504,075	358,040	119,228	380,533
Plan fiduciary net position - beginning	3,257,679	2,899,639	2,780,411	2,399,878
Plan fiduciary net position - ending (b)	$ 3,761,754	$ 3,257,679	$ 2,899,639	$ 2,780,411
City's net pension liability - ending (a) - (b)	$ 870,102	$ 680,183	$ 626,488	$ 385,658
Plan fiduciary net position as a percentage of the total pension liability	81.21%	82.73%	82.23%	87.82%
Covered payroll	$ 3,727,954	$ 3,500,149	$ 2,934,029	$ 3,353,477
City's net pension liability as a percentage of covered payroll	23.34%	19.43%	21.35%	11.50%

Notes to the Schedule:

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

CITY OF POWDER SPRINGS, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2018	2017	2016	2015
Actuarially determined contribution	$ 197,541	$ 162,562	$ 171,015	$ 176,564
Contributions in relation to the actuarially determined contribution	197,541	162,562	171,015	176,564
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 3,500,149	$ 2,982,789	$ 3,406,673	$ 2,931,666
Contributions as a percentage of covered payroll	5.64%	5.45%	5.02%	6.02%

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

CITY OF POWDER SPRINGS, GEORGIA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 5,499,453	$ 5,564,010	$ 5,771,994	$ 207,984
Licenses and permits	575,000	915,548	1,013,010	97,462
Intergovernmental	249,000	270,922	421,713	150,791
Fines and forfeitures	548,144	548,144	590,550	42,406
Charges for services	1,171,000	1,173,640	1,204,362	30,722
Interest	12,000	22,000	46,776	24,776
Contributions and donations	10,000	10,000	5,000	(5,000)
Miscellaneous	42,750	42,750	73,817	31,067
Total revenues	8,107,347	8,547,014	9,127,222	580,208
Expenditures				
Current:				
General government:				
City Council	128,742	135,433	122,342	13,091
Mayor	56,113	57,913	53,894	4,019
City clerk	174,576	189,833	167,320	22,513
General administration fees	571,775	550,564	412,852	137,712
Elections	10,000	4,420	4,420	-
Financial administration	363,017	365,396	319,340	46,056
Data processing	230,500	256,582	259,205	(2,623)
Human resources	163,093	164,268	146,985	17,283
Buildings and plant	258,272	297,634	265,575	32,059
Total general government	1,956,088	2,022,043	1,751,933	270,110
Judicial	445,674	446,024	397,133	48,891
Public safety	2,877,712	3,018,440	2,800,958	217,482
Public works				
Highways and streets	336,810	549,895	514,513	35,382
Fleet maintenance	371,947	372,297	365,121	7,176
Street lighting	379,000	379,000	331,459	47,541
Traffic engineering	11,000	11,000	5,920	5,080
Total public works	1,098,757	1,312,192	1,217,013	95,179
Community development	225,195	388,599	333,691	54,908
Planning and zoning	286,070	333,370	294,944	38,426
Economic development	151,486	152,079	125,451	26,628
Culture and recreation	401,402	436,076	391,325	44,751
Total expenditures	7,442,384	8,108,823	7,312,448	796,375
Excess of revenues over expenditures	664,963	438,191	1,814,774	1,376,583
Other financing sources (uses)				
Sales of general capital assets	2,500	2,500	1,738	(762)
Transfers in	-	46,275	40,678	(5,597)
Transfers out	(720,163)	(927,469)	(869,364)	58,105
Total other financing sources (uses)	(717,663)	(878,694)	(826,948)	51,746
Net change in fund balances	(52,700)	(440,503)	987,826	1,428,329
Fund balance, beginning of year	5,381,696	5,381,696	5,381,696	-
Fund balance, end of year	$ 5,328,996	$ 4,941,193	$ 6,369,522	$ 1,428,329

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	$ 8,302,222	
Indirect Cost Revenues	825,000	
Revenues, Budgetary Basis		9,127,222
Expenditures GAAP Basis	6,487,448	
Indirect Cost Expenditures	825,000	
Expenditures, Budgetary Basis		7,312,448
Excess of revenues Over Expenditures, Budgetary Basis		$ 1,814,774

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

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

Debt Service Fund

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

CITY OF POWDER SPRINGS, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS	Special Revenue Fund Police Seizure Fund	Debt Service Fund Downtown Development Authority Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 26,951	$ -	$ 26,951
Land held for resale	-	990,368	990,368
Total assets	$ 26,951	$ 990,368	$ 1,017,319
FUND BALANCES			
FUND BALANCES			
Restricted:			
Law enforcement	26,951	-	26,951
Assigned:			
Capital projects	-	990,368	990,368
Total fund balances	26,951	990,368	1,017,319
Total fund balances	$ 26,951	$ 990,368	$ 1,017,319

CITY OF POWDER SPRINGS, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Police Seizure Fund	Downtown Development Authority Fund	
REVENUES			
Fines and forfeitures	$ 6,737	$ -	$ 6,737
Interest income	22	-	22
Total revenues	6,759	-	6,759
EXPENDITURES			
Debt service:			
Principal retirements	-	595,000	595,000
Interest	-	188,358	188,358
Total expenditures	-	783,358	783,358
Excess (deficiency) of revenues over expenditures	6,759	(783,358)	(776,599)
OTHER FINANCING SOURCES			
Transfers in	-	1,773,726	1,773,726
Total other financing sources	-	1,773,726	1,773,726
Net change in fund balances	6,759	990,368	997,127
FUND BALANCES, beginning of year	20,192	-	20,192
FUND BALANCES, end of year	$ 26,951	$ 990,368	$ 1,017,319

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines & forfeitures	$ -	$ -	$ 6,737	$ 6,737
Interest	-	-	22	22
Total revenues	-	-	6,759	6,759
Net change in fund balances	-	-	6,759	6,759
FUND BALANCE, beginning of year	20,192	20,192	20,192	-
FUND BALANCE, end of year	$ 20,192	$ 20,192	$ 26,951	$ 6,759

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES				
Debt service:				
Principal	$ 595,000	$ 595,000	$ 595,000	$ -
Interest	175,163	189,599	188,358	1,241
Total expenditures	770,163	784,599	783,358	1,241
Deficiency of revenues over expenditures	(770,163)	(784,599)	(783,358)	(1,241)
OTHER FINANCING SOURCES				
Transfers in	770,163	784,599	1,773,726	989,127
Total other financing sources	770,163	784,599	1,773,726	989,127
Net change in fund balances	-	-	990,368	990,368
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	$ -	$ -	$ 990,368	$ 990,368

