

CITY OF LAFAYETTE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The
Fiscal Year Ended September 30, 2015

David Hamilton
City Manager

By Authority Of
Mayor and Council

City of LaFayette, Georgia
Comprehensive Annual Financial Report
September 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	4A
Organizational Chart and List of Elected and Appointed Officials	5
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	6
Management's Discussion and Analysis	8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet – Governmental Funds	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Budget and Actual	26
Statement of Net Position – Proprietary Funds	27
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	29
Statement of Cash Flows – Proprietary Fund Funds	30
Notes to the Financial Statements	32
Required Supplementary Information	
Schedule of Funding Progress- Employees' Pension Plan.....	54
Schedule of Changes in Net Pension Liability and Related Ratios.....	55
Schedule of Required Contributions.....	56
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	57

City of LaFayette, Georgia
Comprehensive Annual Financial Report
September 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	58
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Hotel/Motel Tax Special Revenue – Budget and Actual.....	59
Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund – 2008 SPLOST - Budget and Actual	60
Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund – 2014 SPLOST - Budget and Actual	61
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Police Special Revenue – Budget and Actual.....	62
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Police Forfeiture Special Revenue – Budget and Actual.....	63
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Police Technology Special Revenue – Budget and Actual.....	64

STATISTICAL SECTION

Net Position by Component	65
Changes in Net Position.....	66
Fund Balances of Governmental Funds	69
Changes in Fund Balances of Governmental Funds	70
Assessed Value and Estimated Actual Value of Taxable Property	71
Direct and Overlapping Property Tax Rates	72
Principal Property Taxpayers	73
Property Tax Levies and Collections	74
Ratios of Outstanding Debt by Type	75
Direct and Overlapping Governmental Activities Debt	76
Pledged Revenue Coverage	77
Legal Debt Margin information	78
Ratios of General Bonded Debt Outstanding.....	79
Demographic and Economic Statistics.....	80

City of LaFayette, Georgia
Comprehensive Annual Financial Report
September 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
Principal Employers	81
Number of City Employees by Function.....	82
Operating Indicators by Function/Program	83
Capital Asset Statistics by Function	84

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government</i> <i>Auditing Standards</i>	85
Schedule of Special Local Option Sales Tax – 2008 SPLOST.....	87
Schedule of Special Local Option Sales Tax – 2014 SPLOST.....	88

INTRODUCTORY SECTION

CITY OF LAFAYETTE
SOUTH DUKE STREET
P.O. BOX 89
LAFAYETTE, GEORGIA 30728

March 2, 2016

To the Honorable Mayor, Members of the City Council
And Citizens of the City of LaFayette

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of LaFayette, Georgia, for the fiscal year ended September 30, 2015. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State law requires local governments to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) as promulgated by the GASB.

The new reporting model issued by the GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

LaFayette, the county seat of Walker County, was incorporated on September 30, 1835. The City is located approximately 35 miles south of Chattanooga, Tennessee and has an incorporated area of approximately seven square miles.

The City is governed by a Mayor and a City Council comprised of five members. The Mayor is elected citywide every four years for a four-year term. Council members are elected from each of the five wards of the City for a four-year term. The City Manager is appointed by the Mayor and Council.

The Reporting Entity

The accompanying CAFR includes all governmental activities, organizations, and functions for which the City is financially accountable.

The City provides a full range of municipal government and utility services. Included in these services are traditional city functions such as police and fire protection, highway and street maintenance, culture and recreation, public improvements, planning and zoning, and general administrative services. In addition to general government activities, the City has several enterprise operations including electric, gas, solid waste, water and sewer, golf and a municipal airport.

A related organization not included as part of the reporting entity is the LaFayette Housing Authority, which provides low-income housing to eligible City residents. The reason for not including this entity is

that the City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the organization.

Economic conditions and outlook

LaFayette continues to strengthen its financial position through sound business minded decisions based on return on investment, challenging the traditional mindset of cost control, attempting to in-source much of the necessary work required to manage a city, and small improvements to the local economy. The business environment outlook for LaFayette continues to be favorable despite the economic downturn experienced by other regions of the country. The City's broadly diversified economic base supports several nationally known companies, including GE, Shaw and Syntec, as well as other smaller commercial and industrial companies. Some of the reasons that these enterprises chose LaFayette as a local or regional business center includes: the City's strategic Southeast location, convenience to local and national highways, rail and air transportation, city owned utilities at low rates, abundant labor, educational and cultural resources, and overall quality of life. The vast majority of local industry is experiencing substantial growth, anticipating job growth of 500+ new employment positions. The addition of a 400+ acre industrial park 2 miles north of the City is also proving to be an asset to the local economy, creating job growth and the resulting increase in retail and service revenue in the City.

As the Council was considering the fiscal year 2016 adopted budget, the City was beginning to feel the benefits of sound policy implementation in Fiscal guidelines, and slight improvement in economic conditions. Department Heads were instructed to take a very conservative approach toward revenue and expenditure projections, but also to look at ways to make their department (and the City) safer and more secure. The expected growth within the community should help to increase revenue so as to prevent the requirements to obtain additional funding through loans in the foreseeable future. As part of the City's long-term financial planning efforts, and also to take advantage of currently lower interest rates and to allow for additions and improvements of capital projects even in a downturning economy, the City issued bonds in October, 2008. The City is currently undergoing an extensive Comprehensive Plan update with an unprecedented rigor in strategic planning for the future of economic development, infrastructure improvement, and community enhancement.

FINANCIAL INFORMATION

Accounting Systems and Budgetary Control

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

Transactions are executed in accordance with management's general or specific authorization.

Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.

Access to assets is permitted only in accordance with management's authorization.

The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The City's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. Reasonable assurance recognizes that the cost of a control should not exceed the expected benefit.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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 activity (department) level. The City Manager and all department heads are provided with monthly budget reports showing appropriations, expenditures to date, remaining balances and percentages. The City's budget procedures are more fully explained in the accompanying Notes to the Financial Statements.

Local Economy

Major industries located within the government's boundaries include a home appliance manufacturer, and several industrial component manufacturers supplying the automotive and textile industries. As of this report, each of them is in an aggressive expansion mode of operations through additional square footage, additional employment, and potential product line expansions. We are experiencing slight commercial growth and residential growth to support this additional job growth, and anticipate this to continue.

In reviewing the census information from 2000 to 2013, population of the City has increased 5.5%, median household income increased by 34%, per capita income increased by 19%, median house/condo value increased 27%.

Relevant Financial Policies

It is the City of LaFayette's policy that "onetime" resource inflows not be used for operating purposes. Accordingly, grants, outside contributions, or court judgments which might financially benefit the City would be designated for capital acquisition or construction endeavors.

Major Initiatives

With the voters' approval of a proposed special purpose local option sales tax (SPLOST) referendum, City management decided to issue general obligation bonds equal to the City's share of the expected revenue from the one cent SPLOST tax over its five-year life. This bond issue allows the City to expedite completion of various projects and equipment acquisitions to better, and in a more timely fashion, serve the citizenry. The bonds will be repaid over five years with future SPLOST proceeds.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Williamson & Company was selected by the City Council. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements is included in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in the last section of this report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of LaFayette for its comprehensive annual financial report for the year ended September 30, 2014. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments


We wish to take this opportunity to thank the Mayor and Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the City Clerk's office. We would like to express our appreciation to all members of the staff who assisted and contributed to its preparation.

Respectfully submitted,

David Hamilton, City Manager



Brenda Snyder, City Clerk





Government Finance Officers Association

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

Presented to

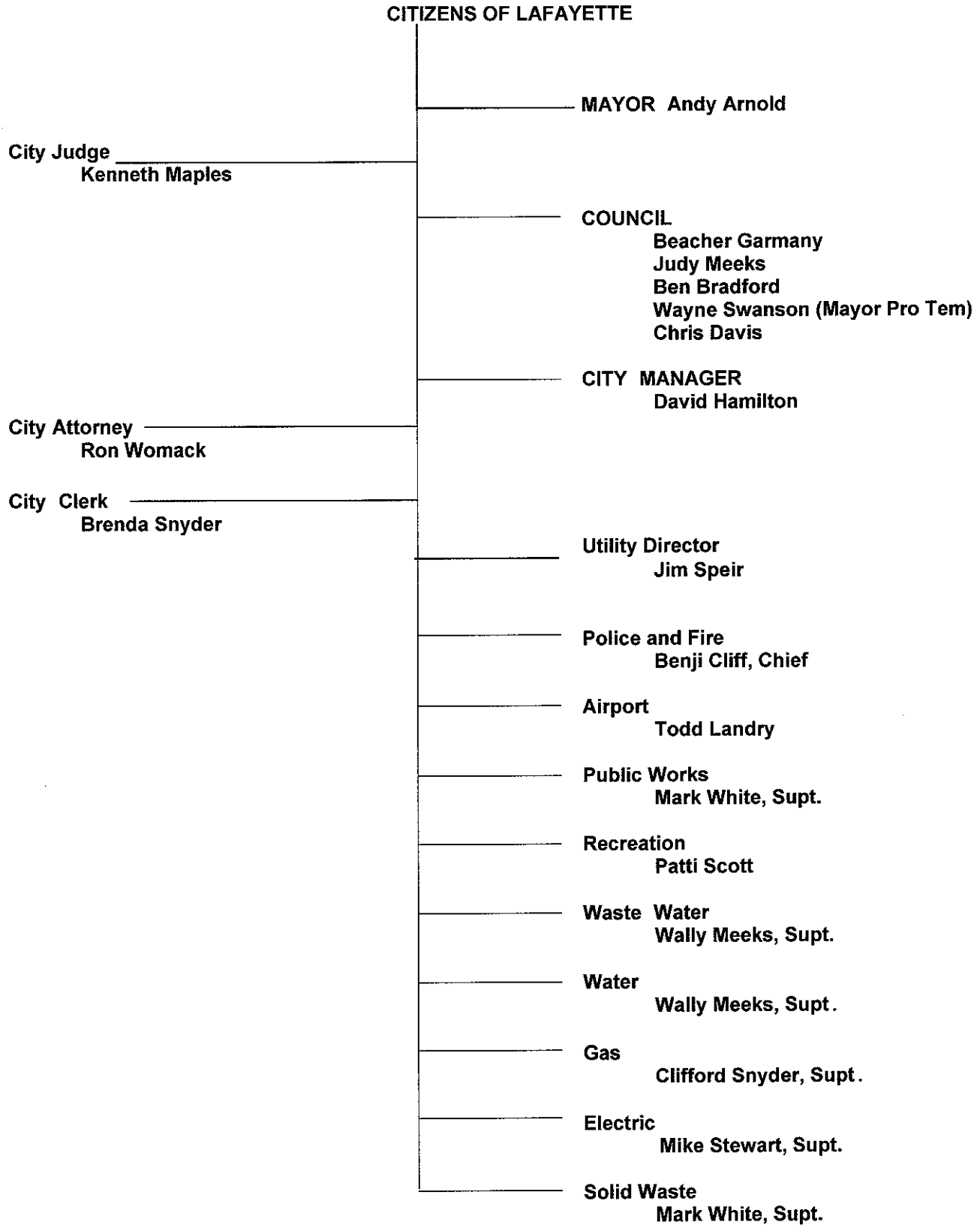
**City of LaFayette
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

**CITY OF LAFAYETTE, GEORGIA
ORGANIZATIONAL CHART AND
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2015**



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
City of LaFayette
LaFayette, 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 LaFayette, Georgia as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 19 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 inquires 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 of LaFayette's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical section, and the schedules of projects constructed with special local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of LaFayette, Georgia.

The combining and individual nonmajor fund financial statements, the schedules of projects constructed with special local option sales tax proceeds, and the budgetary comparisons listed on pages 59-64 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 combining and individual nonmajor fund financial statements and the schedules of projects constructed with special local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2016, on our consideration of the City of LaFayette, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of LaFayette, Georgia's internal control over financial reporting and compliance.

Williamson & Company

Williamson & Company
Certified Public Accountants
March 2, 2016

FINANCIAL SECTION

Management's Discussion and Analysis

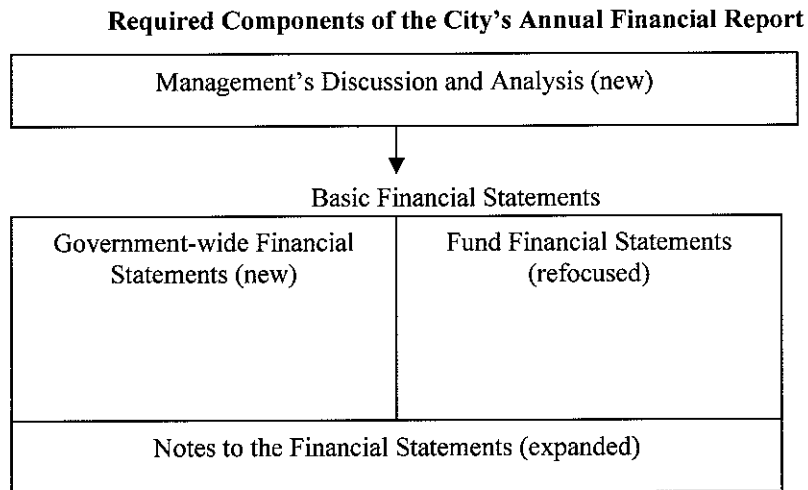
This section of the City of Lafayette's annual financial report is designed to provide the reader a better understanding of the City's financial activity for the fiscal year that ended September 30, 2015. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

Financial Highlights

- The City's total assets exceed liabilities by \$31,120,066 at the end of the year. This amount includes \$26,955,340 invested in capital assets net of accumulated depreciation and related debt, restricted net position of \$2,085,823 and unrestricted net position of \$2,078,903. Significant portions of restricted net position include amounts for debt service and construction.
- The City's total net position decreased by \$121,901, or 0.39% to \$31,120,066. The net position for governmental activities increased by \$321,825, or 4.31% and the business-type net position decreased by \$112,969, or 0.47%.
- The City's revenues for governmental activities were \$4,234,521, excluding transfers, leases, and bonds issued. Expenses, excluding transfers, were \$5,385,378.
- The City's business-type activities, excluding transfers, had revenues of \$18,381,674, while expenses, excluding transfers, were \$16,059,932.
- The General Fund, which is the City's primary operating fund, reported an increase in fund balance of \$583,053 in fiscal year 2015.
- The City's governmental activities debt balance (Note 8) had a net decrease of \$755,022. This change represents the payment of outstanding revenue bond and capital lease principal of \$625,000 and \$38,232. This change also reflects compensated absences and net pension liability decreases of \$6,644 and \$85,146. The balance on the outstanding debt for business-type activities had a net increase of \$547,625. This change represents the payment of revenue bonds payable of \$463,508, payment of notes payable principle of \$86,100, and payment of capital leases payable principle of \$164,042. There were additional debt issues of notes payable totaling \$1,321,028. This change also reflects an additional compensated absences increase of \$2,069, and a net pension liability decrease of \$61,822.
- Total cash (Note 3) at September 30, 2015 was \$4,065,510.
- The capital assets (Note 6), net of accumulated depreciation, of the City at the end of the 2015 fiscal year totaled \$38,699,234. This includes net capital assets for governmental activities of \$7,776,108 and business-type activities of \$30,923,126.

An Overview of the Financial Statements

In light of the fact that this is a different presentation from the pre-GASB Statement 34 model, the following graph is provided to assist in understanding the component parts.



The focus of the financial statements is on both the City's overall financial status and the major individual funds. The following briefly describes the component parts.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are designed to report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets combines all of the City's current financial resources with capital assets and long-term obligations. Net assets, the difference between the City's assets and liabilities, are one way to measure the City's financial health.

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** – These include the basic services provided by the City including police, fire, parks and recreation, public works and general administration.
- **Business-type activities** – These include services for which the City charges specific fees which are meant to cover the cost of providing the services. These include electric, gas, water and sewer services, solid waste collection, municipal airport and golf.

Governmental activities and business-type activities are consolidated and add to the total for the primary government.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's major funds rather than the City as a whole. 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 has two types of funds as described in the chart below.

Fund Financial Statements

	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Includes the City's basic services such as police, fire, traffic control, cultural activities, and parks	Services provided by the City that are operated similar to private businesses and for which the City charges a fee	Funds for which the City is the trustee or agent for someone else's resources
Examples	Police, fire, street and sidewalks, parks, and recreational activities	Electric, Gas, Water and Sewer and Solid Waste	City's revolving loan fund
Required financial statements	<ul style="list-style-type: none"> - Balance Sheet - Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> - Statement of net assets - Statement of revenues, expenses, and changes in net assets - Statement of cash flows 	<ul style="list-style-type: none"> - Statement of fiduciary net assets - Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short and long-term	All assets and liabilities, both short and long-term; capital assets, if any, are included
Type of inflow / outflow information	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Position for the current year. The City's net position decreased by \$121,901, or 0.39% in fiscal year 2015. The net position of the governmental activities include \$6,064,250 investment in capital assets. Capital assets of \$7,776,108 include land, buildings, park improvements, equipment and current year infrastructure additions. Related debt includes revenue bonds of \$2,085,000.

The net position of the business-type activities include \$20,891,090 investment in capital assets. Capital assets of \$30,923,126 include land, utility system, building, other improvements, equipment, airport and golf course. Related debt includes notes and revenue bonds of \$9,971,588.

For more detailed information, see the Statement of Net Position on page 20 of the financial statements and the notes to the financial statements.

