

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT



FOR THE YEAR ENDED  
JULY 31, 2010



**CITY OF FAYETTEVILLE, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JULY 31, 2010**

Prepared By:  
Lorri Lynn Robinson  
Director of Finance

Submitted By:  
Joe Morton  
City Manager



## **INTRODUCTORY SECTION**

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**CITY OF FAYETTEVILLE, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JULY 31, 2010**

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**CITY OF FAYETTEVILLE, GEORGIA**  
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# *City of Fayetteville*

240 Glynn Street South • Fayetteville, Georgia 30214  
Telephone (770) 461-6029 • Facsimile (770) 460-4238

MAYOR  
Kenneth Steele

COUNCIL  
Al Hovey-King  
Larry Dell  
Paul Oddo  
Wilson Price  
Walt White

CITY MANAGER  
Joe Morton

CITY CLERK  
Judy Stephens

---

January 20, 2011

Honorable Ken Steele, Mayor  
Members of the City Council  
And Citizens of Fayetteville, Georgia

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Fayetteville, Georgia (the "City") for the fiscal year ended July 31, 2010 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. 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 funds of the government. All disclosures necessary to enable to reader to gain an understanding of the City's financial activities have been included.

The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that all financial information has been recorded accurately.

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. These statements are to be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The accounting firm of Mauldin & Jenkins, LLC, is the City's auditing firm. The independent auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

As a recipient of federal and state financial assistance, the City of Fayetteville is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City.

For fiscal year 2010, the City was required to undergo a Single Audit. The information related to the Single Audit is included in a separately issued single audit report.

Generally accepted accounting principles require 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 of Fayetteville's MD&A can be found immediately following the report of the independent auditors.

**Reporting Entity.** This report includes all funds of the primary government, as well as the component units. The government provides a full range of services. These services include police protection, fire protection, court system, the construction and maintenance of highways, street and drainage improvements, planning and zoning, engineering, building and code enforcement, water, sewer, and storm water services, and Main Street activities and events. Residential sanitation services are provided through a contractual agreement with a private carrier.

Discretely presented component units are reported as a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from the primary government. The Downtown Development Authority and Main Street Tourism Association are reported as discretely presented component units.

**Government Structure.** A mayor and five (5) City Council members serve the City of Fayetteville. The Mayor and City Council are elected at large and serve four (4) year staggered terms. The Mayor and City Council serves as the legislative body responsible for enacting City ordinances, resolutions, appropriating funds, and providing policy direction to City staff. The City Council appoints a City Manager, City Attorney, Municipal Court Judge and various Boards, Commissions and Authorities. The City Council annually adopts a balanced budget and establishes a tax rate for the support of the City programs. The City Manager and Department Directors have the responsibility of administering these programs in accordance with policies and the annual budget adopted by the City Council.

An organizational chart depicting the current structure associated with the management of the City of Fayetteville is included in this introductory section.

**General Information.** The City of Fayetteville is named for General Marquis de Lafayette of France, who aided the American colonists during the Revolutionary War. Fayetteville was named as the county seat in 1823 and the present-day courthouse in the town square was built in 1825. Listed on the National Register, it remains the oldest courthouse in Georgia and boasts the longest court bench in the world.

There was more or less a city/county government until the 1880's. The first mayor elected in Fayetteville was W. P. Redwine in 1889.

Downtown Fayetteville is rich in history with the preservation of many notable places of interest. Most of the store buildings that exist today around the courthouse square were built in the late 1890s and early 1900s.

In 1900, the first gas lamps and telephones were installed. The Fayette County Daily Newspaper that began in 1886 is still in operation. Electricity lit up Fayetteville in the 1920s. In 1926, the first public water system was installed with a 60,000-gallon tank above the city well. In 1953, the water system was upgraded with the construction of a new water plant just northwest of the City. A sewer system was installed in the early 1960s. In 1996, the City built a four MGD water treatment plant. Then in 2008 the final upgrade to the City's wastewater treatment plant was completed, which provides the City with a capacity of 5 MGD.

The history of Fayetteville remains in the downtown area, the historic district, through a program that initially was created in 1994 to bring businesses and activities into the historic district. Development standards have been developed just for the historic district. Fayetteville was designated Georgia's 37<sup>th</sup> Main Street City by the Georgia Department of Community Affairs in 1996.

West of the square, one of Fayetteville's finest historical attractions, The Holliday-Dorsey-Fife house was built in 1855, an antebellum structure with large white columns considered by many to be one of the most refined of the Greek revival houses in Fayette County. The house derives its name from the three main owners that dwelled there: Dr. John Stiles Holliday, whom built the house, and was the uncle of the "Doc" Holliday of Western fame; Solomon Dawson Dorsey, a Colonel of the State Militia during the war Between the States who helped enlist volunteers for the confederacy; and Robert E. Lee Fife, a former Fayetteville city council member related to the last family to occupy the house as a residence. The house has ties with well known personalities such as Margaret Mitchell of *Gone with the Wind* fame, former Georgia Governor Hugh M. Dorsey, and abounds in confederate history. Today, the City of Fayetteville Downtown Development Authority owns the Holliday-Dorsey-Fife house and is operating it as a museum.

Across the street lays the City's historic cemetery circa 1823. The Fitzgerald's, great-grandparents of Margaret Mitchell, as well as the Holliday's, Dorsey's and Fife's are laid to rest. A recently constructed entranceway, long-term project for refurbishing and repairing headstones and designing a self-guided, walking tour brochure are many projects underway for preserving Fayetteville's history.

East of the square is the historic Train Depot, which serves as Fayetteville's Welcome Center, and also a special events facility and functions as the Main Street office. The Train Depot was originally built in 1902 along the railroad that ran from Atlanta to Fort Valley via Fayetteville. The railroad ceased to run through Fayetteville and the tracks were lifted in 1939.

South of the square, The Fayetteville Academy or Seminary was built in 1857, which later became a public school, Glynn Street School, and later in 1994 was renovated and is where the Fayetteville City Hall resides.

In May 2006, a Georgia Historical Marker was unveiled at City Hall honoring former Georgia Governor Hugh M. Dorsey. He was born in Fayetteville and served as governor for two terms from 1917 to 1921.

In 2007, First Lady Laura Bush awarded the City of Fayetteville the Preserve America Designation in recognition of the continuing commitment to preserving and using its cultural and natural resources for the benefit and enjoyment of the public.

Fayetteville has a strong historical preservation ethic that is evident throughout the downtown district. At present there is an effort underway by the Main Street program to revitalize the downtown area. The city limits have been extended far beyond the courthouse and the city business district now runs from a couple of miles south of the courthouse to almost three miles north for a total of about 5 miles of business area. There are now seven schools in Fayetteville, an outdoor shopping center (the Pavilion), the Villages Amphitheater, two hotels, specialty shops of all descriptions, and a developing west side, that includes the Fayette Piedmont Hospital and medical complexes, all which make Fayetteville an attractive community. Numerous festivals and events are held on the square during the calendar year which brings thousands of people to downtown to participate in fellowship and community. Additionally the Villages Amphitheater plays host to a wide array of concerts, films, and dramatic events.

**Economic Condition and Outlook.** Located approximately 21 miles south of Atlanta, the City of Fayetteville continues to benefit economically by being an integral part of Metropolitan Atlanta. The City of Fayetteville is well positioned geographically to Atlanta and to the Hartsfield-Jackson Atlanta International Airport, which makes it convenient for the residents to travel for business and/or pleasure. The City of Fayetteville has a wealth of natural, cultural, historical, and commercial resources that provides an amenity for residents, a destination for tourists, and an attractive location for commercial businesses.

The population of Fayetteville is 15,093; a 35.4% increase since 2000. The median home cost in Fayetteville is \$212,282. Renters make up about 30% of the City's population; while 70% own homes. 5% of the homes and apartments are vacant in the City. The housing market has remained the same for Fayetteville in fiscal year 2010 in comparison to fiscal year 2009. The total permits issued for new housing during 2010 was 7 as compared to 6 for 2009. The City remains affordable to residents as the median household income is \$59,398.

The total number of new commercial permits issued during fiscal year 2010 was 3, valued at \$473,253. In comparing to fiscal year 2009, the same number of permits was issued. Approximately 20 new tenant finishes valued at \$2,476,253 were completed during fiscal year 2010.

The unemployment rate for Fayetteville is 8.6% compared to the United States average of 9.6%. Sales and office type jobs are the most prominent jobs in Fayetteville, followed by, professional and management, business, and financial operation.

**Financial Planning.** The annual budget(s) serves as the current foundation for the City of Fayetteville's financial planning and control. The City of Fayetteville budget(s) are adopted by City Council on or before July 31 at a regular Council meeting that is open to the public. The level of legal budgetary control is the departmental level. A budget is legally adopted for all Governmental Fund types and Proprietary Fund types. Formal budgetary integration is employed as a management control device during the year. The budget is based on the same method of accounting as the fund it represents. Transfers of appropriations within a department budget or within a non departmental expenditures category require the approval of the finance director. Increase or decrease (change) in appropriations within a departmental budget or in a non departmental expense category requires approval of the governing body in the form of amendments to the budget ordinance.

The Mayor and City Council have set the goals that our financial planning adheres to by providing the necessary and available resources. The overall goals are (1) Achieve all goals while striving for the lowest total cost for public services. (2) Maintain a managed growth policy that requires quality development in concert with our economic development strategy. (3) Provide for the public safety and welfare by committing appropriate resources to police, fire, streets, recreation, water and sewer, and support services. (4) Continue cooperative efforts with other governments and government agencies. (5) Preserve our historic and cultural heritage and encourage revitalization of downtown through support of Main Street initiatives.

The financial position of the City of Fayetteville has been effected by the recession, which has resulted in reduced revenues, mostly in sales taxes and building permits and fees. During fiscal year 2010 budget measures were implemented to reduce the effected revenues and expenditures. Major expenditure reductions involved, but were not limited to, continuation of a hiring freeze, no purchasing on new and limited replacement capital items or projects, continuation of an employee voluntarily reduction in work hours and a voluntarily 2.25% pay reduction on department head positions or higher, no out-of-state training and travel, limited in-state training, fuel conservation policy, relocation and reallocation of some employees between the General Fund and the Water and Sewer Fund, and debt restructuring. These measures, as well as conservative spending, allowed the City to offset the revenue deficit in fiscal year 2010. Transportation projects, including highways and streets and sidewalks, that were funded via special local option sales tax, grants, and/or impact fees have continued as planned in the capital project fund budgets.

The City has continued to maintain or reduce the millage rate on Ad Valorem taxes for the past seventeen (17) years. The City has continued to maintain adequate fund balances consistent with our reserve fund policy. With continued monitoring of our revenues and expenditures, the City can meet goals and objectives in the public service area; police and fire protection, street and drainage improvements, and infrastructure.

No new personnel were added during fiscal year 2010. As mentioned above, a hiring freeze was implemented in mid fiscal year 2008 and continued thru fiscal year 2010. Positions that became vacant during the 2010 fiscal year were removed from the budgets. No pay increases were included in the fiscal year 2010 budgets. Employee health insurance benefits costs increased by 9.28%. The increase is based on claims, changes in dependent status, premium adjustments, and increased employee participation. Funds were budgeted for retention plan, wellness and safety program, workers compensation and retirement plan.

**Major Initiatives.** The City of Fayetteville did replace some vehicles and the necessary equipment for the police department and public works off road equipment in accordance with our replacement program. For fiscal year 2010, the City was unable to fully fund the replacement vehicles and equipment as scheduled in the five year plan.

Within the SPLOST Funds several major transportation, sidewalk, and pedestrian projects were completed and/or under construction. These projects are listed below in the table along with the funding source, which includes American Recovery and Reinvestment Act (ARRA) grants, and if they were completed are still in progress to continue next fiscal year.

DESCRIPTION	IN PROGRESS OR COMPLETED	FUNDING SOURCE
Hood Ave Connector/SR92 Realignment	In Progress	SPLOST & Impact Fees
Grady/Stonewall/Booker Pedestrian Improvements	Completed	SPLOST & ARRA
S Jeff Davis Shoulders	In Progress	SPLOST
Lafayette Avenue Extension	In Progress	Impact Fees
Ramah Road/Hwy 85 Sidewalk	In Progress	SPLOST
Lee Street Sidewalk	In Progress	SPLOST & ARRA
Lafayette and Glynn Street Traffic Signal	In Progress	Impact Fees
Grady at Beauregard	In Progress	Impact Fees
Hwy 54-Safete-LU Sidewalk	In Progress	SPLOST & Grant
Lafayette Tiger Trail Alternate Improvements	In Progress	Impact Fees
314/White Road/Banks Road Turn Lane	In Progress	Impact Fees
Jimmie Mayfield Widening	Complete	SPLOST
Fayetteville Connecting Sidewalks (TIP)	In Progress	SPLOST & Grant
Cemetery Sidewalk Project	In Progress	SPLOST, Grant & Trust

**Strategic Financial Planning.** The City of Fayetteville has initiated processes that have it looking to the future and planning for services, programs and facilities to meet the needs of the residents and businesses of the community. The most current budget process addressed both revenues and expenditures for its operating programs for the current year. The five-year financial forecast is developed to begin the process of looking at future needs and financial trends in order to better plan for the long-term needs of the City; which included personnel, operations and maintenance. The capital improvement program establishes a continuing five-year look at facility and equipment needs. The City also has a capital improvement program for transportation and infrastructure.

Financial Analysis and Planning is essentially a process, which assesses the future to the extent possible and determines what the picture of the community, from many different perspectives, should look like in the future years. The Mayor and City Council have recognized the need for this type of planning effort, which will in turn provide the

roadmap for future budgeting and capital planning efforts. Such a plan provides guidance to the legislative and administrative arms of city government, but also provides a guideline for residents and businesses of the community to act upon in the development of private programs and services.

**Relevant Financial Policies.** Financial policies and procedures have also been implemented to ensure balance, control, and stability to maintain and oversee the finances within and throughout the City. These policies and procedures address fund balances, reserve fund policy, purchasing, contract administration, debt administration, accounting, auditing, financial reporting, budget, capital outlay, investment, revenue administration, fixed assets, strategic planning, and grant administration.

**Awards.** The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fayetteville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended July 31, 2009. This was the fourteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

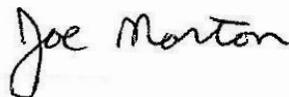
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA Award for Distinguished Budget Presentation for the annual budget for fiscal year 2010. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communication device.