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE YEAR ENDED JUNE 30, 2018

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
2012 SPLOST Program:					
General Street Improvements	$ 1,629,906	$ 1,616,346	$ 1,616,346	$ -	$ 1,616,346
Resurfacing	1,677,921	1,467,081	1,467,081	-	1,467,081
Bridge Improvements	2,593,000	2,200,167	2,200,167	-	2,200,167
Sidewalk Improvements	1,396,000	1,468,740	1,464,120	4,620	1,468,740
Facilities Improvements	1,630,000	2,649,013	2,649,013	-	2,649,013
Public Safety Improvements	251,771	193,162	193,162	-	193,162
Powder Springs Park	1,500,000	1,500,000	1,500,000	-	1,500,000
Total	$ 10,678,598	$ 11,094,509	$ 11,089,889	$ 4,620	$ 11,094,509
2016 SPLOST Program:					
General Street Improvements	$ 804,120	$ 749,474	$ 10,835	$ 3,718	$ 14,553
Resurfacing	6,000,000	4,991,546	335,025	346,799	681,824
Parks and Recreation Improvements	750,000	2,274,633	159,472	1,890,711	2,050,183
Streetscapes	1,327,600	622,554	143,410	3,300	146,710
Facilities Improvements	750,000	569,489	188,925	9,901	198,826
Public Safety Improvements	750,000	716,250	363,482	136,612	500,094
Intersection Improvements	3,850,000	4,902,738	49,238	181,871	231,109
Total	$ 14,231,720	$ 14,826,684	$ 1,250,387	$ 2,572,912	$ 3,823,299
			Total SPLOST Fund outlays	$ 2,577,532	

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 **68**

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 **74**

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

Debt Capacity **82**

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 **86**

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 **88**

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)

	2018	2017 - Restated	2016	2015	2014 (1)	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	$ 32,842,258	$ 30,752,959	$ 30,834,381	$ 28,730,880	$ 26,057,109	$ 23,297,545	$ 19,796,418	$ 19,063,683	$ 18,465,318	$ 17,988,722
Restricted	3,400,830	3,106,338	2,191,896	2,501,319	2,109,402	2,651,150	5,281,299	4,053,179	3,427,514	2,538,975
Unrestricted	7,741,430	7,193,630	5,930,220	5,247,724	4,850,088	4,497,623	3,340,628	2,640,321	2,697,837	2,745,527
Total governmental activities net position	$ 43,984,518	$ 41,052,927	$ 38,956,497	$ 36,479,923	$ 33,016,599	$ 30,446,318	$ 28,418,345	$ 25,757,183	$ 24,590,669	$ 23,273,224
Business-type activities										
Net investment in capital assets	$ 6,454,354	$ 5,722,445	$ 5,556,927	$ 5,264,412	$ 5,236,028	$ 5,529,606	$ 5,676,728	$ 6,100,821	$ 6,449,371	$ 6,461,913
Restricted	-	-	-	-	-	-	-	-	-	2,276,071
Unrestricted	8,314,028	7,676,687	7,371,928	6,668,373	5,734,790	4,831,985	3,644,991	3,337,765	3,296,448	1,134,459
Total business-type activities net position	$ 14,768,382	$ 13,399,132	$ 12,928,855	$ 11,932,785	$ 10,970,818	$ 10,361,591	$ 9,321,719	$ 9,438,586	$ 9,745,819	$ 9,872,443
Primary government										
Net investment in capital assets	$ 39,296,612	$ 36,475,404	$ 36,391,308	$ 33,995,292	$ 31,293,137	$ 28,827,151	$ 25,473,146	$ 25,164,504	$ 24,914,689	$ 24,450,635
Restricted	3,400,830	3,106,338	2,191,896	2,501,319	2,109,402	2,651,150	5,281,299	4,053,179	3,427,514	4,815,046
Unrestricted	16,055,458	14,870,317	13,302,148	11,916,097	10,584,878	9,329,608	6,985,619	5,978,086	5,994,285	3,879,986
Total primary government net position	$ 58,752,900	$ 54,452,059	$ 51,885,352	$ 48,412,708	$ 43,987,417	$ 40,807,909	$ 37,740,064	$ 35,195,769	$ 34,336,488	$ 33,145,667

(1) - 2014 balances were restated for the implementation of GASB Statements No. 68 and 71, which were effective July 1, 2014.
(2) - 2017 balances were restated for the implementation of GASB Statement No. 75, which was effective July 1, 2017.

CITY OF POWDER SPRINGS, GEORGIA

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	$ 1,289,401	$ 1,015,287	$ 1,241,193	$ 881,610	$ 900,533	$ 760,497	$ 1,113,494	$ 1,045,622	$ 1,420,608	$ 1,294,648
Judicial	483,164	352,753	241,622	154,306	151,596	428,709	-	-	-	-
Public safety	3,216,569	3,231,902	3,324,112	2,858,898	2,482,731	3,072,667	2,499,557	2,801,692	3,077,897	3,360,690
Public works	1,947,785	2,094,427	1,950,695	1,499,231	1,742,675	2,055,730	1,228,591	1,871,778	1,611,057	908,492
Community development	517,730	923,634	757,122	735,300	590,648	485,271	633,252	655,434	785,004	801,439
Planning and zoning	228,083	-	-	-	-	-	-	-	-	-
Economic development	125,451	-	-	-	-	-	-	-	-	-
Culture and recreation	754,486	551,055	411,631	290,317	408,830	258,969	79,266	218,853	505,801	569,561
Health and welfare	-	-	-	-	-	-	43,497	71,221	41,658	15,915
Interest on long-term debt	224,612	205,998	169,011	352,974	305,452	336,412	325,017	511,573	386,549	404,935
Total governmental activities expenses	8,787,281	8,375,056	8,095,386	6,772,636	6,582,465	7,398,255	5,922,674	7,176,173	7,828,574	7,355,680
Business-type activities:										
Water & Sewer	5,387,584	5,453,734	5,154,505	5,089,822	5,113,633	4,838,532	4,579,748	4,268,528	4,116,665	3,915,500
Solid waste	1,271,079	1,215,260	1,037,995	904,705	977,570	974,543	1,111,782	1,101,621	1,155,465	1,008,274
Stormwater	181,641	238,174	468,945	415,465	306,187	155,966	-	-	-	-
Total business-type activities expenses	6,840,304	6,907,168	6,661,445	6,409,992	6,397,390	5,969,041	5,691,530	5,370,149	5,272,130	4,923,774
Total primary government expenses	$ 15,627,585	$ 15,282,224	$ 14,756,831	$ 13,182,628	$ 12,979,855	$ 13,367,296	$ 11,614,204	$ 12,546,322	$ 13,100,704	$ 12,279,454
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 1,405,279	$ 1,142,915	$ 1,029,994	$ 906,669	$ 218,981	$ 236,510	$ 286,222	$ 332,228	$ 342,706	$ 389,740
Judicial	632,463	719,897	411,287	288,380	346,764	438,947	-	-	-	-
Public safety	143,251	140,997	104,588	76,391	109,080	84,753	383,850	585,064	733,208	644,592
Public works	-	-	-	-	336,007	345,445	341,509	316,589	300,523	289,420
Community development	-	-	-	-	46,559	44,705	125,018	142,654	133,811	114,743
Culture and recreation	294,169	269,535	82,599	162,300	62,312	-	29,024	16,942	20,050	18,300
Operating grants and contributions	397,891	420,132	313,340	454,788	331,244	452,090	11,163	45,363	-	-
Capital grants and contributions	3,048,093	3,022,374	3,279,674	3,128,731	2,817,525	2,700,194	2,576,001	2,133,255	2,211,708	2,146,575
Total governmental activities program revenues	5,921,146	5,715,850	5,221,482	5,017,259	4,268,472	4,302,644	3,752,787	3,572,095	3,742,006	3,603,370
Business-type activities:										
Charges for services:										
Water & Sewer	6,432,081	6,486,799	5,926,231	5,766,750	5,627,573	5,436,361	4,445,915	3,967,475	3,972,066	3,848,595
Solid waste	1,353,180	1,322,697	1,277,369	1,251,714	1,131,910	1,145,663	1,123,017	1,089,226	1,134,707	1,146,104
Stormwater	390,037	395,637	452,213	352,539	352,579	357,708	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	8,175,298	8,205,133	7,655,813	7,371,003	7,112,062	6,939,732	5,568,932	5,056,701	5,106,773	4,994,699
Total primary government program revenues	$ 14,096,444	$ 13,920,983	$ 12,877,295	$ 12,388,262	$ 11,380,534	$ 11,242,376	$ 9,321,719	$ 8,628,796	$ 8,848,779	$ 8,598,069