Table 1
Statement of Net Position
As of September 30
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2015	2014	2015	2014	2015	2014	2015-14
ASSETS							
Current and other assets	\$ 2,779	\$ 2,983	\$ 5,614	\$ 6,173	\$ 8,393	\$ 9,156	-8.33%
Capital assets	7,776	7,508	30,923	29,632	38,699	37,140	4.20%
Total Assets	10,555	10,491	36,537	35,805	47,092	46,296	1.72%
DEFERRED OUTFLOWS OF RESOURCES							
Pension contributions	485	-	450	-	935	-	100.00%
Total deferred outflows of resources	485	-	450	-	935	-	100.00%
LIABILITIES							
Current and other liabilities	665	417	2,633	1,639	3,298	2,056	60.41%
Long-term debt outstanding	2,702	2,929	10,550	10,068	13,252	12,997	1.96%
Total Liabilities	3,367	3,346	13,183	11,707	16,550	15,053	9.94%
DEFERRED INFLOWS OF RESOURCES							
Pension contributions	207	-	150	-	357	-	100.00%
Total deferred inflows of resources	207	-	150	-	357	-	100.00%
NET ASSETS							
Invested in capital assets, net of related debt	6,064	6,824	20,891	20,969	26,955	27,793	-3.02%
Restricted	1,745	2,410	341	263	2,086	2,673	-21.96%
Unrestricted	(343)	(2,089)	2,422	2,866	2,079	777	167.57%
Total Net Position	\$ 7,466	\$ 7,145	\$ 23,654	\$ 24,098	\$ 31,120	\$ 31,243	-0.39%

CHANGES IN NET POSITION

The City's total revenues before transfers were \$22,616,195 in the 2015 fiscal year. Expenses before transfers were \$21,445,310 during that same period. Governmental and business-type activities combined provided a \$121,901 decrease in net assets.

Governmental activities revenues were \$4,234,521 and included \$1,130,855 charges for services, \$415,135 grant revenues, \$613,612 property taxes and \$1,032,405 sales taxes. The largest governmental activities expenses were for public safety of \$2,156,773 (police, fire and animal control), public works of \$803,207, general government of \$1,209,445 and recreation of \$860,885. Expenses include depreciation expense as explained in the notes to the financial statements (Note 6).

Business-type activity revenues were \$18,381,674 and included \$18,004,724 charges for services, \$373,359 intergovernmental revenues, and \$19,118 interest. The largest business-type activity expenses were for purchases of energy for resale to customers, electricity for \$7,345,001 and gas for \$1,289,470.

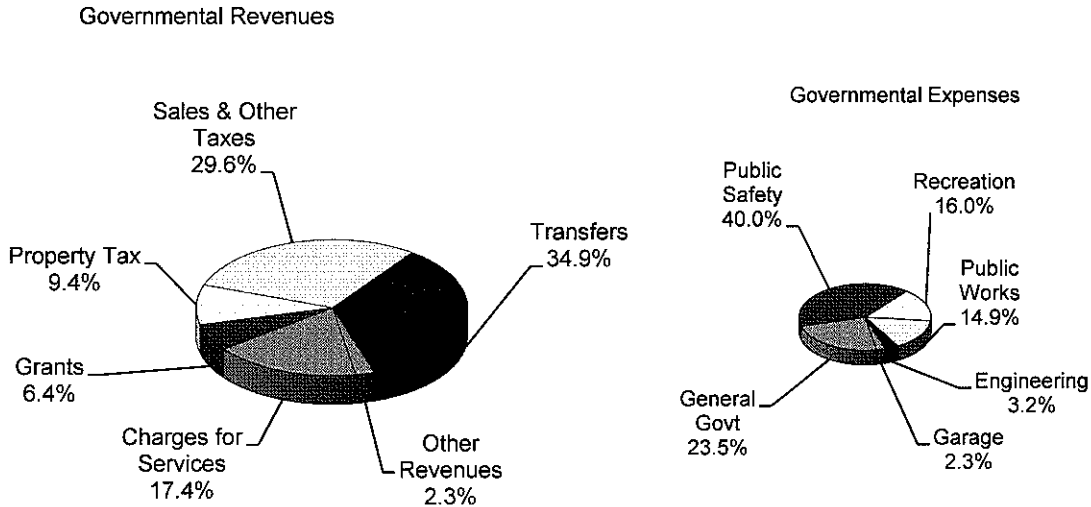
Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total % Change
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
REVENUES							
Program Revenues							
Charges for services	\$ 1,131	\$ 1,083	\$ 18,005	\$ 18,537	\$ 19,136	\$ 19,620	-2.5%
Operating grants and contributions	241	214	-	-	241	214	12.6%
Capital grants and contributions	174	119	373	18	547	137	299.3%
General revenues							
Property taxes	614	558	-	-	614	558	10.0%
Local option sales tax	1,032	1,161	-	-	1,032	1,161	-11.1%
Other taxes	892	847	-	-	892	847	5.3%
Investment income	22	17	19	28	41	45	-8.9%
Other general revenues	128	160	(15)	(32)	113	128	-11.7%
Total Revenues	<u>4,234</u>	<u>4,159</u>	<u>18,382</u>	<u>18,551</u>	<u>22,616</u>	<u>22,710</u>	<u>-0.4%</u>
EXPENSES							
General	1,209	1,309	-	-	1,209	1,309	-7.6%
Police	1,838	1,866	-	-	1,838	1,866	-1.5%
Fire	319	355	-	-	319	355	-10.1%
Public Works	803	858	-	-	803	858	-6.4%
Engineering	175	213	-	-	175	213	-17.8%
Recreation	861	878	-	-	861	878	-1.9%
Garage	123	181	-	-	123	181	-32.0%
Animal Control	-	21	-	-	-	21	-100.0%
Interest on long-term debt	57	31	-	-	57	31	83.9%
Electric	-	-	8,582	8,302	8,582	8,302	3.4%
Gas	-	-	1,859	2,443	1,859	2,443	-23.9%
Water/Sewer	-	-	3,805	3,742	3,805	3,742	1.7%
Solid Waste	-	-	578	582	578	582	-0.7%
Golf	-	-	822	828	822	828	-0.7%
Airport	-	-	415	426	415	426	-2.6%
Total Expenses	<u>5,385</u>	<u>5,712</u>	<u>16,061</u>	<u>16,323</u>	<u>21,446</u>	<u>22,035</u>	<u>-2.7%</u>
Excess (Deficiency) before transfers							
	(1,151)	(1,553)	2,321	2,228	1,170	675	73.3%
Transfers							
	2,268	2,341	(2,268)	(2,341)	-	-	0.0%
Prior Period Adjustment							
	(795)	-	(497)	-	(1,292)	-	100.0%
Increase (Decr.) in Net Position	<u>\$ 322</u>	<u>\$ 788</u>	<u>\$ (444)</u>	<u>\$ (113)</u>	<u>\$ (122)</u>	<u>\$ 675</u>	<u>-118.1%</u>

GOVERNMENTAL ACTIVITIES

See pages 20-21 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's governmental revenues and expenditures.

**Table 3 – Governmental Activities
Fiscal Year 2015**



Revenue Impacts:

- Property taxes of \$613,612 provided 9.4% of governmental revenues for general operations. The millage rate was set at 2.99 in the current year.
- Revenues from local option sales taxes were \$1,078,466. This represents an overall increase of 7.04% from the prior year.
- The transfers from proprietary funds were \$2,268,056, which was \$73,152 or a 3.12% decrease from the prior year.
- Charges for services include amounts charged for providing utility billing and collection services to the enterprise funds of \$667,021. Municipal court fines were \$167,510.

Expense Impacts

- General Government expenditures decreased by \$99,531 or 7.6% compared to the prior year. This is primarily driven by a reduction in attorney's fees mostly associated with one lawsuit, a reduction in travel costs, and healthcare costs.
- Police, fire and animal control expenditures decreased by \$85,628 or 3.8% from the prior year. This decrease is largely driven by employee and benefit cost reductions, and reduction in fuel costs.
- Public Works expenditures decreased by \$112,377 or 10.8% compared to the prior year. This amount represents a decrease in employee costs (employee departures, not replaced), and decrease in fuel costs.
- Culture and Recreation expenditures decreased by \$16,967 or 1.9%. This decrease was primarily driven by a vehicle purchased in 2014 that was not a repeat expenditure in 2015, and a reorganization of a maintenance position from Codes to Public Works.

BUSINESS-TYPE ACTIVITIES

Table 4
Business-type Activities
(in thousands)

	<u>Operating Revenues</u>		<u>Operating Expenses</u>		<u>Operating Income</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Electric	\$ 10,159	\$ 9,996	\$ 8,581	\$ 8,302	\$ 1,578	\$ 1,694
Gas	2,503	3,063	1,850	2,435	653	628
Water/Sewer	4,155	4,248	3,513	3,503	642	745
Solid Waste	509	516	576	579	(67)	(63)
Golf	541	591	816	823	(275)	(232)
Airport	138	123	415	426	(277)	(303)
Total	<u>\$ 18,005</u>	<u>\$ 18,537</u>	<u>\$ 15,751</u>	<u>\$ 16,068</u>	<u>\$ 2,254</u>	<u>\$ 2,469</u>

Operating revenues for business-type activities for the fiscal year 2015 were \$18,004,724, a \$531,798 decrease compared to the prior year. Operating expenses were \$15,750,961 in 2015, \$316,749 less than the prior year. The operating income was \$2,253,763 in 2015 compared to \$2,468,812 in 2014. Activities for individual funds are summarized below.

- Electric program operating revenues increased by \$162,996 from the prior year in addition to operating expenses increasing by \$279,112. Power costs were up approximately \$300,000 due to a reduction in MCT credits in our MEAG bill. Revenue was increased primarily due to a Utility Cost Adjustment to offset a portion of the cost increase.
- Gas program operating revenues decreased by \$560,281, and operating expenses decreased by \$585,057. Natural Gas market prices declined approximately 30% year over year, this was offset by slightly colder weather which drove an increase in volume sold.

- Water & Sewer program operating revenues decreased by \$93,045, while operating expenses increased by \$10,208 from the prior year. Revenues were down primarily due to a very wet year with higher than average rainfall during the growing season.
- Solid Waste program operating revenues decreased \$7,363 from the prior year and operating expenses also decreased \$2,848. The decrease in revenue is primarily driven by a reduction in brush & debris pickup charges.
- Golf operating revenues decreased by \$49,547 over the prior year, largely due to weather, very wet season. Operating expenses were also down by \$6,952, largely driven by reduction in depreciation and interest payments on golf carts.
- Airport operating revenues increased by \$15,442, mostly due to an increase in hangar leases. Operating expenses decreased by \$11,212 from the prior year. This decrease was largely driven by a decrease in aviation fuel cost.

**The City's Funds
Table 5
Financial Analysis of the City's Funds**

Fund	Fund Balances 09-30-14	Revenues/ Sources	Expenditures / Uses	Revenues/Sources Over (Under) Expenditures/Uses	Fund Balances 09-30-15
General Fund	\$ 345,699	\$ 6,075,668	\$ 5,492,615	\$ 583,053	\$ 928,752
Cap. Proj.-2008 SPLOST	292,289	209,731	625,020	(415,289)	(123,000)
Cap. Proj.-2014 SPLOST	<u>1,859,990</u>	<u>430,916</u>	<u>664,521</u>	<u>(233,605)</u>	<u>1,626,385</u>
Total City Funds	<u>\$ 2,497,978</u>	<u>\$ 6,716,315</u>	<u>\$ 6,782,156</u>	<u>\$ (65,841)</u>	<u>\$ 2,432,137</u>

At September 30, 2015, the City's governmental funds reported a combined fund balance of \$2,475,040 (see Statement on page 23), which is \$81,917 less than the previous year-end. The unassigned portion of fund balance was \$696,108. The unassigned fund balance may serve as a useful indicator of the City's ability to operate without external financing. The restricted portion represents amounts reserved for debt service payments related to the issuance of revenue bonds to finance capital projects construction.

General Fund

The General Fund had a \$583,053 increase in fund balance, to end the fiscal year at \$928,752. More detailed information for the general fund is presented on page 24.

Operating revenues and other financing sources increased \$333,782. This is driven by an increase in property taxes because of a tax sale, LOST tax increase driven by an increased % to the Cities as a result of LOST negotiations, collection of a past due pole rental fee, increase in DOT reimbursements for paving, and transfers increased from Water Sewer Fund and Gas Fund. These factors, coupled with tighter fiscal policy regarding expenditures, were the main drivers of the increase in fund balance.

Overall expenditures and other uses decreased \$165,391. Transfers out increased \$160,382.

Capital Projects Funds

The capital projects funds account for the proceeds from special purpose local option sales tax that are used to construct various improvements which benefit City residents. In June 2008, voters approved continuation of the one-percent special purpose local option sales tax. The period during which this tax is collected began October 2008 and ended September 2013. In June 2013, voters approved continuation of the one-percent special purpose local option sales tax. The period during which this tax is collected began October 2014 and ends September 2019. For both capital projects funds, capital outlay expenditures are to be primarily for street and road improvements, recreation, water and sewer improvements, solid waste and street equipment. The major sources of revenue were:

- Sales tax 2008 SPLOST Fund: \$49,294 2014 SPLOST Fund: \$415,560
- Interest earned 2008 SPLOST: \$55 2014 SPLOST Fund: \$15,356

The revenue bond issue will be repaid with special purpose local option sales tax proceeds over the approved period of the tax. The bond issue allows the City to proceed at an accelerated pace with acquisition/improvements of equipment and infrastructure to better serve its citizens.

The fund balance is reserved for completion of SPLOST projects as identified in the Schedule of Special Purpose Local Option Sales Tax on pages 89-90.

GENERAL FUND BUDGETARY HIGHLIGHTS

A statement comparing the original and final budgets and the variance from the final budget to the actual results is included on page 26 of the financial statements.

In September 2014, the City Council appropriated \$5,781,762 for general fund expenditures in the 2015 fiscal year budget.

Primary reasons for the differences between the final budget and actual results in the General Fund include:
Revenues:

- Higher than anticipated tax revenue largely driven by a property tax sale, larger reimbursement from DOT for street projects, offset by negative transfer to Capital Project fund to pay shortfall of last SPLOST Bond payment.

Expenditures:

- Shortage of SPLOST Revenue vs. final SPLOST Debt Service payment was budgeted in Library under General Fund, and instead booked as a transfer to the Capital Project Fund.
- Delay in spending budgeted capital projects
- Employment actions

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounted to \$38,699,234 (net of accumulated depreciation). Investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 4.03%. For more detailed information concerning capital assets see the Note 6, in the notes to the financial statements.

Table 6
Capital Assets
(net of depreciation)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land and Improvements	\$ 3,370,357	\$ 2,277,584	\$ 5,647,941
Construction in progress	107,061	4,178,590	4,285,651
Buildings and structures	379,264	3,341,487	3,720,751
Infrastructure	1,770,744		1,770,744
Utility systems	-	16,491,410	16,491,410
Improvements other than buildings	1,192,254	3,112,926	4,305,180
Furniture, machinery and equipment	956,428	1,521,129	2,477,557
Total	<u>\$ 7,776,108</u>	<u>\$ 30,923,126</u>	<u>\$ 38,699,234</u>

This year's major capital asset additions included:

Governmental Activities:

- Admin – Council Chambers Renovation, Vehicles, Software Upgrades - \$52,969
- Police – Cruiser - \$23,136
- Public Works – Infrastructure (Sidewalks, Paving) & Equipment - \$426,640

Business-type Activities:

- Water and Sewer Fund Equipment - \$93,966
- Water and Sewer Fund Improvements - \$1,482,702
- Electric Fund Equipment - \$20,939
- Electric Fund Improvements - \$14,980
- Gas Fund Equipment - \$4,541
- Gas Fund Improvements - \$30,635
- Airport Fund Buildings - \$125,000
- Airport Fund Improvements - \$136,748

LONG-TERM DEBT

At the end of the 2015 fiscal year, the City had \$12,547,662 in outstanding debt. This is a net decrease of \$449,520 compared to the prior year. More detailed information about the City's long-term liabilities is included in Note 8, in the notes to the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the total tax digest. The current debt limitation for the City is \$14,757,715 and the City has no outstanding general obligation debt.

Table 7
Outstanding Debt at September 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Revenue Bonds	\$ 2,085,000	\$ 8,089,630
Capital Leases	21,074	399,347
Notes Payable	-	1,952,611
Total	<u>\$ 2,106,074</u>	<u>\$ 10,441,588</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economy in our region has continued to improve, with development starting to increase again, property values showing a slight increase, and employment improving. We continue to adjust Utility rates so that a profit can be realized, and ensure that as costs increase with inflation we are more than recovering the increase in costs in our revenue. The Utility Cost Adjustment (UCA) enacted by the Council is being utilized by the City Manager to further ensure that revenues remain in line with costs. In June of 2014 the Council employed a permanent City Manager whose background is heavy in business management and finance, and he brings this business approach to financial decisions made on behalf of the City.

We have begun to budget and make expenditures in capital improvements, as the long term implications of delaying capital spend will only continue to create larger capital problems in future years. We have seen large enough improvements in the financial status of the City to make many of the purchases with cash.

Financial Contact

This financial report is designed to provide the citizens, taxpayers, customers and creditors of the City with a general overview of the City of LaFayette finances and demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the City of LaFayette at P.O. Box 89, LaFayette, Georgia 30728.