A Distinguished Budget Presentation Award is valid for a period of one year only. We believe our current budget continues to conform to the Distinguished Budget Presentation Award Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

**Acknowledgments.** The preparation of the Comprehensive Annual Financial Report (CAFR) on a timely basis was made possible by the dedicated service of the City staff and department directors and the auditors of our accounting firm, Mauldin & Jenkins, LLC. In closing, without the leadership and support of the Mayor and City Council, the preparation of this report would not have been possible. Our sincere appreciation is extended to each individual for the contributions made in the preparations of this report.

Respectfully submitted,



Joe Morton  
City Manager



Lorri Lynn Robinson  
Director of Finance and Administrative Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fayetteville  
Georgia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
July 31, 2009

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



President

Executive Director

**CITY OF FAYETTEVILLE, GEORGIA**

**LIST OF PRINCIPAL OFFICIALS**

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**MAYOR**

Kenneth Steele

**CITY COUNCIL MEMBERS**

Al Hovey-King, Mayor Pro-Tem

Walt White

Larry Dell

Paul Oddo, Jr.

Wilson Price

**CITY MANAGER**

Joe Morton

**CITY CLERK**

Judy Stephens

**DIRECTOR OF FINANCE & ADMINISTRATION**

Lorri Lynn Robinson

**MUNICIPAL COURT JUDGE**

Michael Martin

**CITY ATTORNEY**

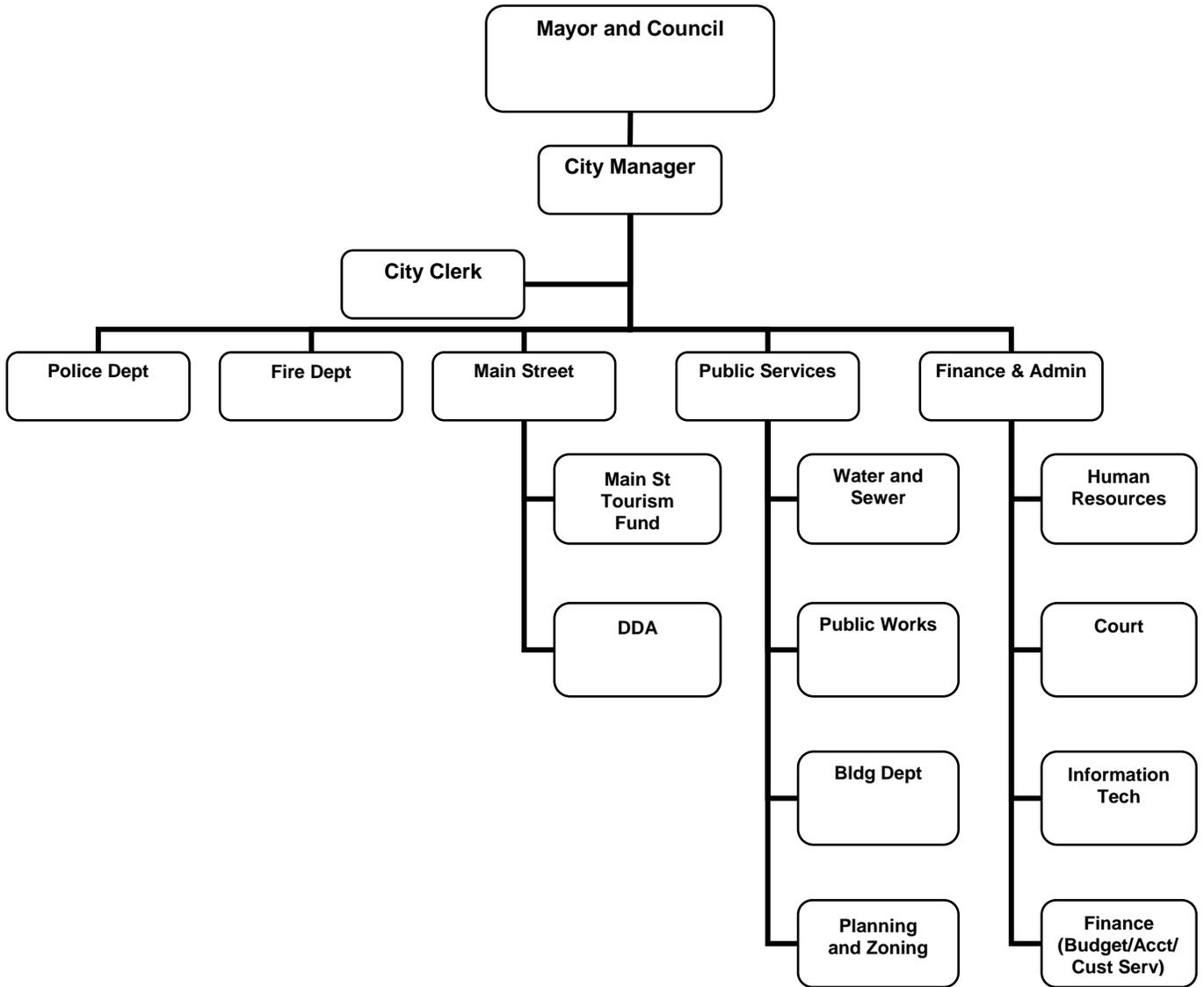
David Winkle

**CITY AUDITORS**

Mauldin & Jenkins, LLC

# CITY OF FAYETTEVILLE, GEORGIA

## ORGANIZATIONAL CHART



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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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**Honorable Mayor and Members  
Of City Council  
City of Fayetteville  
Fayetteville, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Fayetteville, Georgia** (the "City") as of and for the year ended July 31, 2010, which collectively comprise the City of Fayetteville, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fayetteville, Georgia as of July 31, 2010, and the respective changes in financial position and cash flows, where applicable, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2011, on our consideration of the City of Fayetteville, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis (on pages 3 through 10) and the Schedule of Funding Progress (on page 52) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fayetteville, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, introductory, statistical, and continuing disclosure sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Fayetteville, Georgia. The schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds of the City of Fayetteville, Georgia have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical section and continuing disclosure section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
January 20, 2011

**CITY OF FAYETTEVILLE, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JULY 31, 2010**

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This management discussion and analysis of the City of Fayetteville, Georgia's financial performance provides an overall review of the City's financial activities for the fiscal year ended July 31, 2010. It is designed to give the reader an objective and easily readable analysis of the City's financial performance. The primary intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the letter of transmittal, notes to the basic financial statements, and the financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for FY2010 are as follows:

In total, combined net assets decreased (\$132,674) which represents a (.16%) decrease over FY2009. This decrease can primarily be attributed to reduction in contributed capital received by the City for infrastructure improvements and projects. Reduced revenues in licenses, permits, and taxes received by the City for operations and maintenance were also a factor.

- Combined tax revenues accounted for \$8,101,901 or 69% of all revenues from governmental activities. Service specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,612,490 or 30.8% of total revenues of \$11,739,042 from governmental activities.
- The City had \$11,471,289 in expenses related to governmental activities; \$3,612,490 of these expenses was offset by charges for services, grants, and contributions. General revenues (primarily taxes) of \$8,126,552 provided \$7,858,799 for these services and \$267,753 for future debt service and capital improvements.
- Total Water and Sewer Fund revenues for fiscal year 2010 were \$5,305,125. Total expenses for fiscal year 2010 were \$5,754,429. Capital contributions were recorded in the amount of \$32,686, including but not limited to donated property and sewer proportionate share. The change in net assets after depreciation and non-operating revenues and/or expenses was (\$416,618) for the fiscal year end.
- Revenues from the General Fund were \$9,739,036 for fiscal year 2010, a decrease of approximately (3.8%) over the prior fiscal year, due to a decrease in local option sales tax and building permits and licenses. General Fund expenditures totaled \$9,658,985 for the fiscal year ending July 31, 2010, a decrease of (4.52%) over last fiscal year.

**Overview of the Financial Statements**

This comprehensive annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Fayetteville as a financial whole, or as an entire operating entity.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **Statements of Net Assets and the Statement of Activities**

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. For proprietary funds, the statements offer short and long term financial information about activities the City operates like businesses, such as water and sewer. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

The purpose of the Statement of Net Assets and the Statement of Activities is to answer the question, "How did we do financially during FY2010?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not Non-financial factors include the City's property tax base, facility conditions, and other factors.

In the Statement of Net Assets and the Statement of Activities, the City has both governmental and business-type activities:

- **Governmental Activities:** Most of the City's programs and services are reported here including general government, judicial, public safety, public works, culture and recreation, and housing and development. Sales taxes, property taxes, occupation taxes, and fines and forfeitures finance most of these activities.
- **Business-Type Activities:** The City charges fees to cover the services it provides. These activities include water and sewer services, stormwater services, sanitation services and recycling services.

## **Reporting the City's Most Significant Funds**

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds.

## **Governmental Funds**

Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental fund information helps you determine whether there are more financial resources that can be spent in the near future to finance governmental services. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements. See Note #2 to the Financial Statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The capital projects funds are used to account for financial resources to be used for the acquisition, construction, or renovation of major fixed assets. The City of Fayetteville has three Capital Projects Funds: (1) Building Fund (2) Impact Fee Fund and (3) Special Purpose Local Option Sales Tax (SPLOST) Fund.

The special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City of Fayetteville has four Special Revenue Funds: (1) Confiscated Assets Fund, (2) Hotel/Motel Tax Fund, (3) Vehicle Excise Tax Fund, and (4) Cemetery Fund.

### Proprietary Funds

Proprietary funds are activities that a City operates similar to a business in that it attempts to recover costs through charges to the user. The City's only proprietary funds are enterprise funds. Enterprise funds may be used to account for any activity or service that charges a fee to external users to cover the cost of operations, including cost of depreciation and debt service. The City operates its water and sewer fund and solid waste fund as enterprise funds. Proprietary fund statements use the accrual basis of accounting similar to the City-wide statements.

### Financial Analysis

As was previously stated, the FY2010 total net assets represent a decrease of (.16%) over FY2009. The City is experiencing difficult economic concerns that have affected some revenue sources: local option sales tax, building permits and licenses, and contributed capital. See Tables 1 (*Statement of Net Assets* on pages 11 and 12) and 2 (*Statement of Activities* on pages 13 and 14) for a schedule of net assets and change in net assets.

**TABLE 1-NET ASSETS**

	Governmental Activities		Business-type Activities		Total Activities	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 8,656,059	\$ 8,827,007	\$ 4,523,632	\$ 3,001,822	\$ 13,179,691	\$ 11,828,829
Capital assets	64,563,753	64,406,568	31,129,798	32,652,495	95,693,551	97,059,063
Total assets	<u>73,219,812</u>	<u>73,233,575</u>	<u>35,653,430</u>	<u>35,654,317</u>	<u>108,873,242</u>	<u>108,887,892</u>
Long-term liabilities	4,450,899	4,795,061	19,522,090	19,120,360	23,972,989	23,915,421
Other liabilities	870,325	807,679	442,218	444,408	1,312,543	1,252,087
Total liabilities	<u>5,321,224</u>	<u>5,602,740</u>	<u>19,964,308</u>	<u>19,564,768</u>	<u>25,285,532</u>	<u>25,167,508</u>
Net assets:						
Invested in capital assets, net of related debt	60,622,894	60,089,837	11,607,708	13,532,153	72,230,602	73,621,990
Restricted	2,036,624	1,954,676	1,350,819	134,721	3,387,443	2,089,397
Unrestricted	5,239,070	5,586,322	2,730,595	2,422,675	7,969,665	8,008,997
Total net assets	<u>\$ 67,898,588</u>	<u>\$ 67,630,835</u>	<u>\$ 15,689,122</u>	<u>\$ 16,089,549</u>	<u>\$ 83,587,710</u>	<u>\$ 83,720,384</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**TABLE 2-CHANGE IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total Activities	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 2,139,574	\$ 2,736,978	\$ 5,937,634	\$ 6,118,050	\$ 8,077,208	\$ 8,855,028
Operating grants and contributions	365,152	448,281	-	-	365,152	448,281
Capital grants and contributions	1,107,764	1,001,476	32,686	452,785	1,140,450	1,454,261
Total program revenues	<u>3,612,490</u>	<u>4,186,735</u>	<u>5,970,320</u>	<u>6,570,835</u>	<u>9,582,810</u>	<u>10,757,570</u>
General revenues:						
Property taxes	2,670,285	2,764,455	-	-	2,670,285	2,764,455
Other taxes	5,431,616	5,529,118	-	-	5,431,616	5,529,118
Unrestricted investment earnings	13,315	40,789	41	3,927	13,356	44,716
Gain on sale of capital assets	11,336	-	-	-	11,336	-
Total general revenues	<u>8,126,552</u>	<u>8,334,362</u>	<u>41</u>	<u>3,927</u>	<u>8,126,593</u>	<u>8,338,289</u>
Total revenues	<u>11,739,042</u>	<u>12,521,097</u>	<u>5,970,361</u>	<u>6,574,762</u>	<u>17,709,403</u>	<u>19,095,859</u>
Expenses						
General government	1,084,097	1,158,496	-	-	1,084,097	1,158,496
Judicial	820,922	896,534	-	-	820,922	896,534
Public safety	6,676,928	6,847,442	-	-	6,676,928	6,847,442
Public works	1,765,659	1,883,585	-	-	1,765,659	1,883,585
Housing and development	946,682	1,034,348	-	-	946,682	1,034,348
Interest on long-term debt	177,001	186,816	-	-	177,001	186,816
Water and sewer	-	-	5,460,020	5,490,099	5,460,020	5,490,099
Stormwater	-	-	294,409	273,320	294,409	273,320
Solid waste	-	-	616,359	716,104	616,359	716,104
Total expenses	<u>11,471,289</u>	<u>12,007,221</u>	<u>6,370,788</u>	<u>6,479,523</u>	<u>17,842,077</u>	<u>18,486,744</u>
Change in net assets	267,753	513,876	(400,427)	95,239	(132,674)	609,115
Net assets, beginning of year	67,630,835	67,116,959	16,089,549	15,994,310	83,720,384	83,111,269
Net assets, end of year	<u>\$ 67,898,588</u>	<u>\$ 67,630,835</u>	<u>\$ 15,689,122</u>	<u>\$ 16,089,549</u>	<u>\$ 83,587,710</u>	<u>\$ 83,720,384</u>

### Governmental Activities

Please note that public safety expenses of \$6,676,928 represent 58% of the total governmental expenses. The next most significant program expense is public works which totals \$1,765,659 and 15.4% of the total. Interest expense of \$177,001 represents only 1.54%. Interest expense was attributable to the GMA Lease Program to lease/purchase the City's public safety vehicles and public works equipment, as well as the Certificates of Participation for the construction of the law enforcement center.