CITY OF POWDER SPRINGS, GEORGIA

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (expense)/revenue										
Governmental activities	$ (2,866,135)	$ (2,659,206)	$ (2,873,904)	$ (1,755,377)	$ (2,313,993)	$ (3,095,611)	$ (2,169,887)	$ (3,604,078)	$ (4,086,568)	$ (3,752,310)
Business-type activities	1,334,994	1,297,965	994,368	961,011	714,672	970,691	(122,598)	(313,448)	(165,357)	70,925
Total primary government net (expense) revenue	$ (1,531,141)	$ (1,361,241)	$ (1,879,536)	$ (794,366)	$ (1,599,321)	$ (2,124,920)	$ (2,292,485)	$ (3,917,526)	$ (4,251,925)	$ (3,681,385)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ 3,679,765	$ 3,497,167	$ 3,311,349	$ 3,200,350	$ 3,093,482	$ 2,803,697	$ 3,006,646	$ 2,982,111	$ 3,457,004	$ 3,416,920
Insurance premium taxes	926,333	870,066	803,212	751,797	719,081	694,492	653,845	671,875	691,986	698,539
Excise taxes	228,815	235,393	241,608	249,618	238,301	244,182	301,161	241,680	249,451	278,121
Franchise taxes	700,293	693,494	721,082	729,939	675,157	760,074	722,554	739,619	705,119	700,127
Other taxes	132,112	109,088	174,617	78,788	355,407	344,639 (1)	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	-	15,493	-	28,830	151,866
Operating Grants	-	-	-	-	-	-	128,522	131,817	143,736	144,575
Unrestricted Investment Earnings	46,813	19,814	9,548	5,588	4,648	7,158	2,828	3,490	51,494	140,429
Settlement Proceeds	-	-	-	-	-	-	-	-	-	-
Miscellaneous	78,866	104,489	89,062	202,621	25,893	24,820	-	-	-	-
Transfers	4,729	1,000,000	-	-	-	798	-	-	-	-
Total governmental activities	5,797,726	6,529,511	5,350,478	5,218,701	5,111,969	4,879,860	4,831,049	4,770,592	5,327,620	5,530,577
Business-type activities:										
Unrestricted Investment earnings	8,462	3,576	1,702	956	802	5,718	2,731	6,215	17,999	71,725
Gain on sale of capital assets	30,523	-	-	-	-	6,101	-	-	20,734	-
Miscellaneous	-	5,700	-	-	-	-	-	-	-	-
Transfers	(4,729)	(1,000,000)	-	-	-	(798)	-	-	-	-
Total business-type activities	34,256	(990,724)	1,702	956	802	11,021	2,731	6,215	38,733	71,725
Total primary government	$ 5,831,982	$ 5,538,787	$ 5,352,180	$ 5,219,657	$ 5,112,771	$ 4,890,881	$ 4,833,780	$ 4,776,807	$ 5,366,353	$ 5,602,302
Change in Net Position										
Governmental activities	$ 2,931,591	$ 3,870,305	$ 2,476,574	$ 3,463,324	$ 2,797,976	$ 1,784,249	$ 2,661,162	$ 1,166,514	$ 1,241,052	$ 1,778,267
Business-type activities	1,369,250	307,241	996,070	961,967	715,474	981,712	(119,867)	(307,233)	(126,624)	142,650
Total primary government	$ 4,300,841	$ 4,177,546	$ 3,472,644	$ 4,425,291	$ 3,513,450	$ 2,765,961	$ 2,541,295	$ 859,281	$ 1,114,428	$ 1,920,917

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

CITY OF POWDER SPRINGS, GEORGIA

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

Fiscal Year	Property Tax	Ad Valorem	Insurance Premium	Alcoholic Beverage	Intangible	Franchise	Total
2009	$ 3,053,036	$ 266,585	$ 698,539	$ 278,121	$ 27,656	$ 700,127	$ 5,024,064
2010	3,257,226	238,734	691,986	249,451	20,547	705,119	5,163,063
2011	2,869,474	289,745	671,875	241,680	15,263	739,619	4,827,656
2012	2,659,592	314,751	653,845	259,376	23,048	722,554	4,633,166
2013	2,581,510	260,683	694,492	244,182	25,139	760,074	4,566,080
2014	2,937,673	202,159	719,081	238,301	25,316	675,156	4,797,686
2015	3,102,941	144,857	751,797	249,618	31,340	729,939	5,010,492
2016	3,253,714	107,784	803,212	241,608	124,468	721,082	5,251,868
2017	3,451,159	76,301	870,066	235,393	78,795	693,494	5,405,208
2018	3,679,765	51,319	926,333	228,815	80,793	700,293	5,667,318
Percentage change over 10 years	20.5%	-80.7%	32.6%	-17.7%	192.1%	0.0%	12.8%