BASIC FINANCIAL STATEMENTS

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 528,573	\$ 973,761	\$ 1,502,334
Receivables - net	113,786	3,032,386	3,146,172
Prepays	17,861	-	17,861
Internal balances	384,950	(384,950)	-
Notes Receivable	-	-	-
Inventory	26,654	757,137	783,791
Restricted assets:			
Restricted assets:			
Restricted cash	1,707,536	951,179	2,658,715
Capital assets:			
Land and construction in progress	3,477,418	6,456,174	9,933,592
Other capital assets - net	4,298,690	24,466,952	28,765,642
Total capital assets	7,776,108	30,923,126	38,699,234
Unamortized bond issue costs	-	284,828	284,828
Total assets	10,555,468	36,537,467	47,092,935
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	485,208	449,596	934,804
Total deferred outflows of resources	485,208	449,596	934,804
LIABILITIES			
Cash overdraft	95,539	-	95,539
Accounts payable	91,110	1,245,554	1,336,664
Accrued wages payable and withholdings	46,784	27,423	74,207
Customer deposits	-	598,905	598,905
Accrued Interest payable	5,082	2,112	7,194
Noncurrent liabilities:			
Due within one year	426,532	758,804	1,185,336
Due in more than one year - net	2,702,363	10,550,350	13,252,712
Total liabilities	3,367,410	13,183,148	16,550,558
DEFERRED INFLOWS OF RESOURCES			
Pension contributions	206,895	150,220	357,115
Total deferred inflows of resources	206,895	150,220	357,115
NET POSITION			
Net investment in capital assets	6,064,250	20,891,090	26,955,340
Restricted for:			
Capital projects	1,263,992	-	1,263,992
Compliance	-	340,636	340,636
Debt service reserve	337,940	-	337,940
Law enforcement activities	143,255	-	143,255
Unrestricted	(343,066)	2,421,969	2,078,903
Total net position	\$ 7,466,371	\$ 23,653,695	\$ 31,120,066

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General Government	\$ 1,209,445	\$ 741,476	\$ 121	\$ 480,265
Police	1,838,161	167,510	240,621	-
Fire	318,558	-	-	2,575
Public Works	803,207	43,505	-	171,818
Engineering	174,876	35,527	-	-
Recreation	860,885	142,837	-	-
Garage	123,233	-	-	-
Animal Control	54	-	-	-
Interest on Long-term Debt	56,959	-	-	-
Total governmental activities	<u>5,385,378</u>	<u>1,130,855</u>	<u>240,742</u>	<u>654,658</u>
Business-type activities:				
Airport	415,003	138,188	-	138,526
Electric	8,581,428	10,159,143	-	-
Gas	1,858,471	2,502,685	-	-
Golf	821,948	541,358	-	-
Water/Sewer	3,821,597	4,154,475	-	234,833
Solid Waste	577,944	508,875	-	-
Total business-type activities	<u>16,076,391</u>	<u>18,004,724</u>	<u>-</u>	<u>373,359</u>
Total primary government	<u>\$ 21,461,769</u>	<u>\$ 19,135,579</u>	<u>\$ 240,742</u>	<u>\$ 1,028,017</u>

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2015

	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
Functions/Programs	Governmental Activities	Business-type Activities	Totals
Primary government:			
Governmental activities:			
General Government	\$ 12,417		\$ 12,417
Police	(1,430,030)		(1,430,030)
Fire	(315,983)		(315,983)
Public Works	(587,884)		(587,884)
Engineering	(139,349)		(139,349)
Recreation	(718,048)		(718,048)
Garage	(123,233)		(123,233)
Animal Control	(54)		(54)
Interest on Long-term Debt	(56,959)		(56,959)
Total governmental activities	<u>(3,359,123)</u>		<u>(3,359,123)</u>
Business-type activities:			
Airport		\$ (138,289)	(138,289)
Electric		1,577,715	1,577,715
Gas		644,214	644,214
Golf		(280,590)	(280,590)
Water/Sewer		567,711	567,711
Solid Waste		(69,069)	(69,069)
Total business-type activities		<u>2,301,692</u>	<u>2,301,692</u>
Total primary government	<u>(3,359,123)</u>	<u>2,301,692</u>	<u>(1,057,431)</u>
General revenues:			
Taxes:			
Property	613,612	-	613,612
Sales	567,551	-	567,551
Hotel/Motel	35,327	-	35,327
Insurance Premium	383,854	-	383,854
Malt Beverage	118,966	-	118,966
Franchise	279,409	-	279,409
Occupation	75,200	-	75,200
Other	61,159	-	61,159
Investment Earnings	6,480	19,118	25,598
Gain on Sale of Capital Assets	2,941	932	3,873
Miscellaneous	63,767	-	63,767
Transfers	2,268,056	(2,268,056)	-
Total general revenues and transfers	<u>4,476,322</u>	<u>(2,248,007)</u>	<u>2,228,316</u>
Change in net position	1,117,199	53,685	1,170,885
Net position - beginning	<u>7,144,546</u>	<u>24,097,421</u>	<u>31,241,967</u>
Prior Period adjustment	<u>(795,374)</u>	<u>(497,411)</u>	<u>(1,292,785)</u>
Net position - ending	<u>\$ 7,466,371</u>	<u>\$ 23,653,695</u>	<u>\$ 31,120,066</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF LAFAYETTE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	General	Capital Projects - 2008 SPLOST	Capital Projects - 2014 SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 900	\$ -	\$ -	\$ 164,528	\$ 165,428
Receivables (Net of Allowance for Uncollectibles):					
Accounts	15,300	-	-	-	15,300
Taxes	61,590	-	36,895	-	98,485
Prepays	17,851	-	-	-	17,851
Inventory	26,654	-	-	-	26,654
Due from Other Funds	4,809,562	-	2,850	1,751	4,814,163
Cash - Restricted	92,648	-	1,614,888	-	1,707,536
Total Assets	<u>\$ 5,024,515</u>	<u>\$ -</u>	<u>\$ 1,654,633</u>	<u>\$ 166,279</u>	<u>\$ 6,845,427</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft	\$ 95,539	\$ -	\$ -	\$ -	\$ 95,539
Accounts Payable	91,110	-	-	-	91,110
Accrued Payables & Withholdings	46,784	-	-	-	46,784
Due to Other Funds	3,851,575	123,000	23,166	123,376	4,121,117
Accrued Interest Payable	-	-	5,082	-	5,082
Total Liabilities	<u>4,085,008</u>	<u>123,000</u>	<u>28,248</u>	<u>123,376</u>	<u>4,359,632</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	10,755	-	-	-	10,755
Total deferred inflows of resources	<u>10,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,755</u>
Fund Balances:					
Nonspendable:					
Prepays	17,861	-	-	-	17,861
Inventory	26,654	-	-	-	26,654
Restricted for:					
Acquisition and construction of capital assets	-	-	1,626,385	-	1,626,385
Debt service reserve	-	-	-	-	-
Law enforcement activities	-	-	-	143,255	143,255
Committed to:					
Cemetery care	-	-	-	-	-
Unassigned	884,237	(123,000)	-	(100,352)	660,885
Total Fund Balances	<u>928,752</u>	<u>(123,000)</u>	<u>1,626,385</u>	<u>42,903</u>	<u>2,475,040</u>
Total Liabilities and Fund Balances	<u>\$ 5,024,515</u>	<u>\$ -</u>	<u>\$ 1,654,633</u>	<u>\$ 166,279</u>	<u>\$ 6,845,427</u>
Reconciliation of the Balance Sheet to the Statement of Net Position					
Fund Balances - Total governmental funds					\$ 2,475,040
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.					7,776,108
An internal service fund is used by management to charge the costs of self-insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.					55,049
A portion of deferred revenue in the general fund represents property tax billed but uncollected and is eliminated in the statement of net position.					10,755
A portion of pension plan contributions are for future use and are considered deferred outflows of resources.					485,208
Differences between expected and actual returns on pension plan investments are not recognized at the fund level, yet are presented as a deferred inflow of resources in the Statement of Net Position.					(206,895)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Other related amounts include deferred issue costs.					
Bonds Payable		(2,085,000)			
Leases Payable		(21,074)			
Compensated Absences		(153,045)			
Net pension liability		<u>(859,775)</u>			
					<u>(3,128,894)</u>
Net position of governmental activities					<u>\$ 7,466,371</u>

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General	Capital Projects - 2008 SPLOST	Capital Projects - 2014 SPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 2,003,601	\$ -	\$ -	\$ 35,327	\$ 2,038,928
Grant Revenue	-	-	-	194,588	194,588
Licenses and Permits	35,967	-	-	-	35,967
Intergovernmental	171,818	49,294	415,560	-	636,672
Payments in lieu of taxes	12,223	-	-	-	12,223
Fines and Forfeitures	212,096	-	-	-	212,096
Charges for Services	249,131	-	-	-	249,131
Contributions and donations	13,701	-	-	-	13,701
Miscellaneous Income	826,974	-	-	1	826,975
Interest Income	6,367	55	15,356	114	21,892
Total Revenues	<u>3,531,878</u>	<u>49,349</u>	<u>430,916</u>	<u>230,030</u>	<u>4,242,173</u>
EXPENDITURES					
Current:					
General Government	1,254,558	20	86	-	1,254,664
Police	1,701,588	-	-	77,473	1,779,061
Fire	319,403	-	-	-	319,403
Public Works	726,910	-	-	-	726,910
Engineering	188,039	-	-	-	188,039
Recreation	824,295	-	-	-	824,295
Garage	134,907	-	-	-	134,907
Animal Control	155	-	-	-	155
Intergovernmental Expenditures	-	-	-	99,863	99,863
Debt Service:					
Principal	38,232	625,000	-	-	663,232
Interest	1,132	-	40,712	-	41,844
Capital Outlay:					
General Government	19,200	-	55,406	-	74,606
Police	23,136	-	-	-	23,136
Fire	3,744	-	-	-	3,744
Public Works	93,807	-	332,833	-	426,640
Recreation	3,127	-	32,048	-	35,175
Water/Sewer Improvements	-	-	203,436	-	203,436
Total Expenditures	<u>5,332,233</u>	<u>625,020</u>	<u>664,521</u>	<u>177,336</u>	<u>6,799,110</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,800,355)</u>	<u>(575,671)</u>	<u>(233,605)</u>	<u>52,694</u>	<u>(2,556,937)</u>
OTHER FINANCING SOURCES (USES)					
Transfers - Out	(160,382)	-	-	(68,770)	(229,152)
Transfers - In	2,540,262	160,382	-	-	2,700,644
Sale of capital assets	3,528	-	-	-	3,528
Total Other Financing Sources (Uses)	<u>2,383,408</u>	<u>160,382</u>	<u>-</u>	<u>(68,770)</u>	<u>2,475,020</u>
Net Change in Fund Balances	583,053	(415,289)	(233,605)	(16,076)	(81,917)
Fund Balance (Deficit) - Beginning of Year	<u>345,699</u>	<u>292,289</u>	<u>1,859,990</u>	<u>58,979</u>	<u>2,556,957</u>
Fund Balance - End of Year	<u>\$ 928,752</u>	<u>\$ (123,000)</u>	<u>\$ 1,626,385</u>	<u>\$ 42,903</u>	<u>\$ 2,475,040</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF LAFAYETTE, 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 SEPTEMBER 30, 2015**

Net Change in Fund Balances - Total Governmental Funds		\$ (81,917)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	563,300	
Less current year depreciation	<u>(294,585)</u>	
		268,715
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		
Loss on disposition of asset		(587)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Unavailable deferred property tax revenues		(10,593)
Issuance of long-term debt (bonds, leases) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Amortization of Bond Issuance Costs	(15,115)	
Principal Payments on Bonds	625,000	
Principal Payments on Leases	<u>38,232</u>	
		648,117
Governmental funds report monthly pension plan premiums as current period expenditures, while governmental activities record a portion of those payments as a deferred outflow of resources.		
		182,583
Changes in the value of the pension plan are not reflected in the governmental funds. However, they are accounted for in the governmental activities.		
		(167,051)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net pension liability	97,687	
Net change in long-term compensated absences	<u>6,643</u>	
		104,330
Internal service funds are used by management to charge the costs of self-insurance to individual funds.		
The net income of certain activities of internal service funds is reported with governmental activities.		
		173,600
Effects of rounding		<u>2</u>
Change in Net Position of Governmental Activities		<u>\$ 1,117,199</u>

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,951,298	\$ 1,951,298	\$ 2,003,601	\$ 52,303
Grant Revenue	-	-	-	-
Licenses and Permits	32,500	32,500	35,967	3,467
Intergovernmental	76,000	76,000	171,818	95,818
Payments in lieu of taxes	12,000	12,000	12,223	223
Fines and Forfeitures	160,500	160,500	212,096	51,596
Charges for Services	269,500	269,500	249,131	(20,369)
Contributions and donations	-	-	13,701	13,701
Miscellaneous Income	109,000	109,000	826,974	717,974
Interest Income	2,500	2,500	6,367	3,867
Total Revenues	<u>2,613,298</u>	<u>2,613,298</u>	<u>3,531,878</u>	<u>918,579</u>
EXPENDITURES				
Current:				
General Government	1,167,453	1,167,453	1,254,558	(87,105)
Police	1,671,820	1,671,820	1,701,588	(29,768)
Fire	358,577	358,577	319,403	39,174
Public Works	840,061	840,061	726,910	113,151
Engineering	209,296	209,296	188,039	21,257
Recreation	1,084,278	1,084,278	824,295	259,983
Garage	211,368	211,368	134,907	76,461
Animal Control	-	-	155	(155)
Debt Service:				
Principal	21,356	21,356	38,232	(16,876)
Interest	1,121	1,121	1,132	(11)
Capital Outlays:				
General Government	88,932	88,932	19,200	69,732
Police	66,000	66,000	23,136	42,864
Fire	5,000	5,000	3,744	1,256
Public Works	18,000	18,000	93,807	(75,807)
Garage	34,500	34,500	3,127	31,373
Recreation	4,000	4,000	-	4,000
Total Expenditures	<u>5,781,762</u>	<u>5,781,762</u>	<u>5,332,233</u>	<u>449,530</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,168,464)</u>	<u>(3,168,464)</u>	<u>(1,800,355)</u>	<u>1,368,109</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases	-	-	-	-
Transfers - Out	-	-	(160,382)	(160,382)
Transfers - In	3,168,630	3,168,630	2,540,262	(628,368)
Sale of capital assets	3,000	3,000	3,528	528
Total Other Financing Sources (Uses)	<u>3,171,630</u>	<u>3,171,630</u>	<u>2,383,408</u>	<u>(788,222)</u>
Net Change in Fund Balance	3,166	3,166	583,053	579,887
Fund Balance (Deficit) - Beginning of Year	<u>345,699</u>	<u>345,699</u>	<u>345,699</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ 348,865</u>	<u>\$ 348,865</u>	<u>\$ 928,752</u>	<u>\$ 579,887</u>

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

Assets	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Current Assets:								
Cash and Cash Equivalents	\$ -	\$ -	\$ 19,942	\$ -	\$ 953,819	\$ -	\$ 973,761	\$ 363,145
Restricted Cash - MEAG	-	200,991	-	-	-	-	200,991	-
Accounts Receivable - Net	10,465	1,677,763	182,288	-	1,094,904	66,966	3,032,386	-
Due From Other Funds	265,043	2,352,624	1,254,937	455	394,529	144,074	4,411,662	-
Inventory	37,023	500,714	81,010	10,170	128,220	-	757,137	-
Total Current Assets	312,531	4,732,092	1,538,177	10,625	2,571,472	211,040	9,375,937	363,145
Non-Current Assets:								
Restricted Assets:								
Construction Cash	-	-	-	-	409,552	-	409,552	-
Compliance Account	-	-	-	-	340,636	-	340,636	-
Capital Assets:								
Land	10,000	9,000	7,000	1,340,395	843,741	67,448	2,277,584	-
Equipment	180,653	772,992	348,540	558,604	1,355,043	967,337	4,183,169	-
Buildings	1,659,082	576,114	47,917	2,333,326	452,420	5,206	5,074,065	-
Improvements Other Than Buildings	3,169,286	-	-	-	584,786	-	3,754,072	-
Utility Systems	-	4,486,905	846,338	-	31,541,897	-	36,875,140	-
Construction in Progress	167,622	-	-	-	4,010,968	-	4,178,590	-
Less Accumulated Depreciation	(1,983,131)	(4,566,827)	(568,179)	(1,040,405)	(16,502,152)	(758,800)	(25,419,494)	-
Unamortized Bond Issue Costs	-	-	-	-	284,828	-	284,828	-
Total Non-Current Assets	3,203,512	1,278,184	681,616	3,191,920	23,321,719	281,191	31,958,142	-
Total Assets	\$ 3,516,043	\$ 6,010,276	\$ 2,219,793	\$ 3,202,545	\$ 25,893,191	\$ 492,231	\$ 41,334,079	\$ 363,145
Deferred Outflows of Resources								
Deferred resources related to pension	12,567	83,192	50,955	69,478	191,166	42,238	449,596	-
Total Deferred Outflows	12,567	83,192	50,955	69,478	191,166	42,238	449,596	-

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Liabilities								
Current Liabilities:								
Accounts Payable	\$ 13,040	\$ 664,184	\$ 59,751	\$ 6,990	\$ 526,618	\$ 2,393	\$ 1,272,976	\$ -
Compensated Absences Payable	1,167	10,569	7,554	12,803	29,164	1,452	62,709	-
Due to Other Funds	1,223,616	143,002	6,652	2,125,660	566,258	731,425	4,796,613	308,095
Customer Deposits	-	343,478	96,146	-	159,281	-	598,905	-
Notes Payable - current	-	-	-	-	90,720	-	90,720	-
Accrued Interest Payable	-	-	-	-	2,112	-	2,112	-
Capital leases payable - current	-	-	49,880	31,493	9,015	44,987	135,375	-
Revenue Bonds Payable	-	-	-	-	470,000	-	470,000	-
Total Current Liabilities	1,237,823	1,161,233	219,983	2,176,946	1,853,168	780,257	7,429,410	308,095
Noncurrent Liabilities:								
Compensated Absences	1,316	11,919	8,519	14,437	32,887	1,638	70,716	-
Net Pension Liability	17,045	111,379	66,503	93,480	278,791	64,320	631,518	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	102,622	102,622	-
Notes Payable	-	-	-	-	1,861,891	-	1,861,891	-
Capital leases payable	-	-	241,776	-	6,951	15,245	263,972	-
Revenue Bonds Payable (Net)	-	-	-	-	7,619,630	-	7,619,630	-
Total Noncurrent Liabilities	18,361	123,298	316,798	107,917	9,800,150	183,825	10,550,349	-
Total Liabilities	1,256,184	1,284,531	536,781	2,284,863	11,653,318	964,082	17,979,759	308,095
Deferred Inflows of Resources								
Deferred resources related to pension	4,054	26,494	15,819	22,237	66,317	15,300	150,221	-
Total Deferred Inflows	4,054	26,494	15,819	22,237	66,317	15,300	150,221	-
Net Position								
Net Investment in Capital Assets	3,203,512	1,278,184	389,960	3,160,427	12,638,047	220,960	20,891,090	-
Restricted								
Compliance	-	-	-	-	340,636	-	340,636	-
Unrestricted	(935,140)	3,504,259	1,328,188	(2,195,504)	1,386,039	(665,873)	2,421,969	55,050
Total Net Position	\$ 2,268,372	\$ 4,782,443	\$ 1,718,148	\$ 964,923	\$ 14,364,722	\$ (444,913)	\$ 23,653,695	\$ 55,050