### Business-Type Activities

The most significant business-type activity of the City is the Water and Sewer Department. The majority of its revenue was derived from user fees charged for product and service.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Cost of Program Services

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the combined total cost of services and the combined net cost of services, that is, it identifies the cost of these services supported by tax revenue.

Although program revenues make up 30.8% of the combined revenues, the City is dependent upon tax revenues for governmental activities. The net cost of services amounts to \$7,858,799 which approximates 97% of our local tax receipts of \$8,101,901. This information was taken from the *Statement of Activities* on pages 13 and 14.

**TABLE 3 – Governmental and Business Type Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
General government	\$ 1,084,097	\$ 1,158,496	\$ (812,469)	\$ (688,642)
Judicial	820,922	896,534	927,096	724,311
Public safety	6,676,928	6,847,442	(6,237,826)	(5,958,820)
Public works	1,765,659	1,883,585	(650,107)	(798,339)
Housing and development	946,682	1,034,348	(908,492)	(912,180)
Interest on long-term debt	177,001	186,816	(177,001)	(186,816)
Total governmental activities	<u>11,471,289</u>	<u>12,007,221</u>	<u>(7,858,799)</u>	<u>(7,820,486)</u>
Business-type activities	<u>6,370,788</u>	<u>6,479,523</u>	<u>(400,468)</u>	<u>91,312</u>
Total expenses	<u>\$ 17,842,077</u>	<u>\$ 18,486,744</u>	<u>\$ (8,259,267)</u>	<u>\$ (7,729,174)</u>

### Governmental Fund Balance

At the end of the fiscal year 2010, the combined ending fund balances for the City's Governmental Funds were \$7,527,246. Of the total fund balance \$7,333,707 is unreserved/undesignated fund balance, which is available as working capital for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: a) reserved for prepaid \$186,917; and b) reserved for inventories \$6,622.

The General Fund's fund balance for the fiscal year ending 2010 was \$3,097,558, which indicates a decrease in fund balance over previous year by (\$50,302). The decrease in General Fund's fund balance is due to the continued downturn in the economy. The fund balance of the City's Impact Fee Fund decreased by (\$180,663) during the fiscal year to an ending fund balance of \$2,111,785. The SPLOST funds have many projects underway and are currently listed as construction in progress. Information provided in Table 4 is from the *Balance Sheet of Governmental Funds* on page 15.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**TABLE 4 – Governmental Fund Balance**

	<u>2010</u>	<u>2009</u>
General Fund	\$ 3,097,558	\$ 3,147,860
Impact Fee Fund	2,111,785	2,292,448
SPLOST Fund	1,954,436	1,845,119
Other Governmental Funds	<u>363,467</u>	<u>492,285</u>
Total	<u>\$ 7,527,246</u>	<u>\$ 7,777,712</u>

### **Proprietary Net Assets**

At the end of the fiscal year 2010, the combined net assets of the City's Proprietary Funds were \$15,689,122. The most significant event that took place in the Water and Sewer Fund was the refinancing of the existing debt from a fixed payment GEFA Loan to a more flexible payment plan through a new revenue bond issue.

### **General Fund Budgeting Highlights**

- The City's budget is prepared according to Georgia law. The most significant budget fund is the General Fund.
- For the General Fund, the actual revenues of \$9,739,036 exceeded the final budgeted amount of \$9,717,767 by \$21,269. This difference was primarily due to an increase in revenues for sales taxes and fines and forfeitures.
- The actual expenditures of \$9,658,985 were less than the final budgeted amount of \$9,969,638 by \$310,653. This difference was primarily due to vacant personnel positions.
- The original budget had to be decreased by (\$56,559) due to the change in revenues. Property Taxes was originally budgeted as \$2,104,436 with actual revenues of \$2,014,687 for a total decrease of (\$89,749); Other Taxes was originally budgeted as \$3,240,412 with actual revenues of \$3,023,695 for a total decrease of (\$216,717); Licenses and Permits was originally budgeted as \$294,900 with actual revenues of \$217,086 with a decrease of (\$77,814); and Fines and Forfeitures was originally budgeted as \$1,419,050 with actual revenues of \$1,743,975 with an increase of \$324,925. Due to the downturn in the economic conditions which have rendered the historical data and past trends irrelevant, forecasting has become difficult.

### **Capital Assets and Debt Administration**

At the end of fiscal year 2010, the City had \$95,693,551 invested in capital assets which is a decrease over FY2009 of (\$1,365,512). Table 5 shows fiscal years 2009 and 2010 balances of the *Capital Assets, net of depreciation* as presented on pages 38 through 40 under Note 7 – Capital Assets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**TABLE 5 – Capital Assets, Net of Accumulated Depreciation**

	Governmental Activities		Business-type Activities		Total Activities	
	2010	2009	2010	2009	2010	2009
Land	\$ 3,989,650	\$ 3,989,650	\$ 1,630,139	\$ 1,630,139	\$ 5,619,789	\$ 5,619,789
Construction in progress	1,386,511	1,184,177	484,766	484,766	1,871,277	1,668,943
Buildings	5,722,446	5,913,814	-	-	5,722,446	5,913,814
Land improvements	113,555	125,038	-	-	113,555	125,038
Equipment	540,050	1,034,733	57,903	78,846	597,953	1,113,579
Infrastructure	52,811,541	52,159,156	28,956,990	30,458,744	81,768,531	82,617,900
Total	<u>\$ 64,563,753</u>	<u>\$ 64,406,568</u>	<u>\$ 31,129,798</u>	<u>\$ 32,652,495</u>	<u>\$ 95,693,551</u>	<u>\$ 97,059,063</u>

### Debt

The amount of outstanding debt of \$19,955,000 in Water and Sewerage Revenue Bonds is to refinance the cost of a surface water supply, a water treatment and transmission facilities, a new gravity sewer line to connect the new Fayette Community Hospital to the sewer collection system and to finance a new Wastewater Plant Expansion. The Water and Sewer Fund refinanced a loan to the Georgia Environmental Facilities Authority of the State of Georgia with the 2010 Series Revenue Bonds in the amount of \$9,870,000. The amount of outstanding debt in Governmental Activities is \$3,587,005 in Certificates of Participation (COPS) with Georgia Municipal Association (GMA) to finance the cost of construction and furnishing of the new Law Enforcement Center. The General Fund has lease purchase agreements in the amount of \$353,854 as of July 31, 2010. Table 6 – *Outstanding Long-Term Liabilities* reflects information provided on page 40 under Note 8 – Long-Term Debt.

**TABLE 6 – Outstanding Long-Term Liabilities**

	Governmental Activities		Business-type Activities	
	2010	2009	2010	2009
Capital leases	\$ 353,854	\$ 532,575	\$ -	\$ 1,315
Compensated absences	510,040	479,330	-	-
Certificates of participation:				
Certificates payable	3,625,000	3,825,000	-	-
Discount	(37,995)	(40,844)	-	-
Total Certificates of participation	<u>3,587,005</u>	<u>3,784,156</u>	<u>-</u>	<u>-</u>
Bonds payable:				
Revenue bonds	-	-	19,955,000	11,250,000
Deferred amounts:				
Premium	-	-	100,368	112,753
On refunding	-	-	(533,278)	(560,392)
Total bonds payable	<u>-</u>	<u>-</u>	<u>19,522,090</u>	<u>10,802,361</u>
Notes Payable	-	-	-	8,316,684
Total long-term liabilities	<u>\$ 4,450,899</u>	<u>\$ 4,796,061</u>	<u>\$ 19,522,090</u>	<u>\$ 19,120,360</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Current Issues**

- **Economic Factors and Next Year's Budget and Rates**

Today, the population for the City of Fayetteville is estimated to be 15,093. This growth has been reflected in the City's General Fund revenues, which have increased from \$3,840,328 in 1994 to \$9,739,036 in 2010. The economic condition and outlook of the City has declined due to lack of residential construction, frugal purchasing by City residents, and loss of jobs and employment in our area.

We are beginning to see a much slower growth in revenues, particularly property taxes and franchise fees and building related fees. Our local option sales taxes are decreasing which is a direct reflection of our area's recession. While our revenues have begun to slow, our operating expenses have continued to increase, mainly due to providing competitive salaries and increasing health insurance benefits. Additionally, our debt service expenses have increased as a result of much needed equipment replacement and facility upgrades.

Staff has developed a Five-Year Plan that includes Workload Indicators and Trend Analysis to assist the City in long-range financial planning and forecasting. This plan is developed with input from each department and is updated annually to reflect any changing needs. This plan is a very conservative forecast of the City's financial resources and departmental needs to maintain our existing service levels to the community. The Mayor and Council and staff will need to continue to closely evaluate the service and staffing levels on an ongoing basis to ensure that adequate personnel resources and financial resources are available to achieve the desired service levels.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, Lorri Lynn Robinson, Director of Finance and Administrative Services, City of Fayetteville, 240 Glynn Street South, Fayetteville, Georgia 30214, 770-461-6029, or [lrobinson@fayetteville-ga.gov](mailto:lrobinson@fayetteville-ga.gov)

## **BASIC FINANCIAL STATEMENTS**

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# CITY OF FAYETTEVILLE, GEORGIA

## STATEMENT OF NET ASSETS JULY 31, 2010

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 5,380,137	\$ 931,190	\$ 6,311,327
Investments	1,783,921	-	1,783,921
Taxes receivable	462,587	-	462,587
Accounts receivable, net of allowances	489,481	717,674	1,207,155
Due from other governments	90,970	-	90,970
Internal balances	23,700	(23,700)	-
Due from primary government	-	-	-
Due from component unit	14,407	592	14,999
Inventories	6,622	211,660	218,282
Prepaid expenses	186,917	49,881	236,798
Restricted assets, cash and cash equivalents	82,188	2,196,286	2,278,474
Deferred charges, unamortized balance	135,129	440,049	575,178
Capital assets, nondepreciable	5,376,161	2,114,905	7,491,066
Capital assets, depreciable, net of accumulated depreciation	59,187,592	29,014,893	88,202,485
Total assets	73,219,812	35,653,430	108,873,242
<b>LIABILITIES</b>			
Accounts payable	240,650	133,749	374,399
Accrued liabilities	173,148	308,469	481,617
Unearned revenues	392,535	-	392,535
Due to primary government	-	-	-
Due to component unit	63,992	-	63,992
Liabilities payable from restricted assets	-	550,000	550,000
Capital leases due within one year	133,899	-	133,899
Capital leases due in more than one year	219,955	-	219,955
Compensated absences due within one year	255,020	-	255,020
Compensated absences due in more than one year	255,020	-	255,020
Certificates of participation due within one year	205,000	-	205,000
Certificates of participation due in more than one year	3,382,005	-	3,382,005
Notes payable due within one year	-	-	-
Notes payable due in more than one year	-	-	-
Bonds payable due in more than one year	-	18,972,090	18,972,090
Total liabilities	5,321,224	19,964,308	25,285,532
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	60,622,894	11,607,708	72,230,602
Restricted for debt service	82,188	1,350,819	1,433,007
Restricted for capital projects	1,954,436	-	1,954,436
Unrestricted	5,239,070	2,730,595	7,969,666
Total net assets	\$ 67,898,588	\$ 15,689,122	\$ 83,587,710

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

<b>Component Units</b>	
<b>Downtown Development Authority</b>	<b>Main Street Tourism Association</b>
\$ 89,484	\$ 40,774
333,754	-
-	-
80,602	7,547
-	-
-	-
51,958	12,034
-	-
-	13,057
819	16,079
56,799	-
50,733	-
581,065	-
<u>2,377,515</u>	<u>-</u>
<u>3,622,729</u>	<u>89,491</u>
3,575	89,503
29,888	8,446
-	19,237
2,393	12,606
-	-
55,000	-
-	-
-	-
-	-
-	-
-	-
-	-
28,238	-
471,530	-
1,835,000	-
<u>2,425,624</u>	<u>129,792</u>
590,033	-
-	-
-	-
<u>607,072</u>	<u>(40,301)</u>
<u>\$ 1,197,105</u>	<u>\$ (40,301)</u>

# CITY OF FAYETTEVILLE, GEORGIA

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JULY 31, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 1,084,097	\$ 271,628	\$ -	\$ -
Judicial	820,922	1,748,018	-	-
Public safety	6,676,928	81,738	353,974	3,390
Public works	1,765,659	-	11,178	1,104,374
Housing and development	946,682	38,190	-	-
Interest on long-term debt	177,001	-	-	-
Total governmental activities	11,471,289	2,139,574	365,152	1,107,764
Business-type activities:				
Water and sewer	5,460,020	4,810,109	-	32,686
Stormwater	294,409	494,976	-	-
Solid waste	616,359	632,549	-	-
Total business-type activities	6,370,788	5,937,634	-	32,686
Total primary government	\$ 17,842,077	\$ 8,077,208	\$ 365,152	\$ 1,140,450
<b>Component units:</b>				
Downtown Development Authority	\$ 258,916	\$ 50	\$ 285,580	\$ 56,000
Main Street Tourism Association	440,287	191,468	244,755	-
Total component units	\$ 699,203	\$ 191,518	\$ 530,335	\$ 56,000
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Alcoholic beverage excise taxes				
Business and occupation taxes				
Insurance premium taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Total general revenues				
Change in net assets				
Net assets (deficit), beginning of year				
Net assets (deficit), end of year				

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

**Net (Expenses) Revenues and  
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total	Component Units	
			Downtown Development Authority	Main Street Tourism Association
\$ (812,469)	\$ -	\$ (812,469)	\$ -	\$ -
927,096	-	927,096	-	-
(6,237,826)	-	(6,237,826)	-	-
(650,107)	-	(650,107)	-	-
(908,492)	-	(908,492)	-	-
(177,001)	-	(177,001)	-	-
<u>(7,858,799)</u>	<u>-</u>	<u>(7,858,799)</u>	<u>-</u>	<u>-</u>
-	(617,225)	(617,225)	-	-
-	200,567	200,567	-	-
-	16,190	16,190	-	-
<u>-</u>	<u>(400,468)</u>	<u>(400,468)</u>	<u>-</u>	<u>-</u>
<u>(7,858,799)</u>	<u>(400,468)</u>	<u>(8,259,267)</u>	<u>-</u>	<u>-</u>
-	-	-	82,714	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,064)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>82,714</u>	<u>(4,064)</u>
2,670,285	-	2,670,285	-	-
2,259,642	-	2,259,642	-	-
1,150,101	-	1,150,101	-	-
309,881	-	309,881	-	-
817,237	-	817,237	-	-
618,080	-	618,080	-	-
276,675	-	276,675	-	-
13,315	41	13,356	826	-
11,336	-	11,336	-	-
<u>8,126,552</u>	<u>41</u>	<u>8,126,593</u>	<u>826</u>	<u>-</u>
267,753	(400,427)	(132,674)	83,540	(4,064)
67,630,835	16,089,549	83,720,384	1,113,565	(36,237)
<u>\$ 67,898,588</u>	<u>\$ 15,689,122</u>	<u>\$ 83,587,710</u>	<u>\$ 1,197,105</u>	<u>\$ (40,301)</u>