CITY OF POWDER SPRINGS, GEORGIA

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

	2018	2017	2016	2015	2014	2013	2012	2011 (1)	2010	2009
General Fund										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 403,884	$ 4,138,067
Unreserved	-	-	-	-	-	-	-	-	2,193,849	1,565,505
Nonspendable	280,524	282,927	261,093	249,482	250,533	212,744	174,395	317,155	-	-
Restricted	1,348	1,330	1,323	190,052	-	-	170,727	149,431	-	-
Assigned	133,799	-	818,583	700,365	497,932	254,500	5,115	5,317	-	-
Unassigned	5,953,851	5,097,439	3,634,638	3,851,796	4,513,986	4,136,152	3,448,575	2,718,530	-	-
Total General Fund	$ 6,369,522	$ 5,381,696	$ 4,715,637	$ 4,991,695	$ 5,262,451	$ 4,603,396	$ 3,798,812	$ 3,190,433	$ 2,597,733	$ 5,703,572
All other governmental funds										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,251,628	$ -
Unreserved, reported in:										
SPLOST Fund	-	-	-	-	-	-	-	-	1,423,120	2,447,077
Capital projects funds	-	-	-	-	-	-	-	-	3,162,798	477,959
Nonspendable	173,942	102,655	1,128,692	1,169,848	882,428	562,500	-	-	-	-
Assigned	2,646,811	2,582,509	1,125,497	395,254	-	-	-	-	-	-
Restricted	7,321,255	3,105,008	2,190,573	2,311,267	1,936,470	2,651,150	5,465,544	4,399,248	-	-
Total all other governmental funds	$ 10,142,008	$ 5,790,172	$ 4,444,762	$ 3,876,369	$ 2,818,898	$ 3,213,650	$ 5,465,544	$ 4,399,248	$ 5,837,546	$ 2,925,036

(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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	$ 5,771,994	$ 5,431,213	$ 5,239,485	$ 5,001,233	$ 5,116,613	$ 4,828,780	$ 4,633,166	$ 4,827,656	$ 5,163,063	$ 5,024,064
Licenses and permits	1,013,010	760,908	655,629	546,563	176,870	168,420	426,421	423,361	370,705	406,026
Intergovernmental	3,469,806	3,408,684	3,583,014	3,583,519	3,341,900	2,937,235	2,701,083	2,357,274	2,294,309	2,305,178
Fines and forfeitures	597,287	725,856	443,825	299,037	375,698	444,098	371,840	567,361	648,872	522,914
Charges for services	822,952	790,289	500,927	597,374	433,822	402,314	337,106	307,382	300,523	289,420
Interest income	46,813	19,814	9,548	5,588	5,006	10,100	7,283	12,769	51,494	140,429
Miscellaneous	78,866	124,489	89,062	50,233	165,794	163,144	90,437	89,664	215,709	234,553
Total revenues	11,800,728	11,261,253	10,521,490	10,083,547	9,615,703	8,954,091	8,567,336	8,585,467	9,044,675	8,922,584
Expenditures										
General government	993,843	909,670	883,035	803,433	702,491	582,917	758,824	809,992	974,018	1,153,712
Judicial	397,133	309,790	192,925	145,070	147,080	435,750	-	-	-	-
Public safety	2,884,070	3,258,480	3,314,595	2,930,581	2,426,416	2,907,462	2,469,425	2,526,163	2,947,027	3,054,098
Public works	1,763,655	2,423,869	2,632,913	2,137,294	3,014,287	2,314,446	580,883	892,172	929,855	1,060,445
Community development	511,885	903,150	725,680	719,860	567,966	595,807	620,910	640,822	692,356	788,566
Planning and zoning	294,944	-	-	-	-	-	-	-	-	-
Economic development	125,451	-	-	-	-	-	-	-	-	-
Culture and recreation	391,325	218,999	153,103	134,372	246,712	159,354	79,266	90,956	86,028	93,237
Health and welfare	-	-	-	-	-	-	43,497	55,095	21,319	15,110
Capital outlay	2,468,369	1,400,596	1,798,729	1,811,370	1,463,530	2,942,810	1,530,733	3,518,574	2,723,606	821,941
Debt service										
Principal retirements	646,141	630,387	584,914	515,000	475,000	455,000	476,553	530,802	582,469	595,459
Interest and fiscal charges and cost of issuance	190,717	194,843	218,174	328,086	313,332	343,872	348,063	366,489	386,549	404,935
Total expenditures	10,667,533	10,249,784	10,504,068	9,525,066	9,356,814	########	6,908,154	9,431,065	9,343,227	7,987,503
Excess (deficiency) of revenues over expenditures	1,133,195	1,011,469	17,422	558,481	258,889	(1,783,327)	1,659,182	(845,598)	(298,552)	935,081
Other financing sources (uses)										
Issuance of long-term debt	4,200,000	-	257,664	3,335,000	-	-	-	-	-	61,420
Proceeds from sale of capital assets	1,738	-	17,249	152,388	5,414	146,898	15,493	-	28,830	151,866
Settlement Proceeds	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	(3,259,154)	-	-	-	-	-	-
Transfers in	2,037,261	2,390,496	1,509,412	1,767,220	1,227,302	1,041,151	-	-	4,227,694	930,662
Transfers out	(2,032,532)	(1,390,496)	(1,509,412)	(1,767,220)	(1,227,302)	(1,040,353)	-	-	(4,227,694)	(930,662)
Total other financing sources (uses)	4,206,467	1,000,000	274,913	228,234	5,414	147,696	15,493	-	28,830	213,286
Net change in fund balances	$ 5,339,662	$ 2,011,469	$ 292,335	$ 786,715	$ 264,303	$ (1,635,631)	$ 1,674,675	$ (845,598)	$ (269,722)	$ 1,148,367
Debt service as a percentage of noncapital expenditures	12.1%	11.6%	11.7%	14.4%	20.0%	12.1%	15.3%	15.2%	14.6%	14.0%