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Operating Revenues								
Charges for Services	\$ 95,715	\$ 10,138,078	\$ 2,375,798	\$ 541,358	\$ 3,769,510	\$ 504,320	\$ 17,424,779	\$ -
Fees	42,473	-	-	-	238,810	-	281,283	-
Other Revenues	-	21,065	126,887	-	146,155	4,555	298,662	1,380,073
Total Operating Revenues	138,188	10,159,143	2,502,685	541,358	4,154,475	508,875	18,004,724	1,380,073
Operating Expenses								
Costs of Sales and Services	191,994	1,003,815	438,398	685,664	2,043,882	507,088	4,870,841	1,206,750
Administrative Expense	-	105,882	67,082	-	295,159	-	468,123	-
Cost of Water	-	-	-	-	249,194	-	249,194	-
Cost of Gas	-	-	1,289,469	-	-	-	1,289,469	-
Cost of Electricity	-	7,345,001	-	-	-	-	7,345,001	-
Depreciation Expense	223,009	126,590	54,851	130,076	925,041	68,766	1,528,333	-
Total Operating Expenses	415,003	8,581,288	1,849,800	815,740	3,513,276	575,854	15,750,961	1,206,750
Operating Income (Loss)	(276,815)	1,577,855	652,885	(274,382)	641,199	(66,979)	2,253,763	173,323
Nonoperating Revenues (Expenses)								
Interest Revenue	-	5,958	6,092	-	7,067	-	19,117	278
Interest Expense	-	(140)	(8,670)	(6,207)	(245,106)	(2,091)	(262,214)	-
Gain (Loss) on Sale of Capital Assets	-	332	-	600	(16,459)	-	(15,527)	-
Bond Issue Cost Amortization	-	-	-	-	(46,756)	-	(46,756)	-
Total Nonoperating Revenues (Expenses)	-	6,150	(2,578)	(5,607)	(301,254)	(2,091)	(305,380)	278
Income Before Contributions, Special Items and Transfers	(276,815)	1,584,005	650,307	(279,989)	339,945	(69,070)	1,948,383	173,601
Capital Contributions	138,526	-	-	-	234,833	-	373,359	-
Transfers	-	(1,400,000)	(458,396)	(555)	(409,106)	-	(2,268,057)	-
	138,526	(1,400,000)	(458,396)	(555)	(174,273)	-	(1,894,698)	-
Change in Net Position	(138,289)	184,005	191,911	(280,544)	165,672	(69,070)	53,685	173,601
Net Position - Beginning	2,420,194	4,683,414	1,576,331	1,317,554	14,419,929	(320,001)	24,097,421	(118,551)
Prior Period Adjustment	(13,533)	(84,976)	(50,094)	(72,087)	(220,879)	(55,842)	(497,411)	-
Net Position - Ending	\$ 2,268,372	\$ 4,782,443	\$ 1,718,148	\$ 964,923	\$ 14,364,722	\$ (444,913)	\$ 23,653,695	\$ 55,050

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Cash Flows From Operations								
Receipts from Customers and Users	\$ 138,188	\$ 9,926,014	\$ 2,365,479	\$ 541,358	\$ 3,756,450	\$ 506,695	\$ 17,234,184	\$ 298,323
Receipts from Interfund Charges for Healthcare	-	-	-	-	-	-	-	1,081,750
Payments to Suppliers	99,726	(7,911,865)	(1,531,313)	(13,626)	(957,956)	(201,570)	(10,516,604)	(1,206,750)
Payments to/for Employees	(92,302)	(578,422)	(288,209)	(458,699)	(1,423,075)	(259,110)	(3,099,817)	-
Net cash Provided by (Used in) Operating Activities	145,612	1,435,727	545,957	69,033	1,375,419	46,015	3,617,763	173,323
Cash Flows from Noncapital Financing Activities								
Transfers to Other Funds	-	(1,400,000)	(458,396)	(555)	(612,542)	-	(2,471,493)	-
Transfers from Other Funds	-	-	-	-	203,436	-	203,436	-
Net Cash from Noncapital Financing Activities	-	(1,400,000)	(458,396)	(555)	(409,106)	-	(2,268,057)	-
Cash Flows from Capital and Related Financing Activities								
Principal Payments - Bonds	-	-	-	-	(460,000)	-	(460,000)	-
Principal Payments - Notes	-	-	-	-	(87,433)	-	(87,433)	-
Principal Payments - Leases	-	-	(48,513)	(62,871)	(8,735)	(43,925)	(164,044)	-
Capital Lease Proceeds	-	-	-	-	-	-	-	-
Capital Contributions	128,061	-	-	-	220,040	-	348,101	-
Notes Payable Proceeds	-	-	-	-	974,896	-	974,896	-
Proceeds from Sales of Capital Assets	-	332	-	600	(16,459)	-	(15,527)	-
Acquisition and Construction of Capital Assets	(273,673)	(35,919)	(35,176)	-	(2,112,368)	-	(2,457,136)	-
Interest Paid	-	(140)	(8,671)	(6,207)	(244,411)	(2,090)	(261,519)	-
Net Cash from Capital and Related Financing Activities	(145,612)	(35,727)	(92,360)	(68,478)	(1,734,470)	(46,015)	(2,122,662)	-
Cash Flows from Investing Activities								
Interest Received	-	5,958	6,092	-	7,067	-	19,117	278
Net Increase(Decrease) in Cash	-	5,958	1,293	-	(761,090)	-	(753,839)	173,601
Cash (Overdraft) - October 1 (including restricted cash)	-	195,033	18,649	-	2,465,097	-	2,678,779	189,544
Cash (Overdraft) - September 30 (including restricted cash)	\$ -	\$ 200,991	\$ 19,942	\$ -	\$ 1,704,007	\$ -	\$ 1,924,940	\$ 363,145

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Operating Income (Loss)	\$ (276,815)	\$ 1,577,855	\$ 652,885	\$ (274,382)	\$ 641,199	\$ (66,979)	\$ 2,253,763	\$ 173,323
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities								
Depreciation	223,009	126,590	54,851	130,076	925,041	68,766	1,528,333	-
(Increase) Decrease in Assets:								
Accounts Receivable	-	(236,748)	(136,602)	-	(392,082)	(2,180)	(767,612)	-
Inventory	-	1,522	8,099	2,052	(41,054)	-	(29,380)	-
Deferred Outflows	(7,387)	(45,886)	(28,036)	(38,933)	(105,962)	(27,464)	(253,668)	-
Increase (Decrease) in Liabilities:								
Accounts Payable	202,908	(6,787)	(10,982)	234,675	308,780	70,192	798,786	-
Compensated Absences Payable	1,511	(29)	(2,963)	2,460	6,415	(5,324)	2,071	-
Customer Deposits	-	3,619	(604)	-	(5,943)	-	(2,928)	-
Deferred Inflows	4,055	26,494	15,819	22,236	66,317	15,300	150,221	-
Net Pension Liability	(1,669)	(10,903)	(6,510)	(9,151)	(27,292)	(6,297)	(61,821)	-
Net Cash Provided by (Used in) Operating Activities	\$ 145,612	\$ 1,435,727	\$ 545,957	\$ 69,033	\$ 1,375,419	\$ 46,015	\$ 3,617,763	\$ 173,323

Noncash Investing, Capital and Financing Activities								
Contributions of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 203,436	\$ -	\$ 203,436	\$ -
Purchase of Capital Assets on Account	-	-	-	-	1,321,028	-	1,321,028	-

The accompanying notes are an integral part of this financial statement.

**CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of LaFayette was incorporated September 30, 1835. The City operates under an elected mayor and council who appoint a city manager. The City provides the following services as authorized by its charter or statutes: culture and recreation, streets and roads, public utilities (electric, gas, water/sewer, sanitation), public safety (police and fire), community development, cemetery, garage, airport, golf and general and administrative services.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements would present the primary government and its component units. Certain potential component units might be considered for inclusion in the financial report because of the significance of the City's influence over their operation or finances. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In accordance with the above criteria, the City does not include any component units in its financial report.

Related organization:

The LaFayette Housing Authority is a related organization that has not been included in the reporting entity. The Authority provides low-income housing to eligible families in the City. The Authority's Board consists of five members that are appointed by the Mayor of LaFayette. The City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

The Downtown Development Authority is a related organization that has not been included in the reporting entity. The Authority's current year cash balance was less than \$10,000. Based upon the materiality level of the city the Authority was not included with the City's financial statements.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type.

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

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

Fund financial statements emphasize major funds in either the governmental or proprietary funds. Non-major funds (if any) are reported as a separate column in the fund financial statements

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant FASB pronouncements and APB opinions issued on or prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

Taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, non-exchange transactions are recognized in accordance with GASB Statement 33.

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 fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned. Only the City Council may modify or rescind a committed fund balance. Intent to assign fund balance would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.

D. Fund Types and Major Funds

Governmental Funds

The general and capital project funds are the major governmental funds that the City reports. The general fund is the primary fund of the City and accounts for all financial resources not reported in other funds. The hotel/motel tax special revenue fund accounts for the proceeds of the hotel/motel tax. The capital projects fund accounts for the acquisition and construction of major capital assets other than those accounted for by proprietary funds.

Proprietary Funds

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting. The City reports the airport, electric, gas, golf, water and sewer, and solid waste funds as major funds. Operating revenues and expenses generally

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. These funds recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds

The Self Insurance internal service fund accounts for risk management activities of the City on a cost reimbursement basis. The internal service fund is a proprietary fund reported with governmental activities in the government-wide statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues include charges to customers for good, services or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. General revenues include all taxes.

E. Assets, Liabilities, Net Position or Equity

1. **Cash.** Cash includes amounts in demand and time deposits that by law must be insured or collateralized. Investments, if any, are limited by law and bond ordinances to federal and state securities.
2. **Receivables.** All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise funds are recognized at the end of each year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.
3. **Due To and Due From Other Funds/Internal Balances.** During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered or interfund loans. Interfund transactions are recorded by all funds affected in the period in which transactions are executed. In the government-wide financial statements, these balances are reported as internal balances.
4. **Interest Receivable.** Interest on investments and certain receivables is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.
5. **Inventories.** Inventories for all governmental funds are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund and accounted for using the purchases method. . Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventories of proprietary funds are valued at the lower of cost (first-in, first-out) or market.
6. **Prepays.** Prepays represent the amount paid in advance for Georgia sales tax on sales of electricity and gas.
7. **Other Assets.** Other assets held are recorded and accounted for at cost.

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

8. **Restricted Assets.** The Water and Sewer Fund, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt or for construction. The "bond debt service and reserve cash" accounts are used to segregate resources accumulated for debt service payments and to report resources set aside to cover the highest debt service requirement in any subsequent year. The "renewal and replacement cash" account is used to report resources set aside to meet unexpected contingencies or for asset replacement. The "construction cash" account is used to report resources set aside to fund construction projects.
9. **Capital Assets.** The City's property, buildings, equipment and infrastructure (streets, bridges, curbs, sidewalks, drainage systems, lighting system, etc.) with useful lives of more than one year and a cost greater than two thousand dollars are capitalized and depreciated. These assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer. Interest expense (net of related income) incurred during the construction phase of business-type capital assets is capitalized as part of the assets' cost.

Capital assets are depreciated using the straight-line method. When these assets are disposed, the cost and related accumulated depreciation are removed from the accounts and the resulting gain/loss is recorded.

10. **Long-term Debt, Bond Discounts and Issuance Costs.** Outstanding debt and other obligations are reported as a liability in the government-wide and proprietary financial statements. Bond discounts/premiums for proprietary funds are deferred and amortized over the term of the respective bonds using a method that approximates the effective interest method. Bond discounts are presented as a reduction in the face amount of bonds payable, while premiums are presented as an increase of the face amount of bonds payable. Issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as an other financing use.

11. **Pensions.** The provision for pension cost is recorded on the accrual basis, and the City's policy is to fund pension costs as they accrue.
12. **Compensated Absences.** Full-time, permanent employees are granted vacation and sick leave benefits. Vested or accumulated vacation leave is accrued in the government-wide and proprietary financial statements and governmental funds report only the portion expected to be liquidated within the current year. Governmental funds report compensated absences only when employees are no longer employed with the City. For governmental activities, compensated absences are liquidated by the general fund. No liability is reported for non-vesting accumulating rights to receive sick leave.
13. **Fund Equity/Net Position.** Fund equity at the governmental fund reporting level financial is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

**CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

- **Nonspendable** – fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (for example, 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 the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or 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 formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **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. Intent would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.
- **Unassigned** – fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in general fund. Negative unassigned fund balance may be reported in all funds.

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 fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned.

Net Position – represents the different between assets and liabilities. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any unspent borrowings for the acquisition and/or construction of capital assets. Net position may be reported as restricted or unrestricted.

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.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data. Formal budgetary accounting is employed as management control for all governmental funds of the City. Department heads submit their annual budget requests to the City Manager, who in turn compiles and submits the budget to the City Council. Public hearings are conducted to obtain taxpayer comments. By September 1, an annual operating budget is adopted for the general fund through passage of an annual budget ordinance and amended as required. The budget uses the same basis of accounting to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting basis. The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgeting control is the department level. The governing council made several supplemental budgetary appropriations throughout the year but they were not considered material. All appropriations lapse at the end of each fiscal year.

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

The capital projects fund has a project length budget which was adopted when voters approved the SPLOST referendum. This budget is prepared for the projected total SPLOST revenues and capital outlays.

Compliance with Bond Covenants. The City complied with its bond covenants in all material respects.

Deposits with Financial Institutions. State statutes require that the City's deposits be collateralized by securities held in the name of the City by the trust department of a bank that does not hold the collateralized deposits.

Deficit Fund Equity. The Police Technology Fund had a deficit fund balance of \$23,726 as of September 30, 2015, which is the effect of timing differences in outlays and revenues. This is expected to reverse itself in the next fiscal year. The Hotel Motel Fund had a deficit fund balance of \$76,626 as of September 30, 2015, which is the effect of timing differences in outlays and revenues. This is expected to reverse itself in the next fiscal year.

NOTE 3. CASH AND INVESTMENTS

Cash and investments as of September 30, 2015 are classified in the financial statements as follows:

Statement of Net Position:

Cash	\$ 1,406,795
Restricted Cash	<u>2,658,715</u>
Total Cash	<u>\$ 4,065,510</u>

All deposits with financial institutions are fully insured or collateralized by securities held in the City's name. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit. Investments are stated at fair value (the City has no investments other than cash.)

Cash and investments consist of the following:

Cash on hand	\$ 900
Cash deposits in financial institutions	3,863,619
Investments	<u>200,991</u>
Total Cash and Investments	<u>\$ 4,065,510</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This can be measured by the assignment of a rating by a rating organization. The City does not have a formal policy that addresses credit risk.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The City has no investments that meet the criteria for concentration of credit risk disclosure. The City does not have a formal policy that addresses concentration of credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the City may not be able to recover the value of its investments. There is no custodial credit risk exposure for the City's investments because they

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

are either insured or held in the City's name by the custodian. The City does not have a formal policy that addresses custodial credit risk.

NOTE 4. RECEIVABLES

Accounts receivable consists of amounts due from customers for charges related to providing electric, gas, water/sewer and sanitation services. Taxes due consist of property tax and LOST. Amounts due as of September 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Receivables				
Accounts	\$ 15,300	\$ -	\$ 5,089,029	\$ 5,104,329
Taxes	<u>75,432</u>	<u>36,896</u>	<u>-</u>	<u>112,328</u>
Total	90,732	36,896	5,089,029	5,216,657
Less: Allowance for Uncollectible	<u>(13,842)</u>	<u>-</u>	<u>(2,056,643)</u>	<u>(2,070,485)</u>
Net Total Receivables	<u>\$ 76,890</u>	<u>\$ 36,896</u>	<u>\$ 3,032,386</u>	<u>\$ 3,146,172</u>

Property Tax

Property tax is levied upon receipt of the digest from Walker County and based upon the assessed value at January 1. Taxes were levied October 1, 2014 and due by January 1, 2015. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien and penalties and interest begins to accrue. Assessed values are established by the Walker County Board of Tax Assessors and are currently calculated at 40% of market value. The gross assessed value of property at January 1, 2014 was \$147,577,145. Based on the 2014 millage levy of 2.99, a property owner would pay \$2.99 per \$1,000 of assessed valuation. Current tax collections of \$382,796 were 96 percent of the tax levy.

All property taxes are recognized in compliance with NCGAI-3 (Revenue Recognition-Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of September 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water/Sewer	\$ 560,527
	Capital Projects	48,969
	Golf	2,125,373
	Airport	1,222,545
	Solid Waste	728,773
	Hotel Motel	76,626
	Technology	46,750
Drug Task Force	General	1,751
Capital Projects	General	2,850
Electric	General	2,341,163
	Water/Sewer	5,730
	Gas	5,730
Gas	General	1,246,651
	Capital Projects	7,999
	Golf	286
Water/Sewer	Healthcare	308,095
	Solid Waste	2,652
	Capital Projects	82,861
	Gas	922
Airport	Capital Projects	6,338
	General	258,705
Solid Waste	Electric	143,002
	Airport	1,072
Golf	General	455

The interfund balances related to working capital loans between funds. No significant portion of the outstanding balances is expected to be repaid in the subsequent year.