**CITY OF FAYETTEVILLE, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JULY 31, 2010**

<b>ASSETS</b>	<b>General Fund</b>	<b>Impact Fee Fund</b>	<b>SPLOST Fund</b>	<b>Other Governmental Funds</b>	<b>Totals Governmental Funds</b>
Cash and cash equivalents	\$ 853,276	\$ 2,265,365	\$ 1,925,812	\$ 335,684	\$ 5,380,137
Investments	1,783,921	-	-	-	1,783,921
Taxes receivable	448,920	-	-	13,667	462,587
Accounts receivable	425,519	-	63,962	-	489,481
Due from other governments	90,970	-	-	-	90,970
Due from other funds	145,542	-	50,898	15,343	211,783
Due from component unit	12,907	-	1,500	-	14,407
Inventories	6,622	-	-	-	6,622
Prepaid expenditures	186,917	-	-	-	186,917
Restricted assets	-	-	-	82,188	82,188
<b>Total assets</b>	<b>\$ 3,954,594</b>	<b>\$ 2,265,365</b>	<b>\$ 2,042,172</b>	<b>\$ 446,882</b>	<b>\$ 8,709,013</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 152,914	\$ -	\$ 87,736	\$ -	\$ 240,650
Accrued liabilities	146,842	-	-	-	146,842
Deferred revenue	542,200	-	-	-	542,200
Due to other funds	14,172	151,656	-	22,255	188,083
Due to component unit	908	1,924	-	61,160	63,992
<b>Total liabilities</b>	<b>857,036</b>	<b>153,580</b>	<b>87,736</b>	<b>83,415</b>	<b>1,181,767</b>
<b>FUND BALANCES</b>					
Fund balances:					
Reserved for:					
Prepaid expenditures	186,917	-	-	-	186,917
Inventories	6,622	-	-	-	6,622
Unreserved reported in:					
General fund	2,904,019	-	-	-	2,904,019
Special revenue funds	-	-	-	302,866	302,866
Capital project funds	-	2,111,785	1,954,436	60,601	4,126,822
<b>Total fund balances</b>	<b>3,097,558</b>	<b>2,111,785</b>	<b>1,954,436</b>	<b>363,467</b>	<b>7,527,246</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,954,594</b>	<b>\$ 2,265,365</b>	<b>\$ 2,042,172</b>	<b>\$ 446,882</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

\$ 64,563,753

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

149,665

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

(4,342,076)

Net assets of governmental activities

\$ 67,898,588

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

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	<u>General Fund</u>	<u>Impact Fee Fund</u>	<u>SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 7,298,024	\$ -	\$ -	\$ 778,824	\$ 8,076,848
Licenses and permits	217,086	-	-	-	217,086
Intergovernmental	380,296	-	1,070,427	-	1,450,723
Fines and forfeitures	1,743,975	-	-	54,783	1,798,758
Charges for services	41,443	-	-	-	41,443
Impact fees	-	37,890	-	-	37,890
Contributions	6,468	-	1,500	10,178	18,146
Interest income	7,347	5,636	3,947	332	17,262
Other revenues	44,397	-	-	100	44,497
Total revenues	<u>9,739,036</u>	<u>43,526</u>	<u>1,075,874</u>	<u>844,217</u>	<u>11,702,653</u>
<b>Expenditures</b>					
Current:					
General government	1,019,212	-	-	-	1,019,212
Judicial	828,909	-	-	-	828,909
Public safety	6,157,333	-	-	147,442	6,304,775
Public works	1,007,576	-	-	-	1,007,576
Housing and development	595,292	-	-	148,279	743,571
Capital outlay:					
General government	-	27	-	-	27
Public safety	-	-	-	111,835	111,835
Public works	-	-	1,203,195	16,425	1,219,620
Housing and development	-	1,924	-	193,178	195,102
Debt service:					
Principal	49,878	-	-	328,843	378,721
Interest	785	-	-	165,186	165,971
Total expenditures	<u>9,658,985</u>	<u>1,951</u>	<u>1,203,195</u>	<u>1,111,188</u>	<u>11,975,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,051</u>	<u>41,575</u>	<u>(127,321)</u>	<u>(266,971)</u>	<u>(272,666)</u>

**(Continued)**

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	<u>General Fund</u>	<u>Impact Fee Fund</u>	<u>SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>Other financing sources (uses):</b>					
Proceeds from sale of assets	\$ 22,200	\$ -	\$ -	\$ -	\$ 22,200
Transfers in	1,002	-	236,638	163,171	400,811
Transfers out	<u>(153,555)</u>	<u>(222,238)</u>	<u>-</u>	<u>(25,018)</u>	<u>(400,811)</u>
Total other financing sources (uses)	<u>(130,353)</u>	<u>(222,238)</u>	<u>236,638</u>	<u>138,153</u>	<u>22,200</u>
Net change in fund balances	(50,302)	(180,663)	109,317	(128,818)	(250,466)
<b>Fund balances, beginning of year</b>	<u>3,147,860</u>	<u>2,292,448</u>	<u>1,845,119</u>	<u>492,285</u>	<u>7,777,712</u>
<b>Fund balances, end of year</b>	<u><u>\$ 3,097,558</u></u>	<u><u>\$ 2,111,785</u></u>	<u><u>\$ 1,954,436</u></u>	<u><u>\$ 363,467</u></u>	<u><u>\$ 7,527,246</u></u>

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

# CITY OF FAYETTEVILLE, GEORGIA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JULY 31, 2010

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

Net change in fund balances - total governmental funds	\$	(250,466)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		168,049
In the statement of activities, only the <i>loss</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.		(10,864)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		25,053
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		378,721
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(42,740)</u>
Changes in net assets - governmental activities	\$	<u>267,753</u>

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

**CITY OF FAYETTEVILLE, GEORGIA  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 2,104,436	\$ 2,104,436	\$ 2,014,687	\$ (89,749)
Sales taxes	2,203,080	2,088,607	2,259,642	171,035
Other taxes	3,240,412	3,105,023	3,023,695	(81,328)
Licenses and permits	294,900	277,442	217,086	(60,356)
Intergovernmental	368,180	409,281	380,296	(28,985)
Fines and forfeitures	1,419,050	1,600,000	1,743,975	143,975
Charges for services	58,050	58,050	41,443	(16,607)
Contributions	5,500	5,500	6,468	968
Interest income	40,000	20,000	7,347	(12,653)
Other revenues	40,718	49,428	44,397	(5,031)
Total revenues	9,774,326	9,717,767	9,739,036	21,269
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Mayor and council	133,677	119,677	119,340	337
Clerk of council	16,100	17,250	17,247	3
City manager	96,212	95,062	94,942	120
Elections	5,900	12,500	12,445	55
Financial administration	442,266	442,266	434,441	7,825
Law	135,207	90,474	87,354	3,120
Data processing	92,947	92,947	89,478	3,469
Human resources	52,191	51,191	50,975	216
Building and plant	96,731	113,232	112,990	242
Total general government	1,071,231	1,034,599	1,019,212	15,387
<b>Judicial:</b>				
Municipal court	784,677	829,678	828,909	769
<b>Public safety:</b>				
Police administration	390,681	395,182	367,629	27,553
Investigations	789,270	825,980	825,865	115
Patrol	2,137,767	2,109,767	2,064,153	45,614
Police stations and buildings	83,016	97,016	94,919	2,097
Support services	346,517	320,134	295,267	24,867
Fire administration	229,553	248,537	248,198	339
Fire fighting	1,997,270	1,997,270	1,880,821	116,449
Fire prevention	189,676	189,676	185,807	3,869
Fire training	69,120	63,520	28,610	34,910
Fire station 91 and headquarters	48,790	52,190	52,101	89
Fire station 92	21,168	23,368	23,320	48
E911	113,516	113,516	90,643	22,873
Total public safety	6,416,344	6,436,156	6,157,333	278,823

**(Continued)**

**CITY OF FAYETTEVILLE, GEORGIA**  
**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Public works:</b>				
Public works administration	\$ 152,770	\$ 152,770	\$ 141,687	\$ 11,083
Highways and streets	801,900	866,388	865,889	499
Total public works	<u>954,670</u>	<u>1,019,158</u>	<u>1,007,576</u>	<u>11,582</u>
<b>Housing and development:</b>				
Inspection	222,705	220,779	212,270	8,509
Planning and zoning	250,390	226,113	226,039	74
Engineering and development	60,991	60,991	46,983	14,008
Main Street	85,000	85,000	85,000	-
Downtown Development Authority	-	-	25,000	(25,000)
Total housing and development	<u>619,086</u>	<u>592,883</u>	<u>595,292</u>	<u>(2,409)</u>
<b>Debt service:</b>				
Principal	54,426	54,426	49,878	4,548
Interest	2,738	2,738	785	1,953
Total debt service	<u>57,164</u>	<u>57,164</u>	<u>50,663</u>	<u>6,501</u>
Total expenditures	<u>9,903,172</u>	<u>9,969,638</u>	<u>9,658,985</u>	<u>310,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(128,846)</u>	<u>(251,871)</u>	<u>80,051</u>	<u>331,922</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	39,700	39,701	22,200	(17,501)
Transfers in	4,935	4,935	1,002	(3,933)
Transfers out	(153,555)	(153,555)	(153,555)	-
Total other financing sources (uses)	<u>(108,920)</u>	<u>(108,919)</u>	<u>(130,353)</u>	<u>(21,434)</u>
Net change in fund balances	(237,766)	(360,790)	(50,302)	310,488
<b>Fund balances, beginning of year</b>	<u>3,147,860</u>	<u>3,147,860</u>	<u>3,147,860</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,910,094</u>	<u>\$ 2,787,070</u>	<u>\$ 3,097,558</u>	<u>\$ 310,488</u>

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

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JULY 31, 2010**

<b>ASSETS</b>	<b>Major Enterprise Fund Water and Sewer Fund</b>	<b>Nonmajor Enterprise Fund Solid Waste Fund</b>	<b>Totals</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 855,065	\$ 76,125	\$ 931,190
Accounts receivable, net of allowances	717,674	-	717,674
Due from component units	592	-	592
Due from other funds	120,840	52,453	173,293
Inventories	211,660	-	211,660
Prepaid expenses	49,881	-	49,881
Restricted assets, cash and cash equivalents	2,196,286	-	2,196,286
Total current assets	<u>4,151,998</u>	<u>128,578</u>	<u>4,280,576</u>
<b>NONCURRENT ASSETS</b>			
Deferred charges, unamortized balance	440,049	-	440,049
Capital assets:			
Capital assets, non-depreciable	2,114,905	-	2,114,905
Capital assets, depreciable, net of accumulated depreciation	29,014,893	-	29,014,893
Total capital assets	<u>31,129,798</u>	<u>-</u>	<u>31,129,798</u>
Total noncurrent assets	<u>31,569,847</u>	<u>-</u>	<u>31,569,847</u>
Total assets	<u>35,721,845</u>	<u>128,578</u>	<u>35,850,423</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	82,210	51,539	133,749
Accrued liabilities	94,825	-	94,825
Due to other funds	196,993	-	196,993
Current portion of revenue bonds payable from restricted assets	550,000	-	550,000
Accrued interest	213,644	-	213,644
Total current liabilities	<u>1,137,672</u>	<u>51,539</u>	<u>1,189,211</u>
<b>NONCURRENT LIABILITIES</b>			
Revenue bonds payable, net of current portion	18,972,090	-	18,972,090
Total noncurrent liabilities	<u>18,972,090</u>	<u>-</u>	<u>18,972,090</u>
Total liabilities	<u>20,109,762</u>	<u>51,539</u>	<u>20,161,301</u>

(Continued)

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JULY 31, 2010**

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	<u>Major Enterprise Fund</u>	<u>Nonmajor Enterprise Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Totals</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 11,607,708	\$ -	\$ 11,607,708
Restricted for debt service	1,350,819	-	1,350,819
Unrestricted	2,653,556	77,039	2,730,595
Total net assets	<u>\$ 15,612,083</u>	<u>\$ 77,039</u>	<u>\$ 15,689,122</u>

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

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	<u>Major Enterprise Fund Water and Sewer Fund</u>	<u>Nonmajor Enterprise Fund Solid Waste Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services:			
Water sales pledged as security for revenue bonds	\$ 2,276,353	\$ -	\$ 2,276,353
Sewer sales pledged as security for revenue bonds	2,528,811	-	2,528,811
Stormwater sales pledged as security for revenue bonds	494,976	-	494,976
Sanitation charges	-	632,549	632,549
Other fees and charges	4,945	-	4,945
Total operating revenues	<u>5,305,085</u>	<u>632,549</u>	<u>5,937,634</u>
<b>OPERATING EXPENSES</b>			
Personal services and employee benefits	1,809,478	-	1,809,478
Contracted services	629,328	616,359	1,245,687
Supplies	898,792	-	898,792
Depreciation	1,521,721	-	1,521,721
Amortization	74,220	-	74,220
Total operating expenses	<u>4,933,539</u>	<u>616,359</u>	<u>5,549,898</u>
Operating income	<u>371,546</u>	<u>16,190</u>	<u>387,736</u>
<b>NONOPERATING INCOME (EXPENSES)</b>			
Loss on disposal of assets	(977)	-	(977)
Interest income	40	1	41
Interest expense	(819,913)	-	(819,913)
Total nonoperating income (expenses)	<u>(820,850)</u>	<u>1</u>	<u>(820,849)</u>
Income (loss) before contributions	(449,304)	16,191	(433,113)
<b>CAPITAL CONTRIBUTIONS</b>			
Change in net assets	(416,618)	16,191	(400,427)
<b>NET ASSETS, beginning of year</b>	<u>16,028,701</u>	<u>60,848</u>	<u>16,089,549</u>
<b>NET ASSETS, end of year</b>	<u>\$ 15,612,083</u>	<u>\$ 77,039</u>	<u>\$ 15,689,122</u>