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
2009	$ 320,621,864	$ 105,067,948	$ 7,984,989	$ 38,452,367	$ 1,667,042	$ 470,460,126	8.500	$ 1,176,150,315	40.00%
2010	315,044,514	103,267,839	7,587,030	40,176,132	3,542,181	462,533,334	8.500	1,156,333,335	40.00%
2011	251,879,253	99,113,782	7,319,072	34,141,569	3,024,103	389,429,573	8.500	973,573,933	40.00%
2012	228,758,892	91,789,641	7,153,550	33,963,415	3,044,034	358,621,464	8.500	896,553,660	40.00%
2013	193,035,041	97,654,149	6,579,762	33,982,178	6,764,956	324,486,174	8.500	811,215,435	40.00%
2014	185,387,966	100,020,754	6,339,141	36,385,060	12,540,943	315,591,978	8.500	788,979,945	40.00%
2015	205,395,323	100,319,231	6,236,947	33,113,218	23,397,864	321,666,855	8.500	804,167,138	40.00%
2016	236,181,400	95,825,169	5,698,954	25,796,959	17,595,379	345,907,103	8.500	864,767,758	40.00%
2017	264,306,391	97,012,606	5,288,598	21,183,422	16,256,543	371,534,474	8.500	928,836,185	40.00%
2018	305,999,834	100,550,692	5,668,619	16,655,698	30,249,724	398,625,119	8.500	996,562,798	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	
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	0.20	38.510
2015	8.500	10.710	18.900	0.10	38.210
2016	8.500	9.850	18.900	-	37.250
2017	8.500	9.850	18.900	-	37.250
2018	8.500	9.850	18.900	-	37.250

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)

	2018			2009		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Powder Springs Macland Retail LLC	$ 4,121,196	1	1.034 %	$ -		- %
Kroger Company	3,878,314	2	0.973	3,531,699	3	0.751
HD Development of Maryland Inc.	3,202,280	3	0.803	-		-
Powder Springs Abbington Trail LP	2,815,120	4	0.706	-		-
Foster W M	2,254,456	5	0.566	2,978,316	4	0.633
Hussman Services Corporation	2,159,637	6	0.542	-		-
Weingarten Realty Investors	1,995,480	7	0.501	2,788,640	5	0.593
MM&A LLC	1,876,200	8	0.471	-		-
Home Depot #6940	1,682,583	9	0.422	6,574,058	1	1.397
US Business Park LLC	1,539,220	10	0.386	-		-
Sembler Family Partnership	-		-	5,433,280	2	1.155
McNeel Builders, Inc.	-		-	2,777,752	6	0.590
3380 Florence Road LLC	-		-	2,704,800	7	0.575
Priske Jones	-		-	1,600,800	8	0.340
Standex Air Distribution Products	-		-	1,558,600	9	0.331
SEA 101 LLC	-		-	1,474,920	10	0.314
Total Principal Taxpayers	25,524,486		6.404	31,422,865		6.679
All Other Taxpayers	373,100,633		93.596	439,037,261		93.32
	$ 398,625,119		100.000 %	$ 470,460,126		100.000 %

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
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	110,943	2,516,003	96.19
2013	2,333,938	2,286,170	97.95	34,444	2,320,614	99.43
2014	2,335,738	2,257,954	96.67	77,784	2,335,738	100.00
2015	2,466,123	2,379,309	96.48	84,169	2,463,478	99.89
2016	2,882,928	2,682,434	93.05	111,905	2,794,339	96.93
2017	2,971,544	2,931,952	98.67	39,592	2,971,544	100.00
2018	3,221,549	3,146,370	97.67	-	3,146,370	97.67

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
2009	8.20	2,001-6,000	4.10	12.86	2,001-6,000	4.16
	8.20	6,001-15,000	5.13	12.86	6,001-15,000	5.20
	8.20	>15,001	6.15	12.86	>15,001	6.26
2010	8.62	2,001-6,000	4.31	13.28	2,001-6,000	4.37
	8.62	6,001-15,000	5.34	13.28	6,001-15,000	5.41
	8.62	>15,001	6.36	13.28	>15,001	6.47
2011	9.30	2,001-6,000	4.65	13.58	2,001-6,000	4.70
	9.30	6,001-15,000	5.76	13.58	6,001-15,000	5.83
	9.30	>15,001	6.86	13.58	>15,001	6.96
2012	7.16	0-2,000	4.50	7.16	0-2,000	4.50
	7.16	2,001-5,000	4.75	7.16	2,001-5,000	4.75
	7.16	5,001-10,000	5.00	7.16	5,001-10,000	5.00
	7.16	10,001-20,000	5.25	7.16	10,001-20,000	5.25
	7.16	20,001-50,000	5.50	7.16	20,001-50,000	5.50
	7.16	>50,001	5.75	7.16	>50,001	5.75
2013	7.16	0-2,000	4.77	7.16	0-2,000	4.77
	7.16	2,001-5,000	5.04	7.16	2,001-5,000	5.04
	7.16	5,001-10,000	5.30	7.16	5,001-10,000	5.30
	7.16	10,001-20,000	5.57	7.16	10,001-20,000	5.57
	7.16	20,001-50,000	5.83	7.16	20,001-50,000	5.83
	7.16	>50,001	6.10	7.16	>50,001	6.10
2014	7.16	0-2,000	4.96	7.16	0-2,000	4.96
	7.16	2,001-5,000	5.24	7.16	2,001-5,000	5.24
	7.16	5,001-10,000	5.51	7.16	5,001-10,000	5.51
	7.16	10,001-20,000	5.79	7.16	10,001-20,000	5.79
	7.16	20,001-50,000	6.06	7.16	20,001-50,000	6.06
	7.16	>50,001	6.34	7.16	>50,001	6.34
2015	7.16	0>2000	5.16	7.16	0>2000	5.16
	7.16	2001>5000	5.45	7.16	2001>5000	5.45
	7.16	5001>10000	5.73	7.16	5001>10000	5.73
	7.16	10001>20000	6.02	7.16	10001>20000	6.02
	7.16	20001>50000	6.30	7.16	20001>50000	6.30
	7.16	>50000	6.59	7.16	>50000	6.59
2016	7.16	0>2000	5.37	7.16	0>2000	5.37
	7.16	2001>5000	5.67	7.16	2001>5000	5.67
	7.16	5001>10000	5.96	7.16	5001>10000	5.96
	7.16	10001>20000	6.26	7.16	10001>20000	6.26
	7.16	20001>50000	6.55	7.16	20001>50000	6.55
	7.16	>50000	6.85	7.16	>50000	6.85
2017	7.16	0>2000	5.37	7.16	0>2000	5.37
	7.16	2001>5000	5.67	7.16	2001>5000	5.67
	7.16	5001>10000	5.96	7.16	5001>10000	5.96
	7.16	10001>20000	6.26	7.16	10001>20000	6.26
	7.16	20001>50000	6.55	7.16	20001>50000	6.55
	7.16	>50000	6.85	7.16	>50000	6.85
2018	7.16	0>2000	5.48	7.16	0>2000	5.48
	7.16	2001>5000	5.67	7.16	2001>5000	5.67
	7.16	5001>10000	5.96	7.16	5001>10000	5.96
	7.16	10001>20000	6.26	7.16	10001>20000	6.26
	7.16	20001>50000	6.55	7.16	20001>50000	6.55
	7.16	>50000	6.85	7.16	>50000	6.85