As of September 30, 2015, interfund transfers were as follows:

<u>Receiving Fund</u>	<u>Transferring Fund</u>								
	<u>General</u>	<u>DrugTask Force</u>	<u>Hotel Motel</u>	<u>Cap. Projects</u>	<u>Electric</u>	<u>Gas</u>	<u>W/S</u>	<u>Golf</u>	<u>Total</u>
General	\$ -	\$ 23,143	\$ 45,627	\$ -	\$ 1,400,000	\$ 458,396	\$ 612,542	\$ 555	\$ 2,540,263
Water / Sewer	-	-	-	203,436	-	-	-	-	-
Capital Projects	160,382	-	-	-	-	-	-	-	160,382
Total	\$ 160,382	\$ 23,143	\$ 45,627	\$ 203,436	\$ 1,400,000	\$ 458,396	\$ 612,542	\$ 555	\$ 2,700,645

Routine transfers and payments between funds are to subsidize operations, fund capital projects and asset acquisition. SPLOST funds are accumulated in the capital project fund to complete various projects identified in the SPLOST referendum.

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 6. CAPITAL ASSETS

The following table provides a summary of the City's capital asset activity:

Primary Government

	Balance October 1, 2014	Additions	Deletions & Transfers	Balance September 30, 2015
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated</i>				
Land and improvements	\$ 3,336,429	\$ 33,928	\$ -	\$ 3,370,357
Construction in progress	33,928	26,571	46,562	107,061
Total capital assets, not being depreciated	<u>3,370,357</u>	<u>60,499</u>	<u>46,562</u>	<u>3,477,418</u>
<i>Capital assets, being depreciated</i>				
Infrastructure	1,900,178	303,309	-	2,203,487
Buildings and improvements	2,427,395	30,101	-	2,457,496
Park improvements	2,385,276	27,649	-	2,412,925
Equipment	<u>3,076,575</u>	<u>175,671</u>	<u>(360,003)</u>	<u>2,892,243</u>
Total capital assets, being depreciated	9,789,424	536,730	(360,003)	9,966,151
Less accumulated depreciation for:				
Infrastructure	(353,273)	(79,470)	-	(432,743)
Buildings and improvements	(2,052,937)	(25,295)	-	(2,078,232)
Park improvements	(1,151,548)	(69,123)	-	(1,220,671)
Equipment	<u>(2,094,043)</u>	<u>(120,697)</u>	<u>278,925</u>	<u>(1,935,815)</u>
Total accumulated depreciation	<u>(5,651,801)</u>	<u>(294,585)</u>	<u>278,925</u>	<u>(5,667,461)</u>
Total capital assets, being depreciated, net	<u>4,137,623</u>	<u>242,145</u>	<u>(34,516)</u>	<u>4,298,690</u>
Governmental activities capital assets, net	<u>\$ 7,507,980</u>	<u>\$ 302,644</u>	<u>\$ (347,957)</u>	<u>\$ 7,776,108</u>

Additions to capital assets consist of general fund additions of \$143,013, and 2014 SPLOST fund additions of \$420,287.

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

	Balance October 1, 2014	Additions	Deletions & Transfers	Balance September 30, 2015
Business-type activities:				
<i>Capital assets, not being depreciated</i>				
Land	\$ 2,277,584	\$ -	\$ -	\$ 2,277,584
Construction in progress	1,915,317	2,312,782	(49,509)	4,178,590
Total capital assets, not being depreciated	<u>4,192,901</u>	<u>2,312,782</u>	<u>(49,509)</u>	<u>6,456,174</u>
<i>Capital assets, being depreciated</i>				
Utility systems	36,596,906	331,734	(53,500)	36,875,140
Buildings	4,949,065	125,000	-	5,074,065
Improvements other than buildings	3,754,072	-	-	3,754,072
Equipment	4,614,701	119,446	(665,799)	4,068,348
Total capital assets, being depreciated	<u>49,914,744</u>	<u>576,180</u>	<u>(719,299)</u>	<u>49,771,625</u>
Less accumulated depreciation for:				
Utility systems	(19,369,066)	(1,068,164)	53,500	(20,383,730)
Buildings	(1,632,008)	(100,570)	-	(1,732,578)
Improvements other than buildings	(565,666)	(75,480)	-	(641,146)
Equipment	(2,908,841)	(284,120)	645,742	(2,547,219)
Total accumulated depreciation	<u>(24,475,581)</u>	<u>(1,528,334)</u>	<u>699,242</u>	<u>(25,304,673)</u>
Total capital assets, being depreciated, net	<u>25,439,163</u>	<u>(952,154)</u>	<u>(20,057)</u>	<u>24,466,952</u>
Business-type activities capital assets, net	<u>\$ 29,632,064</u>	<u>\$ 1,360,628</u>	<u>\$ (69,566)</u>	<u>\$ 30,923,126</u>

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

Governmental activities:

General government	\$ 22,266
Police	52,495
Fire	15,429
Public works	126,244
Engineering	428
Garage	332
Recreation	77,391
Total depreciation expense	<u>\$ 294,585</u>

Business-type activities:

Airport	\$ 223,009
Electric	126,590
Gas	54,851
Golf	130,076
Water and Sewer	925,041
Solid Waste	68,767
Total depreciation expense	<u>\$ 1,528,334</u>

Estimated useful lives used to compute depreciation are:

Infrastructure	30 years
Improvements	5-20 years
Equipment	3-10 years
Buildings	20-50 years
Utility Systems	20-75 years

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 7. LEASES

Capital Leases

During fiscal year 2014, the City entered into lease agreements with BB&T Governmental Finance as lessee for financing the acquisition of a Bobcat T650 Compact Tract Loader for \$53,686, new frequency portable radios at a cost of \$24,168, and a 2015 GMC service truck for \$32,505. During fiscal year 2013, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of two 2012 Chevrolet Impala police cruisers for a total cost of \$40,024. During fiscal year 2011, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of a 2011 Peterbilt garbage truck for \$214,393. During fiscal year 2012, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the purchase of a New Holland Model B95B backhoe for \$42,515. Additionally, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing natural gas line extensions for \$356,673. The City also executed a lease agreement with PNC Equipment Finance as lessee for financing the purchase of sixty-one golf carts for the golf course for \$179,097.

These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date the equipment is acquired.

The City's equipment under lease has a cost of \$943,061 and \$259,398 of accumulated depreciation as of September 30, 2015. This year, \$103,978 was included in depreciation expense. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at September 30, 2015. The effective interest rate at September 30, 2015 for the Bobcat T650 Compact Tract Loader is 3.16%, for the new frequency portable radios is 5.66%, for the 2015 GMC service truck is 3.24%, for the two police cruisers is 3.40%, for the garbage truck lease is 2.39%, for the backhoe lease is 3.39%, for the gas line extension lease is 2.59%, and for the golf carts lease is 2.79%.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015, are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2016	\$ 14,645	\$ 144,198
2017	7,179	78,172
2018	-	40,910
2019	-	40,910
2020	-	40,910
2021-2022	-	81,820
	<hr/>	<hr/>
Total Minimum Lease Payments	21,824	426,920
Less Amount Representing Interest	<u>(750)</u>	<u>(27,573)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 21,074</u>	<u>\$ 399,347</u>

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 8. LONG-TERM DEBT

Debt outstanding as of September 30, 2015 is composed of the following:

General Obligation Bonds

The City issued general obligation bonds to provide advance funding of various capital improvement projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds will be repaid with a one cent Special Purpose Local Option Sales Tax over the next six years.

	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Date of Last Payment</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Governmental Activities:					
SPLOST Bonds	1.95%	03/04/14	1/1/2021	2,085,000	2,085,000
					<u>\$ 2,085,000</u>

The following schedule presents debt service requirements to maturity for general obligation bonds:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 310,000	\$ 37,635
2017	340,000	31,297
2018	345,000	24,619
2019	355,000	17,793
2020	365,000	10,773
2021	370,000	3,608
Total	<u>\$ 2,085,000</u>	<u>\$ 125,725</u>

Revenue Bonds

The City has also issued revenue bonds for the purpose of capital infrastructure improvements to the Water-Sewer system. These bonds will be repaid with Water-Sewer Fund revenues from users of the system. The bonds will be repaid over the next sixteen years.

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Last Payment</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Business-Type Activities:					
Water-Sewer Bonds	2.00%	02/19/13	9/30/32	\$ 9,200,000	<u>\$ 8,089,630</u>

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

The following schedule presents debt service requirements to maturity for revenue bonds:

<u>Year Ending</u> <u>September 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 470,000	\$ 202,936
2017	480,000	189,536
2018	500,000	174,936
2019	510,000	160,936
2020	525,000	148,786
2021-2025	2,395,000	590,706
2026-2030	2,290,000	315,685
2031-2032	919,630	36,009
Total	\$ 8,089,630	\$ 1,819,530

Notes Payable

	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Issue</u>	<u>Date of</u> <u>Last Payment</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u>
Business-type Activities:					
Water/Sewer - System	2.0%	08/01/01	08/01/18	\$ 1,062,522	\$ 214,608
Water/Sewer - System	3.0%	11/01/10	07/01/32	473,000	415,642
Water/Sewer - System	2.4%	09/17/14	09/17/36	1,238,439	1,238,439
Water/Sewer - System	2.4%	09/04/15	09/04/37	83,922	83,922
				<u>\$ 2,857,883</u>	<u>\$ 1,952,611</u>

The two most recent loans have not been fully drawn down and are not yet in repayment phase.

Notes payable debt service requirements to maturity are presented below:

<u>Year Ending</u> <u>September 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 90,720	\$ 15,974
2017	91,386	13,975
2018	93,431	11,930
2019	21,086	10,393
2020	21,727	9,752
2021-2025	118,961	38,434
2026-2030	138,187	19,208
2031-2032	1,377,113	1,628
Total	\$ 1,952,611	\$ 121,294

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

The following is a summary of the City's long-term debt transactions for the year ended September 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Compensated Absences	\$ 159,689	\$ 115,849	\$ 122,493	\$ 153,045	\$ 102,540
Net Pension Liability	954,921	167,051	252,197	869,775	-
Capital Leases	59,306	-	38,232	21,074	13,992
General Obligation Bonds	2,710,000	-	625,000	2,085,000	310,000
Total Governmental Funds	<u>\$ 3,883,916</u>	<u>\$ 282,900</u>	<u>\$ 1,037,922</u>	<u>\$ 3,128,895</u>	<u>\$ 426,532</u>
Business-type activities:					
Compensated Absences	\$ 131,356	\$ 88,639	\$ 86,570	\$ 133,425	\$ 62,709
Net Pension Liability	693,340	121,291	183,113	631,518	-
Notes Payable	717,682	1,321,028	86,100	1,952,611	90,720
Capital Leases	563,389	-	164,042	399,347	135,375
Revenue Bonds	8,553,138	-	463,508	8,089,630	470,000
Landfill Closure/Post Closure	102,622	-	-	102,622	-
	<u>\$ 10,761,527</u>	<u>\$ 1,530,958</u>	<u>\$ 983,333</u>	<u>\$ 11,309,153</u>	<u>\$ 758,804</u>

Note 9. OTHER COMMITMENTS

Under the terms of a power sales contract dated October 1, 1975 and for a period not to exceed 50 years, the City agrees to purchase its electric power and energy through the Municipal Electric Authority of Georgia (MEAG). This energy is priced to cover MEAG's cost of operating the system and to retire any debt incurred by MEAG. In return, MEAG agrees to purchase or provide the generating capacity necessary for reliable and economical power output for the City to operate its electric system. In the event that the operating revenues of the City's electric system are insufficient to cover its obligation to MEAG, or the City does not purchase the required amount of electric power and energy as specified in the contract (calculated annually), the City has agreed to assess and collect property tax sufficient to make all remaining payments due under this contract. At September 30, 2015, the outstanding debt of MEAG was \$6,715,718,398. The City's guarantee varies by individual project and totals \$69,358,560.

NOTE 10. PENSION PLAN

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan, the City of LaFayette Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS policy direction and oversight for the fund is provided by a 15 member board comprised of elected and appointed officials from the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City established the plan effective April 1, 1985, and the authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 65 years of age with 5 years of service. Early retirement is possible at age 55 with 10 years of service. Benefits are calculated at up to 1.75% of the average monthly earnings for the period of the five highest years prior to retirement.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

**CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

Funding Policy and Annual Contributions. The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for changes to plan provisions and 30 years for actuarial assumptions and cost methods. These amortization periods, if applicable, are closed for this plan year.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). According to the latest actuarial valuation, dated January 1, 2015, the estimated minimum annual contribution under these funding standards is \$351,109.

According to the most recent annual plan valuation dated January 1, 2015, the recommended contribution to the plan for the coming year is \$373,892 (\$0 employee and \$373,892 employer; 0% employee and 8.28% employer of covered payroll respectively), and for the prior year was \$327,777 (\$0 employee and \$327,777 employer; 0% employee and 9.07% employer of covered payroll respectively). Covered payroll for 2015 and 2014 is \$4,408,649 and \$3,521,904 respectively.

Funded Status. GASB No. 27 requires disclosure of the City's annual pension cost, percentage of annual pension cost contributed and net pension obligation for the most recent three years.

Year Ending	Three-Year Trend information		Pension Obligation
	Annual Pension Cost	of APC Contributed	
2015	\$ 373,892	100%	\$ -
2014	327,777	100%	-
2013	479,407	100%	-

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of January 1, 2015, along with the Total Pension Liability (TPL) and Fiduciary Net Position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of September 30, 2014.

Changes in Net Pension Liability			
	(TPL) Total Pension Liability (a)	(FNP) Fiduciary Net Position (b)	(NPL) Net Position Liability (a) - (b)
Balances at September 30, 2013	\$ 11,248,726	\$ 9,600,465	\$ 1,648,261
Changes for the year:			
Service cost	165,910	-	165,910
Interest	850,512	-	850,512
Differences between expected and actual experience	425,825	-	425,825
Contributions- employer	-	418,853	(418,853)
Contributions- employees	-	-	-
Net Investment income	-	1,092,710	(1,092,710)
Benefit payments, including refunds of employee contributions	(548,747)	(548,747)	-
Administrative expense	-	(14,476)	14,476
Other	(92,127)	-	(92,127)
Net changes	801,373	948,340	(146,967)
Balances at September 30, 2014	\$ 12,050,099	\$ 10,548,805	\$ 1,501,294

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
\$ 3,028,227	\$ 1,501,294	\$ 214,240

As of January 1, 2015, employee membership data related to the current plan membership was as follows:

Number of retirees and beneficiaries currently receiving benefits	81
Number of terminated employees entitled to benefits, but not yet receiving them	58
Number of Active Plan Participants	
Vested	87
Nonvested	43
Total	269

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Significant Actuarial Assumptions

Actuarial Assumptions:

Net Investment Rate of Return	7.75% per year
Projected Salary Increase	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Post Retirement Benefit Increase	N/A

Actuarial Methods:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 22 years
Actuarial Value of Assets	Sum of the actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Mortality Rate	Mortality assumptions are based on the RP-2000 mortality tables, which are founded on a four year review of mortality experience for the period January 1, 2010 to June 30, 2014.

Actuarial assumptions are the same as those used in the preceding year.

For the year ended September 30, 2015, the City recognized pension expense of \$288,342. At September 30, 2015, the City reported 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	\$ 340,660	\$ -
Changes of Assumptions	-	(73,700)
Net Differences between projected and actual earnings on pension plan investments	-	(283,416)
Total as of June 30, 2015	<u>\$ 340,660</u>	<u>\$ (357,116)</u>

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Deferred Outflows/Inflows Recognized in Future Years				
	FY 2016	FY 2017	FY 2018	FY 2019
Fiscal Year Outflows				
Demographic	\$ 85,165	\$ 85,165	\$ 85,165	\$ 85,165
Total Outflows	\$ 85,165	\$ 85,165	\$ 85,165	\$ 85,165
Fiscal Year Inflows				
Investment	\$ (70,854)	\$ (70,854)	\$ (70,854)	\$ (70,854)
Assumption Change	(18,425)	(18,425)	(18,425)	(18,425)
Total Inflows	(89,279)	(89,279)	(89,279)	(89,279)
Total	<u>\$ (4,114)</u>	<u>\$ (4,114)</u>	<u>\$ (4,114)</u>	<u>\$ (4,114)</u>

Net Investment Return

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 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 weighing 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 collection as of September 30, 2014 are as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	<u>0%</u>		
Total	100%		

Plan termination basis: 3.20% (30 year Treasury Securities Rate as of August, 2014, published in September 2014; 3.76% last year)

**CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

Payable to the Pension Plan

There were no outstanding amounts of contributions to the pension plan required for the year ended September 30, 2015.

NOTE 11. SPECIAL LOCAL OPTION SALES TAX

In June 2008, voters approved a referendum to continue collection of a 1% Special Local Option Sales Tax. Collections began on October 1, 2008 and are scheduled to end September 2014. The City's distributive share of this tax is projected to be \$4,434,600, or 11.67%. The proceeds from this sales tax are to be used for acquisition and construction of improvements and the purchase of equipment for public safety, solid waste, recreation and water and sewer, the acquisition of public works equipment, the acquisition, construction and equipping of new streetscapes, new buildings and improvements for public works and equipment.

In November 2013, voters approved a referendum to continue collection of a 1% Special Local Option Sales Tax. Collections are to begin on October 1, 2014 and are scheduled to end September 2020. The City's distributive share of this tax is projected to be \$2,880,000, or 8.73%. The proceeds from this sales tax are to be used for road, street, and bridge purposes, City Hall renovations, software, police radio system and technology/equipment for the library, various recreation purposes, and the construction/equipping of a train depot and trolley service.

NOTE 12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the following General Fund departments as follows:

General Government	\$ 17,373
Animal Control	155

Expenditures exceeded appropriations in the Hotel/Motel Special Revenue Fund.

Expenditures exceeded appropriations in the Police Special Revenue Fund.

In order to prevent excess expenditures in the following years, the City's management will monitor monthly budget reports and make adjustments or amendments when necessary, with approval from the City Council.