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

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	<b>Major Enterprise Fund Water and Sewer Fund</b>	<b>Nonmajor Enterprise Fund Solid Waste Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 5,372,153	\$ 632,839	\$ 6,004,992
Payments to suppliers and service providers	(1,605,028)	(615,908)	(2,220,936)
Payments to employees	(1,924,266)	-	(1,924,266)
Net cash provided by operating activities	<u>1,842,859</u>	<u>16,931</u>	<u>1,859,790</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from bonds	9,870,000	-	9,870,000
Principal paid on bonds	(1,165,000)	-	(1,165,000)
Bond issuance costs	(191,698)	-	(191,698)
Deferred charges - refunding	(24,886)	-	(24,886)
Principal paid on notes payable	(8,316,684)	-	(8,316,684)
Principal paid on capital lease	(1,315)	-	(1,315)
Interest paid	(754,931)	-	(754,931)
Capital contributions	32,686	-	32,686
Net cash used in capital and related financing activities	<u>(551,828)</u>	<u>-</u>	<u>(551,828)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>40</u>	<u>1</u>	<u>41</u>
Net cash provided by investing activities	<u>40</u>	<u>1</u>	<u>41</u>
Increase in cash and cash equivalents	1,291,071	16,932	1,308,003
<b>Cash and cash equivalents:</b>			
Beginning of year (including \$953,149) in restricted cash in the Water and Sewer Fund)	<u>1,760,280</u>	<u>59,193</u>	<u>1,819,473</u>
End of year (including \$2,196,286 in restricted cash in the Water and Sewer Fund)	<u>\$ 3,051,351</u>	<u>\$ 76,125</u>	<u>\$ 3,127,476</u>
Classified as:			
Cash and cash equivalents	\$ 855,065	\$ 76,125	\$ 931,190
Restricted assets, cash and cash equivalents	<u>2,196,286</u>	<u>-</u>	<u>2,196,286</u>
	<u>\$ 3,051,351</u>	<u>\$ 76,125</u>	<u>\$ 3,127,476</u>

(Continued)

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	<u>Major Enterprise Fund Water and Sewer Fund</u>	<u>Nonmajor Enterprise Fund Solid Waste Fund</u>	<u>Totals</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 371,546	\$ 16,190	\$ 387,736
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,521,721	-	1,521,721
Amortization	74,220	-	74,220
Decrease in accounts receivable	67,068	-	67,068
Increase in inventories	(19,726)	-	(19,726)
Decrease in due from other funds	8,304	290	8,594
Decrease in due from component units	275	-	275
Increase in prepaid expenses	(337)	-	(337)
Decrease in accrued liabilities	(2,200)	-	(2,200)
Increase (decrease) in accounts payable	(65,424)	451	(64,973)
Decrease in due to other funds	(112,588)	-	(112,588)
	<u>\$ 1,842,859</u>	<u>\$ 16,931</u>	<u>\$ 1,859,790</u>
Net cash provided by operating activities	<u>\$ 1,842,859</u>	<u>\$ 16,931</u>	<u>\$ 1,859,790</u>

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

# CITY OF FAYETTEVILLE, GEORGIA

## NOTES TO FINANCIAL STATEMENTS JULY 31, 2010

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. Reporting Entity**

The City operates under a Council/Manager form of government. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Fayetteville, Georgia (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statements No. 14 and 39, the financial statements of the component units are discretely presented in the government-wide financial statements.

The City of Fayetteville Downtown Development Authority (the Downtown Development Authority) was organized to develop and promote commerce, industry and general welfare within the City. The City appoints the Downtown Development Authority's board members, provides the majority of funding for the Downtown Development Authority's operating budget, and has contractually obligated itself to use its taxing powers to guarantee repayment of principal and interest on certain revenue bonds issued by the Downtown Development Authority; therefore, the Downtown Development Authority is fiscally dependent on the City of Fayetteville.

The Downtown Development Authority is reviewed and audited along with the primary government financial statements in accordance with Governmental Accounting Standards Board Statements No. 14 and 39. However, separate financial statements are not prepared.

The Fayetteville Main Street Tourism Association, Inc. (the Main Street Tourism Association) was organized to serve the needs and interests of tourism within the City of Fayetteville, and in particular, tourism within the Main Street District of Fayetteville. The City appoints the Main Street Tourism Association's board members and has the ability to impose its will on the operations of the Main Street Tourism Association.

The Main Street Tourism Association is reviewed and audited along with the primary government financial statements in accordance with Governmental Accounting Standards Board Statement No. 14. However, separate financial statements are not prepared.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements

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

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

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

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. For this purpose, the city 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.

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

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the City's financial activity.

The City reports the following major governmental funds:

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

The **Impact Fee Fund** is used to account for capital projects activity funded by development impact fees.

The **Special Purpose Local Option Sales (SPLOST) Fund** accounts for expenditures relating to the renovation of existing City buildings, recreation projects and construction of roads. Funding is provided by special purpose sales taxes, which are collected by the County and remitted to the City through an intergovernmental agreement.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary fund:

The ***Water and Sewer Fund*** accounts for the operation of the water and sewerage system including all revenues from sources applicable to these operations and all expenses of the operation.

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

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 City's water and sewer function and the other functions of the government. Elimination of these charges would distort the direct costs reported for the various functions concerned.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **D. Cash and Deposits**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in: obligations of the United States, the State of Georgia and other political subdivisions of the State of Georgia, and other states; prime bankers' acceptances; repurchase agreements; and the Georgia local government investment pool (Georgia Fund 1). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard & Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on a \$1 per share. The fair value of the City's position in the pool is the same as the value of pool shares (\$1 per share value). The regulatory oversight agency for Georgia Fund 1 is the Office of Treasury and Fiscal Services of the State of Georgia.

#### **E. Receivables and Payables**

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

#### **F. Inventories**

Inventories are valued at cost, which approximates market, using the first in, first out (FIFO) method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

#### **G. Prepaid Expenditures/Expenses**

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure/expense is made for goods or services that were purchased for consumption, but not consumed as of July 31.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

#### I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has retroactively reported major general infrastructure assets. In this case, the City chose to include all items regardless of their acquisition date. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending.

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

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
Land improvements	50
Buildings	40
Public domain infrastructure	50-100
System infrastructure	10-40
Equipment	3-30

#### J. Compensated Absences

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

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **K. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the straight-line method, which approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The gain on defeasance of bonds is presented as an addition to the face amount of bonds payable and is being amortized over the life of the bonds through interest expense.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

#### **L. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### **M. Use of Estimates**

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

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$4,342,076 difference are as follows:

Accrued interest payable	\$ (26,306)
Capital leases payable	(353,854)
Compensated absences payable	(510,040)
Certificates of participation	(3,625,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	135,129
Less: Issuance discount (to be amortized as interest expense)	37,995
	(4,342,076)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ (4,342,076)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$168,049 difference are as follows:

Capital outlay	\$ 1,352,112
Depreciation expense	(1,184,063)
	168,049
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 168,049

## NOTES TO FINANCIAL STATEMENTS

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

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

Another element of the reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$378,721 difference are as follows:

Principal repayments:

Certificates of participation	\$ 200,000
Capital leases	178,721
	178,721

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*

\$ 378,721

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$42,740 difference are as follows:

Compensated absences	\$ (31,710)
Accrued interest	1,954
Amortization of issuance costs	(10,135)
Amortization of discounts on certificates of participation	(2,849)
	(2,849)

Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*

\$ (42,740)

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. LEGAL COMPLIANCE - BUDGETS

**Budgetary Data.** Budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, special revenue funds, and capital projects funds. Enterprise fund budgets are prepared and utilized as a management tool to assess the operations of the enterprise funds. All annual appropriations lapse at fiscal year end.

Prior to July 31, the Director of Finance with the City Manager receives budget requests from the various departments and their department chairmen. A budget is then formulated which the City Manager and Mayor present to full council sixty (60) days prior to the beginning of each fiscal year. After review by full council, the budget is published for public hearing. A public hearing is held and the budget is legally adopted by the City Council on the second council meeting in July before the new year begins on August 1. The legal level of budgetary control is the department level.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations within a department budget or within a nondepartmental expenditure category can be authorized by the Director of Finance, except expenditures for additional personnel. Increases in appropriations in a departmental budget or in a nondepartmental expenditure category, as well as increases in appropriations for employing additional personnel, require approval of the governing body in the form of amendments to the budget resolution. The council made several immaterial supplemental budgetary appropriations throughout the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. At July 31, 2010, there were no outstanding encumbrances.

**Excess Expenditures Over Appropriations.** For the year ended July 31, 2010, expenditures exceeded budget, as follows:

<u>Department</u>	<u>Excess</u>
General Fund:	
Downtown Development Authority	\$ 25,000
Vehicle Excise Tax Fund:	
Housing and development	2,621
Building Fund:	
Housing and development	16,523

These overexpenditures were funded by greater than anticipated revenues and underexpenditures in other departments.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. DEPOSITS AND INVESTMENTS

**Credit risk.** State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of July 31, 2010, the City's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's.

At July 31, 2010, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	42 day weighted average	\$ 1,032,974
Certificate of Deposit	6 months	750,947
		\$ 1,783,921

At July 31, 2010, the Downtown Development Authority (Component Unit) had the following investment:

Investment	Maturities	Fair Value
Georgia Fund 1	42 day weighted average	\$ 333,754

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

**Custodial credit risk – deposits.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of July 31, 2010, all of the deposits for the City and component units were fully collateralized in accordance with the state statutes.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. RECEIVABLES

Receivables at July 31, 2010 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<b>General</b>	<b>Water and Sewer</b>	<b>Nonmajor and Other Funds</b>	<b>Total</b>
Receivables:				
Taxes	\$ 448,920	\$ -	\$ 13,667	\$ 462,587
Accounts	474,180	774,675	-	1,248,855
Gross receivables	923,100	774,675	13,667	1,711,442
Less allowance for uncollectibles	48,661	57,001	-	105,662
Net total receivables	\$ 874,439	\$ 717,674	\$ 13,667	\$ 1,605,780

### NOTE 6. PROPERTY TAXES

The City receives its property tax revenue from Fayette County, which assesses, levies, and collects the taxes, including real and personal property, mobile homes, and motor vehicles. Tax bills were levied to taxpayers on September 1, 2009, and were due and payable on November 15, 2009. All unpaid taxes became delinquent as of November 16, 2009. Property taxes attached as an enforceable lien on property as of November 16, 2009. Receivables are recorded when taxes are levied.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended July 31, 2010 is as follows:

#### A. Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,989,650	\$ -	\$ -	\$ -	\$ 3,989,650
Construction in Progress	1,184,177	1,171,530	-	(969,196)	1,386,511
Total	<u>5,173,827</u>	<u>1,171,530</u>	<u>-</u>	<u>(969,196)</u>	<u>5,376,161</u>
Capital assets, being depreciated:					
Buildings	7,601,467	-	-	-	7,601,467
Land Improvements	163,378	-	-	-	163,378
Infrastructure	59,159,711	-	-	969,196	60,128,907
Equipment	4,283,573	180,582	(376,964)	3,791	4,090,982
Total	<u>71,208,129</u>	<u>180,582</u>	<u>(376,964)</u>	<u>972,987</u>	<u>71,984,734</u>
Less accumulated depreciation for:					
Buildings	1,687,653	191,368	-	-	1,879,021
Land Improvements	38,340	11,483	-	-	49,823
Infrastructure	7,000,555	682,911	-	-	7,683,466
Equipment	3,248,840	298,301	(366,100)	3,791	3,184,832
Total	<u>11,975,388</u>	<u>1,184,063</u>	<u>(366,100)</u>	<u>3,791</u>	<u>12,797,142</u>
Total assets, being depreciated, net	<u>59,232,741</u>	<u>(1,003,481)</u>	<u>(10,864)</u>	<u>969,196</u>	<u>59,187,592</u>
Governmental activities capital assets, net	<u>\$ 64,406,568</u>	<u>\$ 168,049</u>	<u>\$ (10,864)</u>	<u>\$ -</u>	<u>\$ 64,563,753</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,630,139	\$ -	\$ -	\$ -	\$ 1,630,139
Construction in Progress	484,766	-	-	-	484,766
Total	<u>2,114,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,114,905</u>
Capital assets, being depreciated:					
Water and plant distribution system	11,809,986	-	-	-	11,809,986
Sewer plant and extensions	32,074,477	-	(976)	-	32,073,501
Stormwater system	3,133,205	-	-	-	3,133,205
Equipment	1,236,877	-	-	(3,791)	1,233,086
Total	<u>48,254,545</u>	<u>-</u>	<u>(976)</u>	<u>(3,791)</u>	<u>48,249,778</u>
Less accumulated depreciation for:					
Water and plant distribution system	6,599,597	523,529	-	-	7,123,126
Sewer plant and extensions	9,853,038	897,792	-	-	10,750,830
Stormwater system	106,289	79,457	-	-	185,746
Equipment	1,158,031	20,943	-	(3,791)	1,175,183
Total	<u>17,716,955</u>	<u>1,521,721</u>	<u>-</u>	<u>(3,791)</u>	<u>19,234,885</u>
Total assets, being depreciated, net	<u>30,537,590</u>	<u>(1,521,721)</u>	<u>(976)</u>	<u>-</u>	<u>29,014,893</u>
Business-type activities capital assets, net	<u>\$ 32,652,495</u>	<u>\$ (1,521,721)</u>	<u>\$ (976)</u>	<u>\$ -</u>	<u>\$ 31,129,798</u>

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

**Governmental activities:**

General government	\$ 55,694
Public safety	390,095
Public works	725,609
Housing and development	12,665
Total depreciation expense - governmental activities	<u>\$ 1,184,063</u>

**Business-type activities:**

Water and sewer	\$ 1,521,721
Total depreciation expense - business-type activities	<u>\$ 1,521,721</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. CAPITAL ASSETS (CONTINUED)