(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
2009	10.84		5.42	11.70		5.85
2010	11.14		5.57	12.00		6.00
2011	11.58		5.79	12.34		6.17
2012	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2013	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2014	7.44	0-2,000	6.53	7.44	0-2,000	6.53
	7.44	2,001-5,000	6.89	7.44	2,001-5,000	6.89
	7.44	>5,001	7.25	7.44	>5,001	7.25
2015	7.44	0>2000	6.53	7.44	0>2000	6.53
	7.44	2001>5000	6.89	7.44	2001>5000	6.89
	7.44	>5001	7.25	7.44	>5001	7.25
2016	7.44	0>2000	6.53	7.44	0>2000	6.53
	7.44	2001>5000	6.89	7.44	2001>5000	6.89
	7.44	>5001	7.25	7.44	>5001	7.25
2017	7.44	0>2000	6.53	7.44	0>2000	6.53
	7.44	2001>5000	6.89	7.44	2001>5000	6.89
	7.44	>5001	7.25	7.44	>5001	7.25
2018	7.44	0>2000	6.53	7.44	0>2000	6.53
	7.44	2001>5000	6.89	7.44	2001>5000	6.89
	7.44	>5001	7.25	7.44	>5001	7.25

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

Source: City utility billing office.

CITY OF POWDER SPRINGS, GEORGIA

WATER CONSUMED
LAST TEN FISCAL YEARS

			Total Direct Rate							
			Inside City Limits				Outside City Limits			
			(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Fiscal	Gallons of Water	Graduated Rate *	Water		Sewer		Water		Sewer	
Year	Consumed	Gallons	Base Rate	Usage Rate	Base Rate	Usage Rate	Base Rate	Usage Rate	Base Rate	Usage Rate
2009	364,975,200	<2,000	8.20		10.84		12.86		11.70	
		2,001-6,000	8.20	4.10	10.84	5.42	12.86	4.16	11.70	5.85
		6,001-15,000	8.20	5.13	10.84	5.42	12.86	5.20	11.70	5.85
		>15,001	8.20	6.15	10.84	5.42	12.86	6.26	11.70	5.85
2010	17,182,150	<2,000	8.62		11.14		13.28		12.00	
	162,721,496	2,001-6,000	8.62	4.31	11.14	5.57	13.28	4.37	12.00	6.00
	132,938,112	6,001-15,000	8.62	5.34	11.14	5.57	13.28	5.41	12.00	6.00
	62,584,100	>15,001	8.62	6.36	11.14	5.57	13.28	6.47	12.00	6.00
2011	6,151,512	<2,000	9.30		11.58		13.58		12.34	
	94,536,626	2,001-6,000	9.30	4.65	11.58	5.79	13.58	4.70	12.34	6.17
	61,254,344	6,001-15,000	9.30	5.76	11.58	5.79	13.58	5.83	12.34	6.17
	235,189,514	>15,001	9.30	6.36	11.58	5.79	13.58	6.96	12.34	6.17
2012	111,272	<2,000	9.30		11.58		13.58		12.34	
Jul - Mar	746,490	2,001-6,000	9.30	4.65	11.58	5.79	13.58	4.70	12.34	6.17
	6,384,801	6,001-15,000	9.30	5.76	11.58	5.79	13.58	5.83	12.34	6.17
	263,032,184	>15,000	9.30	6.86	11.58	5.79	13.58	6.96	12.34	6.17
2012	205,597	<2,000	7.16	4.50	7.44	6.53	7.16	4.50	7.44	6.53
Apr - Jun	2,000,605	2,001-5,000	7.16	4.75	7.44	6.89	7.16	4.75	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.00	7.44	7.25	7.16	5.00	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.25	7.44	7.25	7.16	5.25	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.50	7.44	7.25	7.16	5.50	7.44	7.25
	14,563,753	>50,001	7.16	5.75	7.44	7.25	7.16	5.75	7.44	7.25
2013	205,597	0-2,000	7.16	4.50	7.44	6.53	7.16	4.50	7.44	6.53
July-Dec	2,000,605	2,001-5,000	7.16	4.75	7.44	6.89	7.16	4.75	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.00	7.44	7.25	7.16	5.00	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.25	7.44	7.25	7.16	5.25	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.50	7.44	7.25	7.16	5.50	7.44	7.25
	14,563,753	>50,001	7.16	5.75	7.44	7.25	7.16	5.75	7.44	7.25
2013	205,597	0-2,000	7.16	4.77	7.44	6.53	7.16	4.77	7.44	6.53
Jan-June	2,000,605	2,001-5,000	7.16	5.04	7.44	6.89	7.16	5.04	7.44	6.89
	11,722,854	5,001-10,000	7.16	5.30	7.44	7.25	7.16	5.30	7.44	7.25
	37,295,362	10,001-20,000	7.16	5.57	7.44	7.25	7.16	5.57	7.44	7.25
	27,959,728	20,001-50,000	7.16	5.83	7.44	7.25	7.16	5.83	7.44	7.25
	14,563,753	>50,001	7.16	6.10	7.44	7.25	7.16	6.10	7.44	7.25
2014	12,359,769	0-2,000	7.16	4.77	7.44	6.53	7.16	4.77	7.44	6.53
July-Dec	10,507,471	2,001-5,000	7.16	5.04	7.44	6.89	7.16	5.04	7.44	6.89
	10,305,859	5,001-10,000	7.16	5.30	7.44	7.25	7.16	5.30	7.44	7.25
	19,083,779	10,001-20,000	7.16	5.57	7.44	7.25	7.16	5.57	7.44	7.25
	59,018,435	20,001-50,000	7.16	5.83	7.44	7.25	7.16	5.83	7.44	7.25
	61,739,867	>50,001	7.16	6.10	7.44	7.25	7.16	6.10	7.44	7.25
2014	12,573,910	0-2,000	7.16	4.96	7.44	6.53	7.16	4.96	7.44	6.53
Jan-June	10,867,240	2,001-5,000	7.16	5.24	7.44	6.89	7.16	5.24	7.44	6.89
	10,110,046	5,001-10,000	7.16	5.51	7.44	7.25	7.16	5.51	7.44	7.25
	16,249,292	10,001-20,000	7.16	5.79	7.44	7.25	7.16	5.79	7.44	7.25
	46,580,445	20,001-50,000	7.16	6.06	7.44	7.25	7.16	6.06	7.44	7.25
	50,912,049	>50,001	7.16	6.34	7.44	7.25	7.16	6.34	7.44	7.25
2014	4,777,202	0-2,000	7.16	4.96	7.44	6.53	7.16	4.96	7.44	6.53
July-Dec	7,373,112	2001-5000	7.16	5.24	7.44	6.89	7.16	5.24	7.44	6.89
	22,534,424	5001-10000	7.16	5.51	7.44	7.25	7.16	5.51	7.44	7.25
	14,974,472	10001-20000	7.16	5.79	7.44	7.25	7.16	5.79	7.44	7.25
	55,311,882	20001-50000	7.16	6.06	7.44	7.25	7.16	6.06	7.44	7.25
	66,821,261	>50000	7.16	6.34	7.44	7.25	7.16	6.34	7.44	7.25
2015	11,952,646	0-2,000	7.16	5.16	7.44	6.53	7.16	5.16	7.44	6.53
Jan-June	7,767,259	2001-5000	7.16	5.45	7.44	6.89	7.16	5.45	7.44	6.89
	10,623,670	5001-10000	7.16	5.73	7.44	7.25	7.16	5.73	7.44	7.25
	16,522,625	10001-20000	7.16	6.02	7.44	7.25	7.16	6.02	7.44	7.25
	46,952,628	20001-50000	7.16	6.30	7.44	7.25	7.16	6.30	7.44	7.25
	50,766,804	>50000	7.16	6.59	7.44	7.25	7.16	6.59	7.44	7.25
2015	68,333,988	0-2,000	7.16	5.37	7.44	6.53	7.16	5.37	7.44	6.53
July-Dec	63,260,254	2001-5000	7.16	5.67	7.44	6.89	7.16	5.67	7.44	6.89
	27,310,712	5001-10000	7.16	5.96	7.44	7.25	7.16	5.96	7.44	7.25
	10,665,635	10001-20000	7.16	6.26	7.44	7.25	7.16	6.26	7.44	7.25
	8,495,213	20001-50000	7.16	6.55	7.44	7.25	7.16	6.55	7.44	7.25
	32,680,470	>50000	7.16	6.85	7.44	7.25	7.16	6.85	7.44	7.25
2016	69,575,508	0-2,000	7.16	5.37	7.44	6.53	7.16	5.37	7.44	6.53
Jan-June	62,866,525	2001-5000	7.16	5.67	7.44	6.89	7.16	5.67	7.44	6.89
	26,000,484	5001-10000	7.16	5.96	7.44	7.25	7.16	5.96	7.44	7.25
	8,653,735	10001-20000	7.16	6.26	7.44	7.25	7.16	6.26	7.44	7.25
	7,075,860	20001-50000	7.16	6.55	7.44	7.25	7.16	6.55	7.44	7.25
	16,959,607	>50000	7.16	6.85	7.44	7.25	7.16	6.85	7.44	7.25
2017	134,280,290	0-2,000	7.16	5.37	7.44	6.53	7.16	5.37	7.44	6.53
	123,955,265	2001-5000	7.16	5.67	7.44	6.89	7.16	5.67	7.44	6.89
	52,671,459	5001-10000	7.16	5.96	7.44	7.25	7.16	5.96	7.44	7.25
	19,979,217	10001-20000	7.16	6.26	7.44	7.25	7.16	6.26	7.44	7.25
	16,842,851	20001-50000	7.16	6.55	7.44	7.25	7.16	6.55	7.44	7.25
	28,531,512	>50000	7.16	6.85	7.44	7.25	7.16	6.85	7.44	7.25
2018	67,358,276	0-2,000	7.16	5.37	7.44	6.53	7.16	5.37	7.44	6.53
July-Dec	62,204,462	2001-5000	7.16	5.67	7.44	6.89	7.16	5.67	7.44	6.89
	26,429,817	5001-10000	7.16	5.96	7.44	7.25	7.16	5.96	7.44	7.25
	10,024,452	10001-20000	7.16	6.26	7.44	7.25	7.16	6.26	7.44	7.25
	8,457,541	20001-50000	7.16	6.55	7.44	7.25	7.16	6.55	7.44	7.25
	14,309,858	>50000	7.16	6.85	7.44	7.25	7.16	6.85	7.44	7.25
2018	67,137,973	0-2,000	7.16	5.48	7.44	6.53	7.16	5.48	7.44	6.53
Jan- June	62,001,015	2001-5000	7.16	5.67	7.44	6.89	7.16	5.67	7.44	6.89
	26,343,375	5001-10000	7.16	5.96	7.44	7.25	7.16	5.96	7.44	7.25