NOTE 13. RISK MANAGEMENT

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

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance, and the Worker's Compensation Self-Insurance Fund (WCSIF) for injuries to employees. Both are

CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, cooperate with the pools' agents and attorneys, follow loss reduction procedures established by the funds and to promptly report all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' 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 its members against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

During the past three fiscal years the cost of any settlements have not exceeded insurance coverage.

NOTE 14. UNEARNED/DEFERRED REVENUES

Governmental fund unearned/deferred revenue at year-end is current year property tax revenues of \$10,755.

NOTE 15. RESTRICTED ASSETS

At September 30, 2015, the restricted assets account balances are comprised of the following:

Governmental activities:

	<u>General</u>
Restricted assets:	
Cash-Perpetual care	\$ 85,630
Cash-Shop With A Cop	7,018
Cash-2014 Bonds	1,276,948
Cash-Bond Debt Service	337,940
Total restricted assets	<u>\$ 1,707,536</u>

Business-type activities

	<u>Water/Sewer</u>	<u>Electric</u>
Restricted assets:		
Cash-MEAG	\$ -	\$ 200,991
Cash-construction cash	237,877	-
Cash-Renewal and replacement	-	-
Cash-Capital lease	-	-
Cash-Compliance account	340,636	-
Cash-GEFA loan account	171,675	-
Total restricted assets	<u>\$ 750,188</u>	<u>\$ 200,991</u>

**CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 16. FUND BALANCE/NET POSITION

Restricted amounts are used to indicate that a portion of the fund balance/net position is not available for appropriation or is legally segregated for specific future use. The following restricted amounts are used by the City:

Capital Projects Fund and Police Special Revenue Funds:

Restricted for capital projects - Restricted for completion of construction projects financed by SPLOST proceeds and debt retirement - Restricted for law enforcement activities – confiscated funds which must, by law, be utilized for specific activities/programs.

Water & Sewer Fund:

Reserved for Debt Service and Renewals and Replacement. These reserves were created in conjunction with the issuance of revenue bonds and are funded by initial deposits from the proceeds of such bonds and by transfers from the revenue accounts to accounts that are restricted to debt service and payments for system renewals and extensions.

Fiduciary Fund:

Held in trust for revolving loans - This reserve was created to segregate a portion of the net assets as required by grant agreement.

NOTE 17. LANDFILL CLOSURE/POSTCLOSURE COSTS

The City of LaFayette operates a municipal solid waste landfill for City use only and does not accept waste from any outside parties. State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions for a period of 30 years after closure. While the City has immaterial operating costs related to the current activity at the landfill, an expense provision and related liability are being recognized based on projected future closure and postclosure care costs that will be incurred.

The recognition of these costs is based on the amount of landfill space used to date. The liability for landfill closure and postclosure costs at September 30, 2015 is \$102,622. Estimated total current cost of closure and postclosure care remaining to be recognized is \$447,429. However, the actual cost of closure and postclosure care may be higher due to the effects of inflation, changes in technology, or changes in landfill laws and regulations. The City currently meets applicable financial assurance requirements.

The landfill capacity used to date is approximately 25.0%. According to the most recent study, at the current usage rate, the estimated remaining life of the landfill is 50 years.

NOTE 18. HOTEL/MOTEL TAX REVENUES AND TOURISM EXPENDITURES

The City of LaFayette levies a 5% hotel/motel tax in accordance with provisions of the Official Code of Georgia section 48-13-51. This code section requires that the City expend an amount equal to the amount by which the total taxes collected under this section exceed the taxes that would be collected at a rate of 3 percent. For the year ended September 30, 2015, the amount the City collected was \$35,327. In accordance with a contractual agreement, 100% of the 2% difference in collections had been paid to the Walker County Chamber of Commerce and was to be used for the promotion of tourism.

**CITY OF LAFAYETTE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 19. JOINT VENTURE

The City of LaFayette is a member of the Northwest Georgia Regional Commission (RC). The RC was created under the laws of the State of Georgia and cities and counties in the area served by the RC are required to be members. The membership of the RC includes 15 counties and 49 municipalities. The City has no equity interest in the RC nor does the City materially contribute to the continued existence of the RC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RC ceases operation, the membership can be assessed for any debt or obligation of the RC. Separate financial statements may be obtained from: Northwest Georgia Regional Commission, P. O. Box 1798, Rome, Georgia 30162.

NOTE 20. RESTATEMENT OF PRIOR YEAR NET POSITION/FUND BALANCE

For fiscal year 2015, the City made prior period adjustments due to the adoption of GASB Statements No. 68 and 71. Adoption of these standards necessitated the restatement of the September 30, 2014, net position of governmental and business-type activities. These adjustments resulted in decreases of the net position of governmental and business-type activities of \$704,682 and \$497,411, respectively. Additionally, there was a prior period adjustment in the governmental activities related to bond amortization costs in the Capital Projects – 2008 SPLOST which were not previously expensed. This adjustment resulted in a decrease of the net position of governmental activities of \$90,692. These changes are in accordance with generally accepted accounting principles.

	<u>Governmental Activities</u>	<u>Airport</u>	<u>Electric</u>
Net Position September 30, 2014 as Previously Reported	\$ 7,144,546	\$ 2,420,194	\$ 4,683,414
Implementation of GASB 68	<u>(795,374)</u>	<u>(13,533)</u>	<u>(84,976)</u>
Net Position September 30, 2014 as Restated	<u>\$ 6,349,172</u>	<u>\$ 2,406,661</u>	<u>\$ 4,598,438</u>
	<u>Gas</u>	<u>Golf Fund</u>	<u>Water/ Sewer Fund</u>
Net Position September 30, 2014 as Previously Reported	\$ 1,576,331	\$ 1,317,554	\$ 14,419,929
Implementation of GASB 68	<u>(50,094)</u>	<u>(72,087)</u>	<u>(220,879)</u>
Net Position September 30, 2014 as Restated	<u>\$ 1,526,237</u>	<u>\$ 1,245,467</u>	<u>\$ 14,199,050</u>
	<u>Solid Waste</u>		
Net Position September 30, 2014 as Previously Reported	\$ (320,001)		
Implementation of GASB 68	<u>(55,842)</u>		
Net Position September 30, 2014 as Restated	<u>\$ (375,843)</u>		

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2015

Pension Benefit Plan Schedule of Funding Progress						
Actuarial Valuation For Plan Year Beginning January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(2-1) Unfunded AAL (UAAL)	(1 / 2) Funded Ratio	(3) Covered Payroll	[(2)-(1)] / (3) UAAL as a Percentage Of Covered Payroll
2015	\$ 10,164,612	\$10,827,446	\$ 662,834	93.88%	\$ 4,408,649	15.03%
2014	9,533,075	10,209,566	676,491	93.37%	3,521,904	19.21%
2013	8,897,367	10,146,627	1,249,260	87.69%	3,985,333	31.35%

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the Financial Statements.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF CHANGES
IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2015

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

		Fiscal Year End									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability											
Service cost	\$	165,910									
Interest		850,512									
Difference between expected and actual experience		425,825									
Change of assumptions		(92,127)									
Changes of benefit terms		-									
Benefit payments, including refunds of employee contributions		(548,747)									
Net change in total pension liability		801,373									
Total pension liability- beginning		11,248,726									
Total pension liability- ending (a)		<u>\$12,050,099</u>									
Plan Fiduciary Position											
Contributions- employer	\$	418,853									
Contributions- employee		-									
Net investment income		1,092,710									
Benefit payments, including refunds of employee contributions		(548,747)									
Administrative expense		(14,476)									
Other		-									
Net change in fiduciary net position		948,340									
Plan fiduciary net position- beginning		9,600,465									
Plan fiduciary net position- ending (b)		<u>\$10,548,805</u>									
Net Pension Liability- ending: (a) - (b)		<u>\$ 1,501,294</u>									
Plan's fiduciary net position as a percentage of the total pension liability		87.54%									
Covered Employee Payroll	\$	4,408,649									
Net pension liability as a percentage of covered employee payroll		34.05%									

Note: See assumptions used for Schedule of Changes in Note 10 to the Financial Statements

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REQUIRED CONTRIBUTIONS
SEPTEMBER 30, 2015

	Schedule of Contributions								
	Fiscal Year End								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contributions	--*								
Contributions in relation to the actuarially determined contribution	--*	(Historical information prior to implementation of GASB 68 is not required.)							
Contribution deficiency (excess)	--*								
Covered-employee payroll	--*								
Contributions as a percentage of covered-employee payroll	--*								

* 2015 information will be determined after fiscal year end and will be included in 2016 valuation report

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF LAFAYETTE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	Special Revenue				Total Nonmajor Governmental Funds
	Police Technology	Police	Police Forfeiture	Hotel Motel	
ASSETS					
Cash	\$ 23,024	\$ 140,537	\$ 967	\$ -	\$ 164,528
Due from Other Funds	-	1,751	-	-	1,751
Total Assets	<u>\$ 23,024</u>	<u>\$ 142,288</u>	<u>\$ 967</u>	<u>\$ -</u>	<u>\$ 166,279</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds	\$ 46,750	\$ -	\$ -	\$ 76,626	\$ 123,376
Total Liabilities	<u>46,750</u>	<u>-</u>	<u>-</u>	<u>76,626</u>	<u>123,376</u>
Fund Balance:					
Restricted for:					
Law enforcement activities	-	142,288	967	-	143,255
Unassigned	(23,726)	-	-	(76,626)	(100,352)
Total Fund Balances	<u>(23,726)</u>	<u>142,288</u>	<u>967</u>	<u>(76,626)</u>	<u>42,903</u>
Total Liabilities and Fund Balances	<u>\$ 23,024</u>	<u>\$ 142,288</u>	<u>\$ 967</u>	<u>\$ -</u>	<u>\$ 166,279</u>

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue				Total Nonmajor Governmental Funds
	Police Technology	Police	Police Forfeiture	Hotel Motel	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 35,327	\$ 35,327
Grant Revenue	-	194,588	-	-	194,588
Miscellaneous Income	-	-	1	-	1
Interest Income	20	94	-	-	114
Total Revenues	20	194,682	1	35,327	230,030
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Police	1,802	75,671	-	-	77,473
Intergovernmental Expenditures	-	99,863	-	-	99,863
Total Expenditures	1,802	175,534	-	-	177,336
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,782)	19,148	1	35,327	52,694
OTHER FINANCING SOURCES (USES)					
Transfers - Out	-	(23,143)	-	(45,627)	(68,770)
Transfers - In	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(23,143)	-	(45,627)	(68,770)
Net Change in Fund Balances	(1,782)	(3,995)	1	(10,300)	(16,076)
Fund Balance (Deficit) - Beginning of Year	(21,944)	146,283	966	(66,326)	58,979
Fund Balance - End of Year	\$ (23,726)	\$ 142,288	\$ 967	\$ (76,626)	\$ 42,903

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HOTEL/MOTEL TAX SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 18,500	\$ 18,500	\$ 35,327	\$ 16,827
Total Revenues	<u>18,500</u>	<u>18,500</u>	<u>35,327</u>	<u>16,827</u>
EXPENDITURES				
Tourism Promotion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,500</u>	<u>18,500</u>	<u>35,327</u>	<u>16,827</u>
OTHER FINANCING SOURCES (USES)				
Transfers - Out	<u>(18,500)</u>	<u>(18,500)</u>	<u>(45,627)</u>	<u>(27,127)</u>
Total Other Financing Sources (Uses)	<u>(18,500)</u>	<u>(18,500)</u>	<u>(45,627)</u>	<u>(27,127)</u>
Net Change in Fund Balance	-	-	(10,300)	(10,300)
Fund Balance (Deficit) - Beginning of Year	<u>(66,326)</u>	<u>(66,326)</u>	<u>(66,326)</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ (66,326)</u>	<u>\$ (66,326)</u>	<u>\$ (76,626)</u>	<u>\$ (10,300)</u>

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
2008 SPLOST
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Project Length Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,434,600	\$ 4,434,600	\$ 49,294	\$ (4,385,306)
Intergovernmental	-	-	-	-
Interest Income	-	-	55	55
Total Revenues	<u>4,434,600</u>	<u>4,434,600</u>	<u>49,349</u>	<u>(4,385,251)</u>
EXPENDITURES				
Current:				
General Government	-	-	20	20
Debt Service:				
Principal	-	-	625,000	625,000
Interest	-	-	-	-
Bond Issuance Costs	-	-	-	-
Capital Outlays	<u>4,434,600</u>	<u>4,434,600</u>	<u>-</u>	<u>(4,434,600)</u>
Total Expenditures	<u>4,434,600</u>	<u>4,434,600</u>	<u>625,020</u>	<u>(3,809,580)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(575,671)</u>	<u>(8,194,831)</u>
OTHER FINANCING SOURCES (USES)				
2008 Bonds Issued	-	-	-	-
Transfers - In	-	-	160,382	160,382
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>160,382</u>	<u>160,382</u>
Net Change in Fund Balance	-	-	(415,289)	(8,034,449)
Fund Balance (Deficit) - Beginning of Year	<u>-</u>	<u>-</u>	<u>292,289</u>	<u>292,289</u>
Fund Balance (Deficit) - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (123,000)</u>	<u>\$ (7,742,160)</u>

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
2014 SPLOST
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Project Length Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,882,220	\$ 2,882,220	\$ 415,560	\$ (2,466,660)
Intergovernmental	-	-	-	-
Interest Income	-	-	15,356	15,356
Total Revenues	<u>2,882,220</u>	<u>2,882,220</u>	<u>430,916</u>	<u>(2,451,304)</u>
EXPENDITURES				
Current:				
General Government	-	-	86	86
Debt Service:				
Principal	-	-	-	-
Interest	-	-	40,712	40,712
Bond Issuance Costs	-	-	-	-
Capital Outlays	<u>2,882,220</u>	<u>2,882,220</u>	<u>420,287</u>	<u>(2,461,933)</u>
Total Expenditures	<u>2,882,220</u>	<u>2,882,220</u>	<u>461,085</u>	<u>(2,421,135)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(30,169)</u>	<u>(4,872,439)</u>
OTHER FINANCING SOURCES (USES)				
2014 Bonds Issued	-	-	-	-
Transfers - In	-	-	-	-
Transfers - Out	-	-	(203,436)	(203,436)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(203,436)</u>	<u>(203,436)</u>
Net Change in Fund Balance	-	-	(233,605)	(5,075,875)
Fund Balance (Deficit) - Beginning of Year	<u>-</u>	<u>-</u>	<u>1,859,990</u>	<u>1,859,990</u>
Fund Balance (Deficit) - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,626,385</u>	<u>\$ (3,215,885)</u>

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Grant Revenue	\$ 152,838	\$ 152,838	\$ 194,588	\$ 41,750
Interest	100	100	94	(6)
Miscellaneous Income	-	-	-	-
Total Revenues	<u>152,938</u>	<u>152,938</u>	<u>194,682</u>	<u>41,744</u>
EXPENDITURES				
Current:				
Police	<u>90,000</u>	<u>90,000</u>	<u>75,672</u>	<u>14,328</u>
Total Expenditures	<u>90,000</u>	<u>90,000</u>	<u>75,672</u>	<u>14,328</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>62,938</u>	<u>62,938</u>	<u>119,010</u>	<u>56,072</u>
OTHER FINANCING SOURCES (USES)				
Payments to Other Governments	(54,933)	(54,933)	(99,862)	(44,929)
Transfers - Out	<u>(8,004)</u>	<u>(8,004)</u>	<u>(23,143)</u>	<u>(15,139)</u>
Total Other Financing Sources (Uses)	<u>(62,937)</u>	<u>(62,937)</u>	<u>(123,005)</u>	<u>(60,068)</u>
Net Change in Fund Balance	1	1	(3,995)	(3,996)
Fund Balance (Deficit) - Beginning of Year	<u>146,283</u>	<u>146,283</u>	<u>146,283</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ 146,284</u>	<u>\$ 146,284</u>	<u>\$ 142,288</u>	<u>\$ (3,996)</u>

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE FORFEITURE SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and Forfeitures	\$ -	\$ -	\$ -	\$ -
Interest	-	-	1	1
Total Revenues	-	-	1	1
EXPENDITURES				
Current:				
Police	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	1	1
OTHER FINANCING SOURCES (USES)				
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	1	1
Fund Balance (Deficit) - Beginning of Year	966	966	966	-
Fund Balance (Deficit) - End of Year	<u>\$ 966</u>	<u>\$ 966</u>	<u>\$ 967</u>	<u>\$ 1</u>

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE TECHNOLOGY SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fine Add-Ons	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)
Interest	20	20	20	(0)
Total Revenues	<u>6,020</u>	<u>6,020</u>	<u>20</u>	<u>(0)</u>
EXPENDITURES				
Current:				
Police	<u>6,000</u>	<u>6,000</u>	<u>1,802</u>	<u>4,198</u>
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>1,802</u>	<u>4,198</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20</u>	<u>20</u>	<u>(1,782)</u>	<u>4,198</u>
OTHER FINANCING SOURCES (USES)				
Transfers - Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	20	20	(1,782)	4,198
Fund Balance (Deficit) - Beginning of Year	<u>(21,944)</u>	<u>(21,944)</u>	<u>(21,944)</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ (21,924)</u>	<u>\$ (21,924)</u>	<u>\$ (23,726)</u>	<u>\$ 4,198</u>

The accompanying notes are an integral part of this financial statement.