#### C. Discretely Presented Component Unit – Downtown Development Authority

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 449,826	\$ -	\$ -	\$ 449,826
Historical treasures	91,279	-	-	91,279
Construction in progress	-	39,960	-	39,960
Total	<u>541,105</u>	<u>39,960</u>	<u>-</u>	<u>581,065</u>
Capital assets, being depreciated:				
Land Improvements	244,764	61,573	-	306,337
Buildings	2,581,260	-	-	2,581,260
Total	<u>2,826,024</u>	<u>61,573</u>	<u>-</u>	<u>2,887,597</u>
Less accumulated depreciation for:				
Land Improvements	33,352	12,861	-	46,213
Buildings	399,157	64,712	-	463,869
Total	<u>432,509</u>	<u>77,573</u>	<u>-</u>	<u>510,082</u>
Total assets, being depreciated, net	<u>2,393,515</u>	<u>(16,000)</u>	<u>-</u>	<u>2,377,515</u>
Capital assets, net	<u>\$ 2,934,620</u>	<u>\$ 23,960</u>	<u>\$ -</u>	<u>\$ 2,958,580</u>

### NOTE 8. LONG-TERM DEBT

**Revenue Bonds.** During the year ended July 31, 2004, the City issued revenue bonds in the amount of \$14,205,000. The bond proceeds were used to refund the series 1996 revenue bonds. Revenue bonds outstanding at July 31, 2010, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Water & Sewer Fund	2.00 - 5.00%	21 years	2024	<u>\$ 14,205,000</u>	\$ 10,085,000
					100,368
					(501,435)
					<u>\$ 9,683,933</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT (CONTINUED)

**Revenue Bonds (Continued).** During the year ended July 31, 2010, the City issued revenue bonds in the amount of \$9,870,000. The bond proceeds were used to pay off a note payable to the Georgia Environmental Facilities Authority and to refund a portion of the series 2003 revenue bonds. Revenue bonds outstanding at July 31, 2010, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Water & Sewer Fund	3.00 - 4.50%	23 years	2032	\$ 9,870,000	\$ 9,870,000
				Less unamortized deferred refunding loss	(31,843)
					<u>\$ 9,838,157</u>

Debt service requirements to maturity on the revenue bonds are as follows:

<u>Year Ending July 31,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 550,000	\$ 840,828
2012	565,000	818,038
2013	580,000	799,210
2014	600,000	778,923
2015	625,000	757,266
2016-2020	3,505,000	3,405,211
2021-2025	4,345,000	2,532,824
2026-2030	5,600,000	1,388,416
2031-2033	3,585,000	226,320
Total	<u>\$ 19,955,000</u>	<u>\$ 11,547,036</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT (CONTINUED)

**Revenue Bonds (Continued).** The Downtown Development Authority issued revenue bonds during the year ended July 31, 2002 in the amount of \$2,220,000. The purpose of the bonds is to fund various capital outlay projects. The principal and interest on the bonds is payable from and secured by certain payments made to the Downtown Development Authority by the City pursuant to a contract between the Downtown Development Authority and the City. To fulfill its obligations under the contract, the City has agreed that it will, to the extent necessary, levy an annual tax on all taxable property located within the boundaries of the City, at such rate or rates, limited to 3 mills, as may be necessary to make the payments to the Downtown Development Authority for its services as called for by the contract. Revenue bonds outstanding at July 31, 2010, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Downtown Development Authority	4.55 - 4.95%	20 years	2021	\$ 2,220,000	\$ 1,890,000

Downtown Development Authority revenue bond debt service requirements to maturity are as follows:

<u>Year Ending July 31,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 55,000	\$ 88,439
2012	60,000	85,935
2013	60,000	83,265
2014	65,000	80,483
2015	175,000	75,056
2016-2020	1,005,000	241,740
2021-2022	470,000	23,513
Total	\$ 1,890,000	\$ 678,431

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT (CONTINUED)

**Notes Payable.** The Downtown Development Authority has incurred debt to a financial institution to be used on specifically identified Main Street projects. In connection with this debt, a contract has been entered into between the Downtown Development Authority and the City of Fayetteville whereby the City is to levy an annual tax on all taxable property located within the boundaries of the City in order to produce revenues sufficient to pay the debt service on the Downtown Development Authority debt. In the event that payments of this tax by the City to the Downtown Development Authority each year are not sufficient to pay the debt service payment on the debt, the City will be liable for any difference. The note is as follows at July 31, 2010:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
4.17%	15 years	2023	\$ 540,000	\$ 499,768

The annual requirements to pay the Downtown Development Authority's notes outstanding are as follows:

<u>Year Ending July 31,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 28,238	\$ 20,549
2012	29,428	19,359
2013	30,668	18,119
2014	31,960	16,827
2015	33,307	15,480
2016-2020	188,806	55,131
2021-2024	157,361	13,395
Total	\$ 499,768	\$ 158,860

**Certificates of Participation.** During the year ended July 31, 2005, the City entered into lease-purchase agreements with the Georgia Municipal Association for the construction of a new law enforcement center issuing certificates of participation in the amount of \$4,575,000. Certificates of participation outstanding at July 31, 2010 are as follows:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
2.00 - 4.50%	20 years	2023	\$ 4,575,000	\$ 3,625,000
			Less unamortized discount	(37,995)
				\$ 3,587,005

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT (CONTINUED)

**Certificates of Participation (Continued).** Annual debt service requirements on the certificates of participation are as follows:

Year Ending July 31,	Principal	Interest
2011	\$ 205,000	\$ 139,885
2012	210,000	133,502
2013	215,000	126,486
2014	225,000	118,893
2015	230,000	110,816
2016-2020	1,300,000	409,295
2021-2024	1,240,000	112,803
Total	\$ 3,625,000	\$ 1,151,680

**Capital Leases.** The City has entered into lease agreements as lessee for financing the acquisition of various items of equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception.

The following is an analysis of leased assets under capital leases as of July 31, 2010:

	<b>Governmental Activities</b>
Equipment	\$ 877,519

The City's total capital lease debt service requirements to maturity are as follows:

Year Ending July 31,	<b>Governmental Activities</b>
2011	\$ 145,247
2012	59,387
2013	59,387
2014	59,387
2015	59,387
Total minimum lease payments	382,795
Less amount representing interest	28,941
Present value of future minimum lease payments	\$ 353,854

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended July 31, 2010 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital leases	\$ 532,575	\$ -	\$ (178,721)	\$ 353,854	\$ 133,899
Compensated absences	478,330	535,649	(503,939)	510,040	255,020
Certificates of participation:					
Certificates payable	3,825,000	-	(200,000)	3,625,000	205,000
Discount	(40,844)	-	2,849	(37,995)	-
Total certificates of participation	<u>3,784,156</u>	<u>-</u>	<u>(197,151)</u>	<u>3,587,005</u>	<u>205,000</u>
Governmental activity Long-term liabilities	<u>\$ 4,795,061</u>	<u>\$ 535,649</u>	<u>\$ (879,811)</u>	<u>\$ 4,450,899</u>	<u>\$ 593,919</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds	\$ 11,250,000	\$ 9,870,000	\$ (1,165,000)	\$ 19,955,000	\$ 550,000
Deferred amounts:					
Premium	112,753	-	(12,385)	100,368	-
Deferred loss on refunding	(560,392)	(32,763)	59,877	(533,278)	-
Total bonds payable	<u>10,802,361</u>	<u>9,837,237</u>	<u>(1,117,508)</u>	<u>19,522,090</u>	<u>550,000</u>
Capital leases	1,315	-	(1,315)	-	-
Notes payable	<u>8,316,684</u>	<u>-</u>	<u>(8,316,684)</u>	<u>-</u>	<u>-</u>
Business-type activity Long-term liabilities	<u>\$ 19,120,360</u>	<u>\$ 9,837,237</u>	<u>\$ (9,435,507)</u>	<u>\$ 19,522,090</u>	<u>\$ 550,000</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Downtown Development Authority:</b>					
Revenue bonds	\$ 1,945,000	\$ -	\$ (55,000)	\$ 1,890,000	\$ 55,000
Notes payable	<u>526,865</u>	<u>-</u>	<u>(27,097)</u>	<u>499,768</u>	<u>28,238</u>
Downtown Development Authority Long-term liabilities	<u>\$ 2,471,865</u>	<u>\$ -</u>	<u>\$ (82,097)</u>	<u>\$ 2,389,768</u>	<u>\$ 83,238</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT (CONTINUED)

**Defeasance of Debt.** During prior years and during the year ended July 31, 2010, the City defeased certain water and sewer bonds by placing part of the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The bonds defeased during the year ended July 31, 2010 totaled \$510,000. A deferred loss on defeasance of \$32,763 was recorded in connection with this transaction. The City has determined the aggregate difference in debt service between the refunding debt and the refunded debt as well as the economic gain or loss on this transaction was not material. On July 31, 2010, the total outstanding amount of bonds considered defeased was \$5,519,300.

### NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of July 31, 2010 is as follows:

Receivable Fund	Payable Fund				Total
	General Fund	Impact Fee Fund	Water and Sewer Fund	Nonmajor Governmental Fund	
General Fund	\$ -	\$ 1,002	\$ 144,540	\$ -	\$ 145,542
SPLOST Fund	-	28,643	-	22,255	50,898
Water and Sewer Fund	889	119,951	-	-	120,840
Nonmajor governmental funds	13,283	2,060	-	-	15,343
Nonmajor business-type funds	-	-	52,453	-	52,453
Total	<u>\$ 14,172</u>	<u>\$ 151,656</u>	<u>\$ 196,993</u>	<u>\$ 22,255</u>	<u>\$ 385,076</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund payables are due to the SPLOST Fund from the Impact Fee Fund (\$28,643) and Cemetery Fund (\$22,255) as of July 31, 2010. These amounts represent the respective funds contributions to projects performed in the SPLOST Fund that had not been transferred as of year-end.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers:

Transfers In	Transfers Out			Total
	General Fund	Impact Fee Fund	Nonmajor governmental funds	
General Fund	\$ -	1,002	\$ -	\$ 1,002
SPLOST Fund	-	211,620	25,018	236,638
Nonmajor governmental funds	153,555	9,616	-	163,171
Total	<u>\$ 153,555</u>	<u>222,238</u>	<u>\$ 25,018</u>	<u>\$ 400,811</u>

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

### NOTE 10. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the ten (10) county Atlanta area, is a member of the Atlanta Regional Commission (RC) and is required to pay annual dues thereto. During its fiscal year ended July 31, 2010, the City's membership dues were paid by Fayette County, Georgia. The City did not pay any annual dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Atlanta Regional Commission  
3715 Northside Parkway  
200 Northcreek Suite 300  
Atlanta, Georgia 30327

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. DEFINED BENEFIT PENSION PLAN

#### Plan Description

The City's defined benefit pension plan, City of Fayetteville Retirement Plan, provides retirement, disability, and death benefits to plan members and beneficiaries. The City of Fayetteville Retirement Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The benefit provisions and all other requirements are established by City ordinance. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the City of Fayetteville Retirement Plan. That report may be obtained by writing to Georgia Municipal Association, Employee Benefit Section, 201 Pryor Street, SW, Atlanta, Georgia 30303.

#### Funding Policy

The funding policy for the City of Fayetteville Retirement Plan is to contribute an actuarially determined amount equal to the recommended contribution each year. The City makes all contributions to the City of Fayetteville Retirement Plan. The City is required to contribute at an actuarially determined rate; the current rate is 11.94% of annual covered payroll.

#### Annual Pension Cost

For the year ended July 31, 2010, the City's annual pension cost was \$599,063 for the City of Fayetteville Retirement Plan. The City's annual recommended contribution for the pension plan year beginning January 1, 2010, (the most recent actuarial valuation date) was \$700,000. The difference between the City's actual contribution and the required contribution is due to the five month variance between the City's fiscal year and the contribution period. The recommended contribution was determined as part of the January 1, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases for inflation of 3.0% per year and for merit or seniority of .5% per year, and (c) no postretirement benefit increases or cost of living adjustments. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981, and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The method for determining the actuarial value of assets is part of GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets. The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected return of 7.75%, which is the valuation's investment return assumption.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### Trend Information

Trend information which gives an indication of the progress made in accumulating sufficient assets to pay benefits when due, is presented below.

Fiscal Year Ending	Annual Pension Cost	Actual City Contribution	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
7/31/2008	\$ 594,108	\$ 594,108	100 %	\$ -
7/31/2009	599,063	599,063	100	-
7/31/2010	599,063	599,063	100	-

As of the most recent valuation date, January 1, 2010, the funded status of the City of Fayetteville Retirement Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
01/01/10	\$ 8,178,368	\$ 9,966,537	\$ 1,788,169	82.1 %	\$ 5,745,395	31.1 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2010. In prior years, the calculations were based on the plan in effect as of September 1.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 12. DEFINED CONTRIBUTION PENSION PLAN**

The City participates in the Georgia Municipal Association 401(a) Defined Contribution Plan (the Plan) which is administered by the Georgia Municipal Association through their service manager, MetLife. The Plan provides retirement benefits to plan participants and beneficiaries. Plan provisions and contribution requirements are established and may be amended by the City. Employees are not required to contribute to the Plan. The City contributes an amount equal to 50% of the amount contributed by participants to the City's deferred compensation plan, except that the City shall not match in excess of 6% of the participant's annual compensation. The City's contribution for each employee is 100% vested after five (5) years of continuous service. For the fiscal year ending July 31, 2010, the City's contribution to the Plan was \$80,167. The amount contributed by employees was \$225,685.

### **NOTE 13. RISK MANAGEMENT**

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. COMMITMENTS AND CONTINGENCIES

#### **Litigation:**

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

#### **Contractual Commitments:**

In addition to the liabilities enumerated in the balance sheet at July 31, 2010, the City has contractual commitments on uncompleted contracts of approximately \$252,487.

#### **Grant Contingencies:**

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

### NOTE 15. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. For the fiscal year ended July 31, 2010, the City collected \$88,658 of hotel/motel taxes. Management represents that \$88,658, or 100%, of the lodging tax received during the year ended July 31, 2010, was used for the promotion of tourism.

### NOTE 16. EXCISE TAXES ON RENTAL MOTOR VEHICLES

Under the provisions of the Official Code of Georgia Annotated Section 48-13-93, the City has imposed and collected an excise tax on rental motor vehicles. The Code section requires the City to expend taxes collected for the purpose of promoting tourism, conventions, trade shows, etc., and promoting the City and business therein. During the year ended July 31, 2010, the City transferred all motor vehicle excise taxes to the Downtown Development Authority, where it was used for the promotion of tourism. The following schedule represents the revenue and expenditures pertaining to the tax for the year ended July 31, 2010:

Revenue	\$59,621
Expenditures	\$59,621

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF FAYETTEVILLE, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</b>
09/01/04	\$ 4,336,420	\$ 5,684,841	\$ 1,348,421	76.3 %	\$ 4,858,897	27.8 %
09/01/05	4,988,033	6,418,052	1,430,019	77.7	4,783,301	29.9
09/01/06	5,732,501	6,684,957	952,456	85.8	4,893,624	19.5
09/01/07	6,558,197	7,823,385	1,265,188	83.8	5,593,930	22.6
09/01/08	7,361,955	8,628,483	1,266,528	85.3	5,402,223	23.4
01/01/10	8,178,368	9,966,537	1,788,169	82.1	5,745,395	31.1

The assumptions used in the preparation of the above schedule are disclosed in Note 11 in the Notes to the Financial Statements.