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		
2009	322.2	88.3%	42.7	11.7%	364.9	-8.18%
2010	328.8	87.6%	46.6	12.4%	375.4	2.88%
2011	342.1	86.2%	54.9	13.8%	397.0	5.75%
2012	316.5	87.1%	47.0	12.9%	363.5	-8.44%
2013	302.1	86.1%	48.8	13.9%	350.9	-3.47%
2014	320.1	86.6%	49.5	13.4%	369.6	5.33%
2015	316.4	84.1%	59.8	15.9%	376.2	1.79%
2016	338.6	84.8%	60.8	15.2%	399.4	6.17%
2017	379.9	92.1%	32.7	7.9%	412.6	3.30%
2018	321.8	85.4%	55.1	14.6%	376.9	-8.65%

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)	Capital Leases	Intergovern-mental Contracts	Revenue Bonds	Capital Leases	Intergovern-mental Contracts	Loans Payable			
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
2015	6,850,000	-	-	-	-	55,251	637,772	7,543,023	2.08	541.1
2016	6,290,000	232,750	-	-	-	-	574,328	7,097,078	1.96	509.1
2017	5,710,000	182,363	-	-	-	-	508,266	6,400,629	1.77	459.2
2018	9,315,000	131,222	-	-	-	-	439,568	9,885,790	2.73	709.2

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, 2018

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)	$ 21,090,000	1.37%	$ 288,933
Other debt			
Cobb County Parking Debt Certificates	7,965,000	1.37%	109,121
Cobb County Revenue Anticipation Certificates	5,565,000	1.37%	76,241
Subtotal overlapping debt	34,620,000		474,294
City debt			9,446,222
Total direct and overlapping debt			$ 9,920,516

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed value	$ 470,460,126	$462,533,334	$389,429,573	$358,621,464	$324,486,174	$315,591,978	$321,666,855	$345,907,103	$371,534,474	$398,625,119
Legal Debt Margin										
Debt Limit (10% of assessed value)	47,046,013	46,253,333	38,942,957	35,862,146	32,448,617	31,559,198	32,166,686	34,590,710	37,153,447	39,862,512
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 47,046,013	$ 46,253,333	$ 38,942,957	$ 35,862,146	$ 32,448,617	$ 31,559,198	$ 32,166,686	$ 34,590,710	$ 37,153,447	$ 39,862,512
As a percentage of debt limit	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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