STATISTICAL SECTION

**CITY OF LAFAYETTE, GEORGIA
STATISTICAL SECTION
SEPTEMBER 30, 2015**

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS	<u>PAGES</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	65-70
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant revenue source, property tax.	71-74
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the Agency's ability to issue additional debt in the future.	75-79
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	80-81
Operating Information	
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.	82-84

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

City of Lafayette, Georgia
Net Position By Component
Last Nine Fiscal Years
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities									
Net investment in capital assets	\$ 6,925,052	\$ 5,415,144	\$ 2,587,120	\$ 3,851,948	\$ 4,645,389	\$ 5,073,558	\$ 6,013,279	\$ 6,823,674	\$ 6,084,250
Restricted	655,142	159,095	370,207	372,480	1,741,229	1,676,815	1,479,716	2,410,068	1,745,187
Unrestricted	817,772	(478,789)	1,888,574	430,307	(1,953,591)	(1,627,242)	(1,136,111)	(2,089,196)	(343,066)
Total governmental activities net position	\$ 8,397,966	\$ 5,095,450	\$ 4,845,901	\$ 4,654,735	\$ 4,433,027	\$ 5,123,131	\$ 6,356,884	\$ 7,144,546	\$ 7,466,371
Business-type activities									
Net investment in capital assets	\$ 18,053,148	\$ 21,967,815	\$ 21,644,406	\$ 21,723,541	\$ 21,958,075	\$ 21,048,371	\$ 21,152,326	\$ 20,968,874	\$ 20,891,090
Restricted	1,202,647	1,229,047	1,230,702	1,156,598	217,585	36,038	241,016	262,739	340,636
Unrestricted	2,626,272	1,538,196	2,666,153	3,851,985	4,142,161	3,331,174	2,817,048	2,865,808	2,421,969
Total business-type activities net position	\$ 21,882,067	\$ 24,735,058	\$ 25,541,261	\$ 26,732,124	\$ 26,317,821	\$ 24,415,583	\$ 24,210,390	\$ 24,097,421	\$ 23,653,695
Primary government									
Net investment in capital assets	\$ 24,978,200	\$ 27,382,959	\$ 24,231,526	\$ 25,575,489	\$ 26,603,464	\$ 26,121,929	\$ 27,165,605	\$ 27,792,548	\$ 26,955,340
Restricted	1,857,789	1,388,142	1,600,909	1,529,078	1,958,814	1,712,853	1,720,732	2,672,807	2,085,823
Unrestricted	3,444,044	1,059,407	4,554,727	4,282,292	2,188,570	1,703,932	1,680,937	776,612	2,078,903
Total primary government net position	\$ 30,280,033	\$ 29,830,508	\$ 30,387,162	\$ 31,386,859	\$ 30,750,848	\$ 29,538,714	\$ 30,567,274	\$ 31,241,967	\$ 31,120,066

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Changes in Net Position
Last Nine Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses									
Governmental activities:									
General Government									
Police	\$ 936,752	\$ 984,479	\$ 1,071,282	\$ 984,125	\$ 1,079,171	\$ 1,080,027	\$ 1,117,808	\$ 1,308,976	\$ 1,209,445
Fire	1,354,576	1,596,423	1,616,848	1,731,578	1,804,053	1,799,349	1,797,485	1,866,355	1,838,161
Public Works	273,813	381,843	411,645	424,828	427,647	425,276	398,437	354,798	318,558
Engineering	949,226	959,681	952,337	1,198,003	1,122,605	963,898	833,213	857,663	803,207
Recreation	313,863	371,007	313,018	241,806	211,138	204,827	215,972	212,957	174,876
Garage	845,284	990,485	836,134	880,389	872,255	881,484	885,455	877,852	860,885
Animal Control	171,259	239,752	170,778	172,978	221,800	181,492	173,860	181,154	123,233
Interest on Long-term Debt	45,876	49,090	49,073	57,768	46,076	41,833	35,454	21,248	54
Total governmental activities expenses	<u>4,890,649</u>	<u>5,572,760</u>	<u>5,509,227</u>	<u>5,816,629</u>	<u>5,972,427</u>	<u>5,638,861</u>	<u>5,496,578</u>	<u>5,711,663</u>	<u>5,385,378</u>
Business-type activities:									
Electric	7,476,015	6,415,012	5,941,777	6,356,037	6,787,899	7,823,639	7,663,017	8,302,308	8,581,428
Gas	3,173,016	3,195,382	2,524,138	2,326,496	2,250,743	1,781,896	2,058,255	2,443,124	1,858,471
Water & Sewer	3,050,299	3,092,514	3,062,970	3,166,961	3,271,779	3,350,313	3,571,402	3,741,994	3,821,597
Solid Waste	566,598	571,896	468,771	547,797	577,842	621,608	646,676	581,824	577,944
Golf	663,517	720,431	729,031	768,208	805,176	775,168	824,600	828,138	821,948
Airport	203,707	288,331	338,773	348,963	375,148	341,807	419,409	426,215	415,003
Total business-type activities expenses	<u>15,133,152</u>	<u>14,283,566</u>	<u>13,065,460</u>	<u>13,514,462</u>	<u>14,068,587</u>	<u>14,694,431</u>	<u>15,183,359</u>	<u>16,323,603</u>	<u>16,076,391</u>
Total primary government expenses	<u>\$ 20,023,801</u>	<u>\$ 19,856,326</u>	<u>\$ 18,574,687</u>	<u>\$ 19,331,091</u>	<u>\$ 20,041,014</u>	<u>\$ 20,333,292</u>	<u>\$ 20,679,937</u>	<u>\$ 22,035,266</u>	<u>\$ 21,461,769</u>

City of Lafayette, Georgia
Changes in Net Position
Last Nine Fiscal Years
(accrual basis of accounting)

(continued)										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 744,994	\$ 727,865	\$ 741,448	\$ 762,271	\$ 789,344	\$ 796,124	\$ 760,077	\$ 758,906	\$ 741,476	
Police	234,411	265,671	226,688	331,889	343,163	208,702	130,407	110,801	167,510	
Fire	-	-	-	-	-	-	-	-	-	
Public Works	36,705	62,065	63,480	39,650	38,750	45,515	33,850	40,825	43,505	
Engineering	-	-	10,619	7,041	15,955	8,388	51,302	26,930	35,527	
Recreation	121,526	114,843	106,635	124,327	126,270	147,914	156,134	145,871	142,837	
Garage	-	-	-	-	-	-	-	-	-	
Animal Control	78	48	124	59	44	63	-	-	-	
Operating grants and contributions	84,164	73,729	37,162	72,571	68,212	93,656	309,683	213,506	240,742	
Capital grants and contributions	262,651	41,474	279,448	222,297	276,066	916,182	832,704	726,520	639,247	
Total governmental activities program revenues	1,484,529	1,285,695	1,465,604	1,560,105	1,657,804	2,216,544	2,274,157	2,023,359	2,010,844	
Business-type activities:										
Charges for services:										
Electric	6,952,011	7,150,710	7,313,826	8,082,649	7,454,354	7,302,789	8,720,685	9,996,147	10,159,143	
Gas	3,698,030	3,692,304	3,079,206	2,977,647	2,726,493	2,277,444	2,669,253	3,062,966	2,502,685	
Water & Sewer	3,276,325	3,170,295	3,322,222	3,688,544	3,754,331	3,739,296	4,110,287	4,247,519	4,154,475	
Solid Waste	422,076	470,525	504,938	485,433	490,800	565,453	513,299	516,238	508,875	
Golf	539,918	527,709	598,882	554,463	572,607	580,127	571,570	590,906	541,358	
Airport	118,819	114,928	99,184	112,222	122,131	125,643	121,983	122,746	138,188	
Operating grants and contributions	-	-	-	-	-	-	-	-	-	
Capital grants and contributions	-	1,391,617	75,211	301,847	355,939	338,842	680,916	18,474	373,359	
Total business-type activities program revenues	15,007,179	16,518,088	14,993,469	16,202,805	15,476,655	14,929,594	17,387,993	18,554,996	18,378,083	
Total primary government program revenues	16,491,708	17,803,783	16,459,073	17,762,910	17,134,459	17,146,138	19,662,150	20,578,355	20,388,927	
Net (expense) revenue										
Governmental activities	(3,406,120)	(4,287,065)	(4,043,623)	(4,266,524)	(4,314,623)	(3,422,317)	(3,222,421)	(3,688,304)	(3,374,534)	
Business-type activities	(125,973)	2,234,522	1,928,009	2,688,343	1,408,068	235,163	2,204,634	2,231,393	2,301,692	
Total primary government net (expense)	(3,532,093)	(2,052,543)	(2,115,614)	(1,568,181)	(2,906,555)	(3,187,154)	(1,017,787)	(1,456,911)	(1,072,842)	

City of Lafayette, Georgia
Changes in Net Position
Last Nine Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
(continued)									
General Revenues and Other Changes in Net Position									
Governmental activities:									
Taxes:									
Property	438,279	507,138	533,775	464,412	472,937	437,343	496,057	558,081	613,612
Sales	1,006,545	545,066	1,380,487	1,116,086	1,149,233	493,200	473,889	552,506	567,551
Hotel/Motel	29,975	29,153	27,889	28,065	22,972	25,524	29,843	24,151	35,327
Insurance Premium	351,184	366,324	375,099	371,580	360,781	334,005	364,769	367,329	383,854
Business/Occupation	76,763	74,973	75,158	76,521	71,226	75,656	75,220	72,046	75,200
Beverage	129,065	123,495	132,496	117,584	122,097	115,330	122,645	118,576	118,966
Franchise	216,981	266,226	279,595	268,837	291,322	286,851	285,086	264,796	279,409
Other	30,846	625,632	375,690	16,166	11,882	37,702	33,049	94,464	61,159
Investment Earnings	40,547	22,316	45,862	25,067	6,048	3,600	1,959	16,512	21,891
Miscellaneous	304,805	126,193	41,230	62,563	23,751	36,216	26,821	23,175	63,767
Payments to Other Governments	(165,148)	(200,471)	(87,013)	(116,103)	(100,239)	-	-	-	-
Gain on Sale of Capital Assets	-	(1,378,995)	44,200	17,381	(100,239)	67,574	7,836	43,122	2,941
Transfers	1,974,000	(122,501)	989,519	1,617,199	1,691,150	2,199,422	2,549,000	2,341,208	2,268,056
Total governmental activities	4,433,842	984,549	4,213,987	4,065,358	4,123,160	4,112,423	4,456,174	4,475,966	4,491,733
Business-type activities:									
Investment earnings	209,097	108,671	39,503	10,104	9,589	5,388	8,038	28,336	19,118
Gain on Sale of Capital Assets	-	(258,915)	745	115,561	1,304	56,633	600	(31,490)	932
Transfers	(1,974,000)	122,501	(989,519)	(1,617,199)	(1,691,150)	(2,199,422)	(2,549,000)	(2,341,208)	(2,268,056)
Total business-type activities	(1,764,903)	(27,743)	(949,271)	(1,491,534)	(1,680,257)	(2,137,401)	(2,540,362)	(2,344,362)	(2,248,006)
Total primary government	\$ 2,668,939	\$ 956,806	\$ 3,264,716	\$ 2,573,824	\$ 2,442,903	\$ 1,975,022	\$ 1,915,812	\$ 2,131,604	\$ 2,243,727
Change in Net Position									
Governmental activities	\$ 1,027,722	\$ (3,302,516)	\$ 170,364	\$ (191,166)	\$ (191,463)	\$ 690,106	\$ 1,233,753	\$ 787,662	\$ 1,117,199
Business-type activities	(1,890,876)	2,206,779	978,738	1,196,809	(272,189)	(1,902,238)	(335,728)	(112,969)	53,686
Total primary government	\$ (863,154)	\$ (1,095,737)	\$ 1,149,102	\$ 1,005,643	\$ (463,652)	\$ (1,212,132)	\$ 898,025	\$ 674,693	\$ 1,170,885

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 35,190	\$ 34,410	\$ 33,996	\$ 36,636	\$ 44,515
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	116,276	94,895	110,703	72,171	-
Unassigned	<u>835,558</u>	<u>702,378</u>	<u>749,250</u>	<u>196,308</u>	<u>(626,543)</u>	<u>(576,965)</u>	<u>117,120</u>	<u>236,892</u>	<u>884,237</u>
Total general fund	\$ <u>835,558</u>	\$ <u>702,378</u>	\$ <u>749,250</u>	\$ <u>196,308</u>	\$ <u>(475,077)</u>	\$ <u>(447,660)</u>	\$ <u>261,819</u>	\$ <u>345,699</u>	\$ <u>928,752</u>
All other governmental funds									
Nonspendable	\$ 655,142	\$ (338,635)	\$ 370,207	\$ 372,480	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	765,591	683,172	435,934	2,234,238	1,734,417
Committed	-	-	-	-	-	-	-	-	-
Unassigned	<u>38,099</u>	<u>(583,994)</u>	<u>1,349,121</u>	<u>443,945</u>	<u>(35,726)</u>	<u>(49,308)</u>	<u>(72,887)</u>	<u>(22,980)</u>	<u>(188,129)</u>
Total all other governmental funds	\$ <u>693,241</u>	\$ <u>(922,629)</u>	\$ <u>1,719,328</u>	\$ <u>816,425</u>	\$ <u>729,865</u>	\$ <u>633,864</u>	\$ <u>363,047</u>	\$ <u>2,211,258</u>	\$ <u>1,546,288</u>

⁽¹⁾ The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Changes in Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues									
Taxes	\$ 2,279,636	\$ 1,856,607	\$ 2,708,982	\$ 2,401,737	\$ 1,819,765	\$ 1,737,158	\$ 1,811,899	\$ 1,927,029	\$ 2,038,928
Grant Revenue	262,651	53,551	129,917	249,387	265,329	229,324	454,251	178,451	194,588
Licenses and Permits	29,521	17,011	11,519	8,191	20,259	11,088	53,223	30,592	35,967
Intergovernmental	64,133	39,624	180,545	340	678,286	724,859	652,775	703,148	636,672
Payments in lieu of taxes	-	17,811	30,907	12,212	12,212	12,212	12,212	12,223	12,223
Fines and Forfeitures	234,411	278,683	273,686	365,015	377,112	228,377	154,575	141,508	212,096
Charges for Services	907,498	232,636	223,217	227,744	221,676	257,814	253,990	246,224	249,131
Contributions and donations	-	3,281	7,015	8	3,779	23,168	323	1,103	13,701
Miscellaneous Income	271,796	1,448,638	1,127,298	813,863	786,787	826,405	778,368	858,831	826,975
Interest Income	40,547	22,293	45,848	25,000	6,048	3,600	2,500	16,512	21,892
Total revenues	<u>4,090,193</u>	<u>3,970,135</u>	<u>4,738,934</u>	<u>4,103,497</u>	<u>4,191,253</u>	<u>4,054,005</u>	<u>4,174,116</u>	<u>4,115,621</u>	<u>4,242,173</u>
Expenditures									
General Government	874,087	885,421	927,908	931,920	1,019,574	1,015,374	1,094,371	1,321,939	1,254,664
Police	1,288,673	1,494,251	1,406,363	1,595,702	1,652,233	1,631,180	1,659,922	1,787,087	1,779,061
Fire	252,814	322,461	294,913	325,242	323,770	315,646	309,163	321,440	319,403
Public Works	888,993	862,912	787,221	1,073,030	1,017,074	839,336	721,214	771,127	726,910
Engineering	313,303	331,100	278,499	232,890	205,498	193,517	214,825	217,117	188,039
Recreation	739,367	850,184	740,019	802,517	765,844	764,731	807,607	822,309	824,295
Garage	170,945	200,080	152,250	167,943	211,514	173,471	174,150	185,935	134,907
Animal Control	45,876	49,090	43,749	55,980	44,564	39,783	35,430	21,833	155
Intergovernmental Expenditures	165,148	125,869	87,013	116,103	100,239	-	64,105	52,089	99,863
Principal	-	-	-	495,000	535,000	563,380	603,319	635,375	663,232
Interest	-	-	88,112	125,154	104,709	60,695	38,894	30,660	41,844
Bond Issuance Costs	-	-	105,807	-	-	-	-	-	-
Capital Outlay	<u>705,815</u>	<u>1,995,556</u>	<u>1,122,077</u>	<u>1,113,142</u>	<u>633,329</u>	<u>380,014</u>	<u>609,314</u>	<u>501,105</u>	<u>766,737</u>
Total expenditures	<u>5,445,021</u>	<u>7,116,924</u>	<u>6,033,931</u>	<u>7,034,623</u>	<u>6,613,348</u>	<u>5,977,127</u>	<u>6,332,314</u>	<u>6,668,016</u>	<u>6,799,110</u>
Excess of revenues over (under) expenditures	(1,354,828)	(3,146,789)	(1,294,997)	(2,931,126)	(2,422,095)	(1,923,122)	(2,158,198)	(2,552,395)	(2,556,937)
Other financing sources (uses)									
2014 Bonds Issued	-	-	-	-	-	-	-	2,085,000	-
2008 Bonds Issued	-	-	3,400,000	-	-	-	-	-	-
Transfers out	(187,275)	(566,635)	(984,700)	(974,461)	(91,177)	(397,524)	(40,143)	(47,383)	(229,152)
Transfers in	2,161,275	1,941,100	1,524,326	2,432,361	1,755,327	2,224,946	2,589,143	2,388,591	2,700,644
Capital leases	-	-	-	-	-	42,515	40,024	37,590	-
Sale of capital assets	-	23,273	44,200	17,381	-	67,574	7,836	20,688	3,528
Total other financing sources (uses)	<u>1,974,000</u>	<u>1,397,738</u>	<u>3,983,826</u>	<u>1,475,281</u>	<u>1,664,150</u>	<u>1,937,511</u>	<u>2,596,860</u>	<u>4,484,486</u>	<u>2,475,020</u>
Net change in fund balances	<u>\$ 619,172</u>	<u>\$ (1,749,051)</u>	<u>\$ 2,688,829</u>	<u>\$ (1,455,845)</u>	<u>\$ (757,945)</u>	<u>\$ 14,389</u>	<u>\$ 438,662</u>	<u>\$ 1,932,091</u>	<u>\$ (81,917)</u>
Debt service as a percentage of non capital expenditures	0.0%	0.0%	3.9%	10.5%	10.7%	11.1%	11.2%	10.8%	11.7%

⁽¹⁾ The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property			Personal Property		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value ⁽¹⁾ as a Percentage of Actual Value
	Residential Property	Industrial Property	Commercial Property	Motor Vehicles	Other					
2006	\$ 68,346,204	\$ 48,118,166	\$ 37,757,322	\$ -	\$ 3,392,759	\$ 12,732,550	\$ 144,881,901	3.00	362,204,753	40%
2007	70,343,584	48,454,969	38,307,577	-	3,687,189	12,781,998	148,011,321	2.99	370,028,303	40%
2008	70,343,584	48,454,469	38,307,577	-	3,687,189	12,781,998	148,010,821	2.99	370,027,053	40%
2009	71,519,493	43,460,692	39,974,969	-	3,704,303	15,266,054	143,393,403	2.99	358,483,508	40%
2010	71,988,686	39,362,080	41,235,497	-	3,308,916	17,039,910	138,855,269	2.99	347,138,173	40%
2011	71,984,905	33,188,102	41,860,053	-	2,979,759	13,694,518	136,318,301	2.99	340,795,753	40%
2012	71,535,907	28,059,977	41,413,918	-	3,241,204	12,750,760	131,500,246	2.99	328,750,615	40%
2013	70,460,348	25,501,273	41,227,303	-	2,842,935	11,389,129	128,642,730	2.99	321,606,825	40%
2014	69,803,455	20,407,499	41,435,272	-	2,554,073	9,379,992	124,820,307	2.99	312,050,768	40%
2015	69,704,899	30,696,807	45,068,639	-	2,106,800	14,792,671	132,784,474	2.99	331,961,185	40%

Source: Property in Walker County is reassessed annually. The county assesses property at approximately 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing the assessed value by this percentage. Tax rates are per \$1,000 of assessed value.