Note: The actuarial valuation date changed from September 1 to January 1 during fiscal year 2010.

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# NONMAJOR GOVERNMENTAL FUNDS

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## Special Revenue Funds

**Vehicle Excise Tax Fund** – This fund is used to account for revenues from an excise tax on rental motor vehicles, which must be used for the promotion of recreation, tourism and commerce and for the construction or repair of related facilities.

**Confiscated Assets Fund** – This fund is used to account for cash received either as a result of a cash confiscation or from the sale of capital assets acquired from a drug raid.

**Hotel/Motel Tax Fund** – This fund is used to account for hotel/motel taxes collected.

**Cemetery Fund** – This fund is used to account for revenues earned from a trust set up for cemetery improvements.

## Capital Project Funds

**Building Fund** – This fund is used to account for the accumulation and expenditures of resources for various public improvements which are funded by a percentage of property taxes.



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**CITY OF FAYETTEVILLE, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JULY 31, 2010**

	<b>Special Revenue Funds</b>			
	<b>Vehicle Excise Tax Fund</b>	<b>Confiscated Assets Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>Cemetery Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 278,994	\$ 3,382	\$ 46,127
Taxes receivable	5,923	-	7,744	-
Due from other funds	-	-	-	-
Restricted assets	-	-	-	-
<b>Total assets</b>	<b>\$ 5,923</b>	<b>\$ 278,994</b>	<b>\$ 11,126</b>	<b>\$ 46,127</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ 22,255
Due to component unit	5,923	-	11,126	-
<b>Total liabilities</b>	<b>5,923</b>	<b>-</b>	<b>11,126</b>	<b>22,255</b>
<b>FUND BALANCES</b>				
Unreserved, undesignated	-	278,994	-	23,872
<b>Total fund balances</b>	<b>-</b>	<b>278,994</b>	<b>-</b>	<b>23,872</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,923</b>	<b>\$ 278,994</b>	<b>\$ 11,126</b>	<b>\$ 46,127</b>

<b>Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Building Fund</b>	
\$ 7,181	\$ 335,684
-	13,667
15,343	15,343
<u>82,188</u>	<u>82,188</u>
<u>\$ 104,712</u>	<u>\$ 446,882</u>

\$ -	\$ 22,255
<u>44,111</u>	<u>61,160</u>
<u>44,111</u>	<u>83,415</u>

<u>60,601</u>	<u>363,467</u>
<u>60,601</u>	<u>363,467</u>
<u>\$ 104,712</u>	<u>\$ 446,882</u>

**CITY OF FAYETTEVILLE, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	<b>Special Revenue Funds</b>			
	<b>Vehicle Excise Tax Fund</b>	<b>Confiscated Assets Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>Cemetery Fund</b>
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	59,621	-	88,658	-
Fines and forfeitures	-	54,783	-	-
Contributions	-	500	-	9,678
Interest income	-	332	-	-
Other revenues	-	100	-	-
<b>Total revenues</b>	<b>59,621</b>	<b>55,715</b>	<b>88,658</b>	<b>9,678</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	147,442	-	-
Housing and development	59,621	-	88,658	-
Capital outlay:				
Public safety	-	-	-	-
Public works	-	-	-	-
Housing and development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>59,621</b>	<b>147,442</b>	<b>88,658</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	(91,727)	-	9,678
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(25,018)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,018)</b>
Net change in fund balances	-	(91,727)	-	(15,340)
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>370,721</b>	<b>-</b>	<b>39,212</b>
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ 278,994</b>	<b>\$ -</b>	<b>\$ 23,872</b>

<b>Capital Projects Funds</b>		<b>Total Nonmajor Governmental Funds</b>
<b>Building Fund</b>		
\$ 630,545	\$ 630,545	
-	148,279	
-	54,783	
-	10,178	
-	332	
	100	
<u>630,545</u>	<u>844,217</u>	
-	147,442	
-	148,279	
111,835	111,835	
16,425	16,425	
193,178	193,178	
328,843	328,843	
165,186	165,186	
<u>815,467</u>	<u>1,111,188</u>	
<u>(184,922)</u>	<u>(266,971)</u>	
163,171	163,171	
-	(25,018)	
<u>163,171</u>	<u>138,153</u>	
(21,751)	(128,818)	
<u>82,352</u>	<u>492,285</u>	
<u>\$ 60,601</u>	<u>\$ 363,467</u>	

**CITY OF FAYETTEVILLE, GEORGIA  
SPECIAL REVENUE FUNDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	Vehicle Excise Tax Fund		
	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>			
Other taxes	\$ 57,000	\$ 59,621	\$ 2,621
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Other revenues	-	-	-
Total revenues	<u>57,000</u>	<u>59,621</u>	<u>2,621</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	-
Housing and development	57,000	59,621	(2,621)
Total expenditures	<u>57,000</u>	<u>59,621</u>	<u>(2,621)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Confiscated Assets Fund**

<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
\$ -	\$ -	\$ -
30,000	54,783	24,783
-	500	500
1,000	332	(668)
-	100	100
<u>31,000</u>	<u>55,715</u>	<u>24,715</u>
176,000	147,442	28,558
-	-	-
<u>176,000</u>	<u>147,442</u>	<u>28,558</u>
<u>(145,000)</u>	<u>(91,727)</u>	<u>53,273</u>
145,000	-	(145,000)
-	-	-
<u>145,000</u>	<u>-</u>	<u>(145,000)</u>
-	(91,727)	(91,727)
<u>370,721</u>	<u>370,721</u>	<u>-</u>
<u>\$ 370,721</u>	<u>\$ 278,994</u>	<u>\$ (91,727)</u>

(Continued)

**CITY OF FAYETTEVILLE, GEORGIA  
SPECIAL REVENUE FUNDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>			
Other taxes	\$ 102,500	\$ 88,658	\$ (13,842)
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Other revenues	-	-	-
Total revenues	<u>102,500</u>	<u>88,658</u>	<u>(13,842)</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	-
Housing and development	102,500	88,658	13,842
Total expenditures	<u>102,500</u>	<u>88,658</u>	<u>13,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<b>Cemetery Fund</b>		
<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
\$ -	\$ -	\$ -
-	-	-
6,000	9,678	3,678
500	-	(500)
-	-	-
<u>6,500</u>	<u>9,678</u>	<u>3,178</u>
-	-	-
-	-	-
-	-	-
<u>6,500</u>	<u>9,678</u>	<u>3,178</u>
34,650	-	(34,650)
<u>(41,150)</u>	<u>(25,018)</u>	<u>16,132</u>
<u>(6,500)</u>	<u>(25,018)</u>	<u>(18,518)</u>
-	(15,340)	(15,340)
<u>39,212</u>	<u>39,212</u>	<u>-</u>
<u>\$ 39,212</u>	<u>\$ 23,872</u>	<u>\$ (15,340)</u>

**CITY OF FAYETTEVILLE, GEORGIA  
CAPITAL PROJECTS FUNDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	<b>Building Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues:</b>			
Property taxes	\$ 690,392	\$ 630,545	\$ (59,847)
Intergovernmental	-	-	-
Impact fees	-	-	-
Contributions	-	-	-
Interest income	10,000	-	(10,000)
Total revenues	<u>700,392</u>	<u>630,545</u>	<u>(69,847)</u>
<b>Expenditures:</b>			
Capital outlay:			
General government	50,000	-	50,000
Public safety	150,000	111,835	38,165
Public works	18,000	16,425	1,575
Housing and development	176,655	193,178	(16,523)
Debt service:			
Principal	331,173	328,843	2,330
Interest	170,382	165,186	5,196
Total expenditures	<u>896,210</u>	<u>815,467</u>	<u>80,743</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(195,818)</u>	<u>(184,922)</u>	<u>10,896</u>
<b>Other financing sources (uses):</b>			
Transfers in	195,818	163,171	(32,647)
Transfers out	-	-	-
Total other financing sources (uses)	<u>195,818</u>	<u>163,171</u>	<u>(32,647)</u>
Net change in fund balances	-	(21,751)	(21,751)
<b>Fund balances, beginning of year</b>	<u>82,352</u>	<u>82,352</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 82,352</u>	<u>\$ 60,601</u>	<u>\$ (21,751)</u>

<b>Impact Fee Fund</b>		
<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
\$ -	\$ -	\$ -
-	-	-
169,732	37,890	(131,842)
-	-	-
10,000	5,636	(4,364)
<u>179,732</u>	<u>43,526</u>	<u>(136,206)</u>
284	27	257
-	-	-
-	-	-
13,414	1,924	11,490
-	-	-
<u>13,698</u>	<u>1,951</u>	<u>11,747</u>
166,034	41,575	(124,459)
-	-	-
<u>(225,975)</u>	<u>(222,238)</u>	<u>3,737</u>
<u>(225,975)</u>	<u>(222,238)</u>	<u>3,737</u>
(59,941)	(180,663)	(120,722)
<u>2,292,448</u>	<u>2,292,448</u>	<u>-</u>
<u>\$ 2,232,507</u>	<u>\$ 2,111,785</u>	<u>\$ (120,722)</u>

(Continued)

**CITY OF FAYETTEVILLE, GEORGIA  
CAPITAL PROJECTS FUNDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

	<b>Special Purpose Local Option Sales Tax Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues:</b>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	2,780,312	1,070,427	(1,709,885)
Impact fees	-	-	-
Contributions	-	1,500	1,500
Interest income	7,500	3,947	(3,553)
<b>Total revenues</b>	<b>2,787,812</b>	<b>1,075,874</b>	<b>(1,711,938)</b>
<b>Expenditures:</b>			
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public works	4,844,164	1,203,195	3,640,969
Housing and development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>4,844,164</b>	<b>1,203,195</b>	<b>3,640,969</b>
Excess (deficiency) of revenues over (under) expenditures	(2,056,352)	(127,321)	1,929,031
<b>Other financing sources (uses):</b>			
Transfers in	815,728	236,638	(579,090)
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>815,728</b>	<b>236,638</b>	<b>(579,090)</b>
Net change in fund balances	(1,240,624)	109,317	1,349,941
<b>Fund balances, beginning of year</b>	<b>1,845,119</b>	<b>1,845,119</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 604,495</b>	<b>\$ 1,954,436</b>	<b>\$ 1,349,941</b>

**CITY OF FAYETTEVILLE, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

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<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Intersections	\$ 291,000	\$ 335,000	\$ 36,225	\$ 21,187	\$ 57,412
Roadways	2,196,494	2,289,374	377,204	90,411	467,615
Streetscapes/paths	<u>1,759,833</u>	<u>1,622,953</u>	<u>966,881</u>	<u>257,339</u>	<u>1,224,220</u>
Totals	<u>\$ 4,247,327</u>	<u>\$ 4,247,327</u>	<u>\$ 1,380,310</u>	<u>\$ 368,937</u>	<u>\$ 1,749,247</u>

**NOTE:** Included in the total expenditures of the SPLOST fund for the year ended July 31, 2010 are expenditures funded by grant revenues and transfers from other funds in the amounts of \$597,620 and \$236,638, respectively. These amounts are excluded from the above schedule.

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**COMPONENT UNIT –  
DOWNTOWN DEVELOPMENT AUTHORITY**

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**CITY OF FAYETTEVILLE, GEORGIA**

**BALANCE SHEET  
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY  
JULY 31, 2010**

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**ASSETS**

Current assets:

Cash	\$	89,484
Investments		333,754
Accounts receivable		80,602
Due from primary government		51,958
Prepaid expenditures		819
Restricted cash		<u>56,799</u>

Total current assets 613,416

Total assets \$ 613,416

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Current liabilities:

Accounts payable	\$	3,575
Accrued liabilities		539
Due to primary government		<u>2,393</u>

Total current liabilities 6,507

Total liabilities 6,507

**FUND BALANCE**

Unreserved, undesignated		
Total fund balance		<u>606,909</u>

Total liabilities and fund balance \$ 613,416

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

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**Revenues:**

Intergovernmental	\$	56,000
Contributions		285,580
Interest income		826
Other revenues		50
Total revenues		<u>342,456</u>

**Expenditures:**

Current:		
Housing and development		<u>166,322</u>
Debt service:		
Principal		82,097
Interest		<u>113,006</u>
Total debt service		<u>195,103</u>
Total expenditures		<u>361,425</u>

Net change in fund balance (18,969)

**Fund balance, beginning of year** 625,878

**Fund balance, end of year** \$ 606,909

**COMPONENT UNIT –  
MAIN STREET TOURISM ASSOCIATION**

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**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF CASH FLOWS  
COMPONENT UNIT - MAIN STREET TOURISM ASSOCIATION  
FOR THE FISCAL YEAR ENDED JULY 31, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$	177,074
Payments to suppliers and service providers		(365,760)
Payments to employees		<u>(98,601)</u>
Net cash used in operating activities		<u>(287,287)</u>

**CASH FLOWS FROM NONCAPITAL  
FINANCING ACTIVITIES**

Contributions		<u>244,755</u>
Net cash provided by noncapital financing activities		<u>244,755</u>

Decrease in cash and cash equivalents (42,532)

**Cash and cash equivalents:**

Beginning of year		<u>83,306</u>
End of year	\$	<u><u>40,774</u></u>

**Reconciliation of operating loss to net cash  
used in operating activities:**

Operating loss	\$	(248,819)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Increase in accounts receivable		(939)
Decrease in inventories		3,674
Increase in due from primary government		(1,386)
Decrease in prepaid expenses		19,151
Decrease in accounts payable		(48,717)
Increase in accrued liabilities		1,739
Decrease in deferred revenue		(13,455)
Increase in due to primary government		<u>1,465</u>
Net cash used in operating activities	\$	<u><u>(287,287)</u></u>

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## **STATISTICAL SECTION**

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# STATISTICAL SECTION

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This part of the City of Fayetteville's comprehensive 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.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> .....	<b>68 - 81</b>
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b> .....	<b>82 - 91</b>
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b> .....	<b>92 - 97</b>
<i>These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b> .....	<b>98 and 99</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
<b>Operating Information</b> .....	<b>100 - 102</b>
<i>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.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The City implemented GASB Statement 34 for the year ended July 31, 2003; schedules presenting financial information include information beginning in that year.