CITY OF POWDER SPRINGS, GEORGIA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

	Water Revenue Bonds					
Fiscal Year	1 Utility Service Charges	2 Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2009	$ 3,910,804	$ 3,212,562	$ 698,242	$ 330,000	9,404	206%
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-

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, 2018

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 Department of Labor

N/A - information is not readily available

CITY OF POWDER SPRINGS, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

	2018			2009		
Employer	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
Hussman Services Corp	250	1	6.5 %			- %
PS Transitional Care & Rehab (2)	220	2	5.8			-
Kroger	145	3	3.8	106	3	3.1
The Home Depot	125	4	3.3	100	5	2.9
Powder Springs Elementary	103	5	2.7	106	4	3.1
Compton Elementary	98	6	2.6	81	9	2.4
Mid South Floor Systems Inc	90	7	2.4			-
Publix Supermarkets	89	8	2.3	85	8	2.5
City of Powder Springs	88	9	2.3	112	2	3.3
Tapp Middle School	86	10	2.3	95	7	2.8
Brian Center Nursing Care				235	1	6.9
Star Acquisitions				96	6	2.8
Caldwell Insulation				80	10	2.4
Top ten total	1,294		33.9 %	1,096		32.3 %
Other employers	2,524		66.1 %	2,300		67.7 %
Total employees (3)	3,818		100.0 %	3,396		100.0 %

Source: City Department of Economic Development

Notes: 1 - Full-time equivalent employees
2 - Formally known as Brian Center Nursing Care
3 - Estimated
4 - Other employees are those holding OTC/license, less private employers shown above.

CITY OF POWDER SPRINGS, GEORGIA

FULL TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function / Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	-	-	-	-	-	-	-	-	-	-
Administration	7.5	7.5	8.0	6.3	7.3	8.3	8.3	8.0	8.5	8.0
Information technology	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Purchasing	1.0	1.0	1.0	-	-	-	-	-	-	-
Municipal court	3.0	3.0	2.0	2.0	1.0	1.0	1.0	2.0	2.0	2.0
Total general administration	18.5	18.5	18.0	15.3	14.3	15.3	15.3	16.0	16.5	16.0
Health and welfare										
Senior center	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0
Culture and recreation										
Parks and recreation	-	-	-	-	-	-	-	-	-	1.0
Museum	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0
Total culture and recreation	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.0
Housing and development										
Building inspections	1.0	0.5	0.5	0.5	-	-	-	-	-	-
Community development	6.0	5.0	5.0	5.0	4.0	4.0	3.0	4.0	5.0	5.0
Economic development	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Code enforcement	2.0	2.0	2.0	2.0	-	-	-	-	2.0	2.0
Total housing and development	9.0	7.5	7.5	7.5	4.0	5.0	4.0	5.0	8.0	8.0
Public safety										
Police	39.5	41.5	36.0	33.0	29.0	31.0	30.0	32.0	34.0	33.5
Public works										
Buildings and maintenance	-	-	-	-	-	-	-	-	-	2.0
Fleet maintenance	-	-	-	-	-	-	-	-	-	2.0
Streets	5.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	1.0
Total public works	5.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0
Water & sewer										
Water	11.0	11.0	11.0	11.8	11.7	11.7	11.7	13.0	13.0	12.0
Sewer	4.0	5.0	5.0	5.0	6.0	6.0	6.0	5.0	5.0	5.0
Total water & sewer	15.0	16.0	16.0	16.8	17.7	17.7	17.7	18.0	18.0	17.0
Sanitation	14.0	11.0	11.0	9.0	9.0	7.0	8.0	8.0	10.0	9.0
Stormwater	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Total	96.5	95.0	89.0	82.1	74.5	77.5	76.5	80.5	88.0	92.5

Source: City Finance Office

CITY OF POWDER SPRINGS, GEORGIA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Building permits issued	249	517	251	309	315	294	372	396	403	498
Police										
Physical arrests	495	437	317	372	411	384	423	756	832	492
Citations issued	8,313	7,563	5,878	4,325	4,626	3,088	3,432	5,927	5,858	5,342
Refuse collection										
Refuse collected (tons per day)	42.00	42.00	28.00	24.61	24.06	23.86	23.95	24.81	25.58	27.78
Water										
Average daily consumption	999,932	900,780	1,088,033	1,083,254	1,071,012	1,112,069	1,030,657	924,810	1,030,851	1,032,743

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	17	17	21	28	43	43
Refuse collection										
Collection trucks	4	4	4	4	3	3	3	3	4	4
Other public works										
Streets (miles)	61	62	85	85	87	87	87	87	88	88
Streetlights	2,000	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,144	2,144
Water										
Water mains (miles)	70	70	70	70	70	70	70	153	153	153
Wastewater										
Sanitary sewers (miles)	70	70	70	70	70	70	70	82	82	82

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, 2018, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 12, 2019. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of July 1, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2018-001, that we consider to be a material weakness.

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*.

City of Powder Springs' Response to Finding

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

Purpose of this Report

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



Atlanta, Georgia
February 12, 2019

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	X yes ___ no
Significant deficiencies identified?	_____ yes X 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, 2018 due to the total amount expended being less than $750,000.

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018-001 Capital Asset Reporting

Criteria: Internal controls should be in place to ensure that amounts reported as capital asset balances are appropriate and properly reported in accordance with generally accepted accounting principles.

Condition: Prior internal controls were not sufficient to detect misstatements in the City's governmental activities reporting capital asset and related balances.

Context/Cause: During the current year reporting of the capital assets, management identified the need for a restatement of the opening net position for the year ended June 30, 2018. Management provided adjustment for the following:

- It was noted the City improperly capitalized approximately $1,361,000 of costs incurred for a portion of construction on a county owned park assets. While the City was required to contribute to the project, the City is not the owner of the park facilities and the costs should have been expensed by the City;
- Approximately $319,000 of assets were noted to have been previously disposed by the City, however, were not removed from the capital assets general ledger; and
- An accumulated net difference of approximately $345,000 was required to reconcile the subsidiary ledger with the general ledger capital asset balances.

Effects: Total adjustments of approximately $2,025,000 were needed to correctly report the City's governmental activities capital assets for the year ended June 30, 2018.

Recommendation: While management of the City identified the above restatements, we recommend the City carefully review all capital asset and related balances to ensure they agree to the City's capital asset software sub ledger and are reported in in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding and are currently implementing additional controls to ensure that the City's sub ledger for governmental capital assets agrees with amounts reported annually in the Comprehensive Annual Financial Report (CAFR). The additional controls will include annually providing the City's external auditors a copy of the sub ledger as additional supporting documentation for governmental capital assets to enable the auditors to tie to the information placed in the CAFR.