⁽¹⁾ Includes tax-exempt property.

City of Lafayette, Georgia
Direct and Overlapping Governments Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Direct Rates	Overlapping Rates		Total Direct and Overlapping Rates
	City of Lafayette Operating Millage	Walker County (A)	State of Georgia (B)	
2006	3.00	22.33	0.25	25.58
2007	2.99	22.29	0.25	25.53
2008	2.99	22.29	0.25	25.53
2009	2.99	22.07	0.25	25.31
2010	2.99	22.07	0.25	25.31
2011	2.99	22.07	0.25	25.31
2012	2.99	22.07	0.25	25.31
2013	2.99	22.07	0.25	25.31
2014	2.99	22.07	0.25	25.31
2015	2.99	22.07	0.25	25.31

(A) Includes levy for Walker County Board of Education

(B) This statewide levy is collected for the State by the County on the basis of the County's assessed value (40% of fair market value)

City of Lafayette, Georgia
Principal Property Taxpayers
September 30, 2015

2015				2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ropcor LP	\$ 28,082,790	1	21.1%	\$ 28,459,480	1	17.62%
Zorn, Eric, As Trustee	2,423,322	2	1.8%	-	-	-
Unique Fabricating South	2,322,666	3	1.7%	770,879	8	0.48%
Walmart Stores East	2,211,148	4	1.7%	4,807,836	3	2.98%
Buy The Truck, LLC	1,796,865	5	1.4%	-	-	-
Georgia Windstream, Inc.	1,724,480	6	1.3%	-	-	-
Syntec Industries, LLC	1,460,282	7	1.1%	-	-	-
Woodlands Village II	934,842	8	0.7%	-	-	-
LaFayette Plaza Assoc.	919,884	9	0.7%	962,656	7	0.60%
Auto Custom Carpets Inc.	777,140	10	0.6%	-	-	-
Blue Bird of N. Georgia	-	-	-	15,472,678	2	9.58%
Solution First Inc.	-	-	-	1,294,572	4	0.80%
Shaw Industries Group	-	-	-	1,284,940	5	0.80%
Colorspectrum	-	-	-	1,026,221	6	0.64%
JDN Enterprises, Inc.	-	-	-	955,198	7	0.59%
National Spinning Co., Inc.	-	-	-	702,786	10	0.44%
Totals	\$ 42,653,419		32.12%	\$ 55,737,246		34.53%

Source: Walker County Tax Commissioner

Total Taxable Assessed Value 132,784,474

City of Lafayette, Georgia
Property Tax Levies and Collections
September 30, 2015

Fiscal Year Ended September 30	Taxes Levied for the Fiscal year	Collected within the Fiscal year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 386,687	\$ 382,371	98.9%	\$ 3,746	\$ 386,117	99.9%
2007	403,693	387,906	96.1%	8,350	396,256	98.2%
2008	442,552	361,551	81.7%	39,939	401,490	90.7%
2009	454,485	370,025	81.4%	10,444	380,469	83.7%
2010	401,490	378,712	94.3%	19,167	397,879	99.1%
2011	399,173	381,666	95.6%	12,111	393,777	98.6%
2012	393,186	367,858	93.6%	19,889	387,747	98.6%
2013	366,719	341,994	93.3%	27,929	369,923	100.9%
2014	365,405	341,882	93.6%	20,134	362,016	99.1%
2015	397,071	382,796	96.4%	-	382,796	96.4%

Source: Walker County Tax Commissioner

City of Lafayette, Georgia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita	Per Capita Income	Population Per Capita Income
	General Obligation Bonds	Notes Payable	Capitalized Leases	Water/Sewer Revenue Bonds	Notes Payable	Capitalized Leases							
2006	\$ -	\$ -	\$ -	\$ 3,105,000	\$ 2,739,607	\$ -	\$ -	\$ 5,844,607	3.66%	841	\$ 22,979	\$ 159,612,134	
2007	-	-	-	2,670,000	2,562,113	-	-	5,232,113	3.15%	753	23,942	166,301,132	
2008	-	-	-	2,185,000	2,377,656	-	-	4,562,656	5.10%	661	12,967	89,472,300	
2009	3,400,000	-	-	1,680,000	3,574,017	-	-	8,654,017	9.67%	1,254	12,967	89,472,300	
2010	2,905,000	-	-	1,125,000	5,710,556	-	-	9,740,556	10.89%	1,368	12,967	89,472,300	
2011	2,370,000	-	-	-	6,979,262	214,393	-	9,563,655	10.01%	1,343	13,849	95,558,100	
2012	1,810,000	-	39,135	-	7,380,498	721,240	-	9,950,873	10.09%	1,397	13,849	98,618,729	
2013	1,230,000	-	56,970	8,935,000	803,206	624,299	-	11,649,475	11.81%	1,636	13,849	98,618,729	
2014	2,710,000	-	59,306	8,553,138	717,682	563,389	-	12,603,515	12.78%	1,770	13,849	98,618,729	
2015	2,085,000	-	21,074	8,089,630	1,952,611	399,347	-	12,547,662	12.72%	1,762	13,849	98,618,729	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Schedule of Demographic and Economic Statistics on page 80 for person income and population data.

City of Lafayette, Georgia
Direct and Overlapping Governmental Activities Debt
As of September 30, 2015

<u>Governmental unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Walker County	\$ 1,135,577	12%	\$ 136,269
City of Lafayette direct debt	<u>2,106,074</u>	100%	<u>2,106,074</u>
Total direct and overlapping debt	<u>\$ 3,241,651</u>		<u>\$ 2,242,343</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Walker County Tax Commissioner. Debt outstanding data provided by Walker County and the City.

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 business of the City of Lafayette. This process recognizes that, when considering the City's ability to issue and repay long-term debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

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

City of Lafayette, Georgia
Pledged-Revenue Coverage
Last Ten Fiscal Years

Revenue Bonds						
Fiscal Year	Utility Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ 3,213,657	\$ 1,926,659	\$ 1,286,998	\$ 430,000	\$ 167,385	2.2
2007	3,047,748	2,819,078	228,670	510,000	111,090	0.4
2008	3,032,877	2,917,010	115,867	530,000	90,720	0.2
2009	3,253,674	2,258,290	995,384	505,000	84,461	1.7
2010	3,697,314	2,292,818	1,404,496	555,000	133,166	2.0
2011	3,763,252	2,409,801	1,353,451	1,125,000	97,101	1.1
2012	3,744,191	2,430,144	1,314,047	-	-	-
2013	4,117,248	2,586,536	1,530,712	265,000	118,034	4.0
2014	4,278,222	2,597,209	1,681,013	445,000	245,941	2.4
2015	4,161,542	2,588,235	1,573,307	460,000	245,106	2.2

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Utility service charges and other includes water/sewer charges and investment earnings but not tap fees.
Operating expenses do not include depreciation or interest.

City of Lafayette, Georgia
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 14,488,190	\$ 14,801,132	\$ 14,801,082	\$ 14,339,340	\$ 15,275,046	\$ 14,719,726	\$ 13,150,025	\$ 12,864,273	\$ 12,482,031	\$ 13,278,447
Total net debt applicable to limit				3,400,000	2,905,000	2,370,000	1,810,000	1,230,000	2,710,000	2,085,000
Legal debt margin	<u>\$ 14,488,190</u>	<u>\$ 14,801,132</u>	<u>\$ 14,801,082</u>	<u>\$ 10,939,340</u>	<u>\$ 12,370,046</u>	<u>\$ 12,349,726</u>	<u>\$ 11,340,025</u>	<u>\$ 11,634,273</u>	<u>\$ 9,772,031</u>	<u>\$ 11,193,447</u>

Total net debt applicable to the limit
as a percentage of debt limit

0.00% 0.00% 0.00% 0.00% 23.71% 19.02% 16.10% 13.76% 21.71% 15.70%

Legal Debt Margin Calculation for Fiscal Year 2015

Total taxable assessed value	\$ 132,784,474
Debt limit (10% of assessed taxable value)	13,278,447
Debt applicable to limit	
General obligation bonds	<u>2,085,000</u>
Legal debt margin	<u>\$ 11,193,447</u>

Note: The Constitution of the State of Georgia Article IX, Section V limits outstanding general obligation debt to 10 percent of the assessed value of all taxable property.

City of Lafayette, Georgia
Ratios of General Bonded Debt Outstanding
Last Six Fiscal years

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2010	\$ 2,905,000	N/A	\$ 408
2011	2,370,000	N/A	333
2012	1,810,000	N/A	254
2013	1,230,000	N/A	173
2014	2,710,000	N/A	381
2015	2,085,000	N/A	293

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

**City of LaFayette, Georgia
Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate/Percent
2006	6,946	\$ 159,612,134	\$ 22,979	37.0	12	9,290	4.5
2007	6,946	166,301,132	23,942	37.0	12	9,143	6.4
2008	6,900	89,472,300	12,967	37.0	12	9,337	5.8
2009	6,900	89,472,300	12,967	38.0	12	9,279	10.4
2010	7,121	92,338,007	12,967	38.0	12	9,198	9.8
2011	7,121	98,618,729	13,849	38.0	12	9,064	9.4
2012	7,121	98,618,729	13,849	38.0	12	9,064	9.4
2013	7,121	98,618,729	13,849	38.0	12	9,064	9.4
2014	7,121	98,618,729	13,849	38.0	12	9,064	9.4
2015	7,121	98,618,729	13,849	38.0	12	9,064	9.4

Sources: NW Georgia Joint Development Authority, Georgia Department of Education, and the most recent U.S. Census

(1) Estimated

**CITY OF LAFAYETTE, GEORGIA
PRINCIPLE EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	<u>2015</u>			<u>2006</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage Of Total</u>	<u>Employees</u>	<u>Rank</u>
Roper Corp	1,490	1	34.06%	1,600	1
Walker Co Bd of Education	1,353	2	30.93%	1,500	2
Walker Co Government	448	3	10.24%	250	5
Lookout Mtn Services	297	4	6.79%	-	-
Walmart	203	5	4.64%	265	4
Syntec Industries	163	6	3.73%	150	6
City of LaFayette	142	7	3.25%	140	7
Walker Co Sheriff Dept	111	8	2.54%	100	8
Unique Fabricating	100	9	2.29%	-	-
Bank of LaFayette	67	10	1.53%	-	-
Totals	<u>4,374</u>		<u>100.00%</u>	<u>4,005</u>	

Source: Respective Employers

City of Lafayette, Georgia
Number of City Employees By Function/Program
Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government	7	7	7	7	7	11	10	10	10	10
Police	19	19	19	21	23	23	23	24	23	24
Fire	4	5	5	5	5	5	6	6	7	8
Garage	3	3	3	3	4	3	3	3	2	2
Culture and recreation	15	13	12	9	10	10	12	10	10	8
Public works	16	16	16	14	14	15	15	11	9	7
Sanitation	6	6	6	4	4	6	7	7	8	7
Total	<u>70</u>	<u>69</u>	<u>68</u>	<u>63</u>	<u>67</u>	<u>73</u>	<u>76</u>	<u>71</u>	<u>69</u>	<u>66</u>

City of Lafayette, Georgia
Operating Indicators by Function/Program
Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police										
Physical arrests	411	363	507	462	423	485	401	202	548	682
Parking violations	125	9	25	11	20	21	20	15	36	20
Traffic violations	878	980	1,129	763	1,434	1,088	1,013	755	1,199	1,955
Fire										
Emergency responses	206	360	326	553	655	751	941	863	758	801
Fires extinguished	45	92	55	78	64	64	39	31	48	55
Culture and recreation										
Participation fees	\$ 111,150	\$ 129,808	\$ 118,484	\$ 117,482	\$ 116,762	\$ 130,937	\$ 153,348	\$ 159,200	\$ 146,165	\$ 136,797
Library volumes	69,002	70,000	69,297	71,203	76,985	75,847	78,000	75,000	75,000	77,000
Public works										
Street resurfacing miles	1.13	1.37	1.15	1.09	0.53	1.01	0.00	0.90	3.00	4.10
Housing and development										
Building permits issued	149	113	73	59	60	46	46	48	55	70
Sanitation										
Number of customers	2,685	2,763	2,773	2704	2,686	2,858	2,667	2,635	2,655	2,658

City of Lafayette, Georgia
Capital Asset Statistics by Function
Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	19	19	20	20	23	23	23	24	25	25
Culture and recreation										
Acreage	147.5	147.5	147.5	147.5	147.5	147.5	147.5	147.8	147.8	147.8
Baseball/softball fields	9	9	6	6	10	9	9	9	9	9
Soccer/football fields	2	2	3	3	5	5	5	5	6	6
Public works										
Miles of streets	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1
Housing and development										
Building permits issued	149	113	113	59	60	46	46	48	55	70
Sanitation										
Collection vehicles	3	3	3	3	3	3	8	8	7	7

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**

The Honorable Mayor and City Council
City of LaFayette, 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 LaFayette, Georgia, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of LaFayette, Georgia's basic financial statements, and have issued our report thereon dated March 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of LaFayette, Georgia'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 of LaFayette, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of LaFayette, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of LaFayette, Georgia'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*.

Purpose of this Report

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

Williamson & Company

Williamson & Company
Certified Public Accountants
March 2, 2016

City of LaFayette, Georgia
Schedule of Special Purpose Local Option Sales Tax
For the Fiscal Year Ended September 30, 2015

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>SPLOST V</u>					
Roads & Streets	\$ 200,000	\$ 200,000	\$ 367,405	\$ -	\$ 367,405
Other Projects					
Admin					
Equipment	-	-	49,130	7,848	56,978
Public Safety					
Equipment	-	-	356,798	56,993	413,791
Solid Waste					
Equipment	-	-	447,642	71,504	519,146
Public Works					
Equipment	-	-	224,674	35,888	260,562
Streetscapes	-	-	463,607	74,055	537,662
Recreation					
Equipment	-	-	131,413	20,991	152,404
Site Improvements	-	-	1,876,473	299,740	2,176,213
Airport					
Buildings	-	-		-	-
Site Improvements	-	-	50,334	8,040	58,374
Water and Sewer					
Equipment	-	-		-	-
Improvements	-	-	178,122	28,453	206,575
Gas					
Equipment	-	-	43,401	6,933	50,333
Improvements	-	-		-	-
Electric					
Equipment	-	-	4,449	711	5,160
Improvements	-	-		-	-
Golf					
Equipment	-	-		-	-
Improvements	-	-	86,793	13,864	100,657
Total other projects	<u>4,234,600</u>	<u>4,234,600</u>	<u>3,912,836</u>	<u>625,020</u>	<u>4,537,856</u>
Total for all projects	<u>\$ 4,434,600</u>	<u>\$ 4,434,600</u>	<u>\$ 4,280,241</u>	<u>\$ 625,020</u>	<u>\$ 4,905,261</u>

Note: This schedule has been prepared on the accrual basis of accounting.

City of LaFayette, Georgia
Schedule of Special Purpose Local Option Sales Tax
For the Fiscal Year Ended September 30, 2015

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year ⁽¹⁾	Total
SPLOST VI					
Roads & Streets	\$ 1,580,000	\$ 1,580,000	\$ 111,909	\$ -	\$ 111,909
Other Projects					
Admin					
Buildings	-	-	-	16,262	16,262
Equipment	-	-	123,144	26,656	149,800
Public Safety					
Equipment	-	-	-	12,574	12,574
Solid Waste					
Equipment	-	-	-	-	-
Public Works					
Equipment	-	-	-	105,000	105,000
Improvements	-	-	-	227,833	227,833
Recreation					
Equipment	-	-	-	6,990	6,990
Site Improvements	-	-	-	25,058	25,058
Airport					
Buildings	-	-	-	-	-
Site Improvements	-	-	-	-	-
Water and Sewer					
Equipment	-	-	-	-	-
Improvements	-	-	-	203,436	203,436
Gas					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Electric					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Golf					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Total other projects	<u>1,300,000</u>	<u>1,300,000</u>	<u>123,144</u>	<u>623,809</u>	<u>746,953</u>
Total for all projects	<u>\$ 2,880,000</u>	<u>\$ 2,880,000</u>	<u>\$ 235,053</u>	<u>\$ 623,809</u>	<u>\$ 858,862</u>

⁽¹⁾ Cumulative current year expenditures on are different from cumulative expenditures on pages 24 and 61 because \$623,809 was spent on SPLOST approved projects using bond proceeds that are to be repaid with SPLOST collections. Debt service payments made with SPLOST funds are not reflected in this schedule. Instead the actual costs of projects advance-funded with bond proceeds are presented.

Note: This schedule has been prepared on the accrual basis of accounting.