# CITY OF FAYETTEVILLE, GEORGIA

## NET ASSETS BY COMPONENT LAST EIGHT FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	<u>2003</u>	<u>2004</u>	<u>Fiscal Year 2005</u>
<b>Governmental Activities</b>			
Invested in capital assets, net of related debt	\$ 5,261,475	\$ 7,882,963	\$ 10,294,750
Restricted	-	3,068,384	87,098
Unrestricted	<u>3,274,292</u>	<u>558,402</u>	<u>4,259,448</u>
Total governmental activities net assets	<u>\$ 8,535,767</u>	<u>\$ 11,509,749</u>	<u>\$ 14,641,296</u>
<b>Business-Type Activities</b>			
Invested in capital assets, net of related debt	\$ 5,884,794	\$ 7,901,010	\$ 9,606,017
Restricted	1,879,325	8,270,414	7,253,854
Unrestricted	<u>3,723,709</u>	<u>(3,818,597)</u>	<u>(3,204,854)</u>
Total business-type activities net assets	<u>\$ 11,487,828</u>	<u>\$ 12,352,827</u>	<u>\$ 13,655,017</u>
<b>Primary Government</b>			
Invested in capital assets, net of related debt	\$ 11,146,269	\$ 15,783,973	\$ 19,900,767
Restricted	1,879,325	11,338,798	7,340,952
Unrestricted	<u>6,998,001</u>	<u>(3,260,195)</u>	<u>1,054,594</u>
Total primary government net assets	<u>\$ 20,023,595</u>	<u>\$ 23,862,576</u>	<u>\$ 28,296,313</u>

(1) The City has retroactively reported major general infrastructure assets as allowed by provisions of GASB Statement No. 34 in fiscal year 2006.

<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$ 57,100,929 (1)	\$ 60,009,707	\$ 60,352,897	\$ 60,089,837	\$ 60,622,894
849,422	1,214,750	1,566,870	1,954,676	2,036,624
5,187,583	5,768,939	5,197,192	5,586,322	5,239,070
<u>\$ 63,137,934</u>	<u>\$ 66,993,396</u>	<u>\$ 67,116,959</u>	<u>\$ 67,630,835</u>	<u>\$ 67,898,588</u>
\$ 11,267,649	\$ 12,776,513	\$ 12,195,150	\$ 13,532,153	\$ 11,607,708
4,005,622	1,923,585	1,091,708	134,721	1,350,819
(555,976)	1,061,924	2,707,452	2,422,675	2,730,595
<u>\$ 14,717,295</u>	<u>\$ 15,762,022</u>	<u>\$ 15,994,310</u>	<u>\$ 16,089,549</u>	<u>\$ 15,689,122</u>
\$ 68,368,578	\$ 72,786,220	\$ 72,548,047	\$ 73,621,990	\$ 72,230,602
4,855,044	3,138,335	2,658,578	2,089,397	3,387,443
4,631,607	6,830,863	7,904,644	8,008,997	7,969,666
<u>\$ 77,855,229</u>	<u>\$ 82,755,418</u>	<u>\$ 83,111,269</u>	<u>\$ 83,720,384</u>	<u>\$ 83,587,710</u>

# CITY OF FAYETTEVILLE, GEORGIA

## CHANGES IN NET ASSETS LAST EIGHT FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2003	2004	2005
<b>Expenses</b>			
Governmental activities:			
General government	\$ 998,498	\$ 1,160,759	\$ 1,115,440
Judicial	479,081	478,385	589,178
Public safety	4,586,837	5,062,070	5,496,987
Public works	977,985	954,545	957,095
Culture and recreation	-	-	-
Housing and development	1,180,063	1,185,628	1,290,549
Interest on long-term debt	22,220	131,923	211,500
Total governmental activities expenses	<u>8,244,684</u>	<u>8,973,310</u>	<u>9,660,749</u>
Business-type activities:			
Water and sewer	4,411,577	4,322,669	5,040,537
Stormwater	-	241,349 (2)	90,529
Solid waste	583,866	555,902	507,009
Total business-type activities	<u>4,995,443</u>	<u>5,119,920</u>	<u>5,638,075</u>
Total primary government	<u>\$ 13,240,127</u>	<u>\$ 14,093,230</u>	<u>\$ 15,298,824</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	\$ 406,725	\$ 555,174	\$ 543,057
Judicial	920,263	838,928	1,093,293
Public safety	94,629	40,703	469,591
Public works	336,830	611,386	391,703
Culture and recreation	97,758	70,127	30,817
Housing and development	84,534	59,384	58,369
Operating grants and contributions	89,165	82,320	261,203
Capital grants and contributions	243,074	2,827,656 (1)	2,417,294
Total governmental activities program revenues	<u>2,272,978</u>	<u>5,085,678</u>	<u>5,265,327</u>
Business-type activities:			
Charges for services:			
Water and sewer	3,389,526	3,760,435	3,741,066
Stormwater	-	219,296 (2)	450,192
Solid waste	595,608	564,450	514,424
Capital grants and contributions	1,525,326	1,353,804	2,057,053
Total business-type activities program revenues	<u>5,510,460</u>	<u>5,897,985</u>	<u>6,762,735</u>
Total primary government program revenues	<u>\$ 7,783,438</u>	<u>\$ 10,983,663</u>	<u>\$ 12,028,062</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	1,095,054	\$ 1,349,586	\$ 1,217,486	\$ 1,158,496	\$ 1,084,097
	647,666	849,251	860,758	896,534	820,922
	5,735,782	6,144,495	6,520,196	6,847,442	6,676,928
	1,605,451 (4)	1,751,093	2,786,357 (6)	1,883,585	1,765,659
	3,424	39,053	39,053	-	-
	1,046,976	1,100,831	1,100,831	1,034,348	946,682
	207,795	205,627	205,627	186,816	177,001
	<u>10,342,148</u>	<u>11,439,936</u>	<u>12,730,308</u>	<u>12,007,221</u>	<u>11,471,289</u>
	5,307,856	5,403,258	5,403,258	5,490,099	5,460,020
	101,641	142,592	142,592	273,320 (11)	294,409
	610,478	697,810	697,810	716,104	616,359 (15)
	6,019,975	6,243,660	6,243,660	6,479,523	6,370,788
\$	<u>16,362,123</u>	<u>17,683,596</u>	<u>18,973,968</u>	<u>18,486,744</u>	<u>17,842,077</u>
\$	651,798	\$ 423,077	\$ 348,843	\$ 469,854	\$ 271,628 (16)
	1,247,609	1,679,139	1,188,335	1,620,845	1,748,018
	278,211	35,609	127,415	449,589	81,738
	701,641	- (5)	115,816 (7)	74,522 (7)	-
	42,523	-	-	-	-
	-	710,715 (5)	384,464 (8)	122,168 (8)	38,190 (8)
	121,874	112,863	126,400	448,281 (14)	365,152 (14)
	5,245,516 (3)	2,932,053	1,194,669	1,001,476	1,107,764
	<u>8,289,172</u>	<u>5,893,456</u>	<u>3,485,942</u>	<u>4,186,735</u>	<u>3,612,490</u>
	4,147,603	4,526,852	4,624,121	4,905,681 (12)	4,810,109
	466,776	474,224	489,195	493,799	494,976
	617,366	697,958	726,883	718,570	632,549 (15)
	1,531,513	1,319,076	650,687 (9)	452,785 (9)	32,686 (9)
	<u>6,763,258</u>	<u>7,018,110</u>	<u>6,490,886</u>	<u>6,570,835</u>	<u>5,970,320</u>
\$	<u>15,052,430</u>	<u>12,911,566</u>	<u>9,976,828</u>	<u>10,757,570</u>	<u>9,582,810</u>

(Continued)

# CITY OF FAYETTEVILLE, GEORGIA

## CHANGES IN NET ASSETS LAST EIGHT FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2003	2004	2005
Net (expense)/revenue			
Governmental activities	\$ (5,971,706)	\$ (3,887,632)	\$ (4,395,422)
Business-type activities	515,017	778,065	1,124,660
Total primary government net expense	<u>\$ (5,456,689)</u>	<u>\$ (3,109,567)</u>	<u>\$ (3,270,762)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Taxes			
Property taxes	\$ 1,716,999	\$ 1,856,492	\$ 2,111,885
Sales taxes	2,026,571	2,235,325	2,384,936
Other taxes	2,611,572	2,715,674	2,860,975
Unrestricted investment earnings	44,395	44,827	102,383
Gain on sale of capital assets	11,675	24,728	41,791
Transfers	-	(15,432)	24,999
Total governmental activities	<u>6,411,212</u>	<u>6,861,614</u>	<u>7,526,969</u>
Business-type activities:			
Unrestricted investment earnings	71,411	71,502	202,529
Transfers	-	15,432	(24,999)
Total business-type activities	<u>71,411</u>	<u>86,934</u>	<u>177,530</u>
Total primary government	<u>\$ 6,482,623</u>	<u>\$ 6,948,548</u>	<u>\$ 7,704,499</u>
<b>Change in Net Assets</b>			
Governmental activities	\$ 439,506	\$ 2,973,982	\$ 3,131,547
Business-type activities	586,428	864,999	1,302,190
Total primary government	<u>\$ 1,025,934</u>	<u>\$ 3,838,981</u>	<u>\$ 4,433,737</u>

- (1) Donations of capital assets (streets and roadways).
- (2) Collection of new stormwater program fees implemented in fiscal year 2004.
- (3) The net effect of various public works sales, trade-ins and donations of capital assets.
- (4) Depreciation expense has been recorded in fiscal year 2006 due to GASB Statement 34 (retroactively reporting of major general infrastructure assets).
- (5) Reclassification of impact fees (program revenues) from public works to housing and development.
- (6) Multiple transportation and sidewalk construction projects.
- (7) State of Georgia Local Assistance Road Program (LARP) for street maintenance.
- (8) Decrease in residential and commercial building; therefore, decrease in impact fees collected.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ (2,052,976)	\$ (5,546,480)	\$ (9,229,746)	\$ (7,820,486)	\$ (7,858,799)
743,283	774,450	150,602	91,312	(400,468)
<u>\$ (1,309,693)</u>	<u>\$ (4,772,030)</u>	<u>\$ (9,079,144)</u>	<u>\$ (7,729,174)</u>	<u>\$ (8,259,267)</u>
\$ 2,287,451	\$ 2,489,094	\$ 2,670,751	\$ 2,764,455	\$ 2,670,285
3,210,939	3,294,819	3,127,513	2,147,990 (13)	2,259,642
3,115,776	3,286,540	3,326,490	3,381,128	3,171,974
205,016	331,489	182,744 (10)	40,789 (10)	13,315 (10)
13,558	-	45,811	-	11,336
-	-	-	-	-
<u>8,832,740</u>	<u>9,401,942</u>	<u>9,353,309</u>	<u>8,334,362</u>	<u>8,126,552</u>
318,995	270,277	81,686 (10)	3,927 (10)	41 (10)
-	-	-	-	-
<u>318,995</u>	<u>270,277</u>	<u>81,686</u>	<u>3,927</u>	<u>41</u>
<u>\$ 9,151,735</u>	<u>\$ 9,672,219</u>	<u>\$ 9,434,995</u>	<u>\$ 8,338,289</u>	<u>\$ 8,126,593</u>
\$ 6,779,764	\$ 3,855,462	\$ 123,563	\$ 513,876	\$ 267,753
1,062,278	1,044,727	232,288	95,239	(400,427)
<u>\$ 7,842,042</u>	<u>\$ 4,900,189</u>	<u>\$ 355,851</u>	<u>\$ 609,115</u>	<u>\$ (132,674)</u>

(9) Business-activities did not receive any contribution of infrastructure during fiscal year 2008.

(10) Drastic decrease in interest rates due to the current economic recession.

(11) Reallocation of public works salaries and benefits to stormwater program.

(12) Increase in sewer rates.

(13) Special Purpose Local Option Sales Taxes were reclassified to intergovernmental revenues.

(14) Public Safety SAFER grant received by the City.

(15) Renewed contractual services through RFP and bid process, resulting in lower cost.

(16) One time payment for prior years rent owed on downtown tower.

**CITY OF FAYETTEVILLE, GEORGIA**

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Insurance Premium Tax</u>	<u>Business and Occupation Tax</u>
2003	1,716,999	2,026,571	820,915	303,255	444,312	752,542
2004	1,856,492	2,235,325	839,639	316,115	478,864	761,193
2005	2,111,885	2,384,936	955,592	358,800	518,958	760,525
2006	2,287,451	3,210,939 (1)	1,032,289	323,977	558,331	857,935
2007	2,489,094	3,294,819	1,075,645	323,232	584,154	912,002
2008	2,670,751	3,127,513	1,134,982	315,813	609,337	903,792
2009	2,764,455	2,147,990 (2)	1,267,033	320,781	623,934	855,782
2010	2,670,285	2,259,642	1,150,101	309,881	618,080	817,237

(1) The City began collecting Special Purpose Local Option Sales Taxes from the County at the end of fiscal year 2005.

(2) Beginning in 2009, Special Purpose Local Option Sales Taxes received from the County were reclassified as Capital Contributions.

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<b>Other Taxes</b>	<b>Total</b>
290,548	\$ 6,355,142
319,863	6,807,491
267,100	7,357,796
343,244	8,614,166
391,507	9,070,453
362,566	9,124,754
313,598	8,293,573
276,675	8,101,901

# CITY OF FAYETTEVILLE, GEORGIA

## FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ 343,393	\$ 139,842	\$ 224,023	\$ 191,238
Unreserved	<u>2,338,210</u>	<u>2,324,845</u>	<u>2,453,341</u>	<u>2,663,047</u>
Total General Fund	<u>\$ 2,681,603</u>	<u>\$ 2,464,687</u>	<u>\$ 2,677,364</u>	<u>\$ 2,854,285</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	631	126,045	147,655	115,103
Capital project funds	<u>559,345</u>	<u>259,147</u>	<u>674,054</u>	<u>3,742,412</u>
Total all other governmental funds	<u>\$ 559,976</u>	<u>\$ 385,192</u>	<u>\$ 821,709</u>	<u>\$ 3,857,515</u>

- (1) The increase of fund balance is due to the financing of the Law Enforcement Center through Certificates of Participation (COPS).
- (2) The increase of fund balance is due to the collection of special purpose local option sales taxes that began at the end of fiscal year 2005.
- (3) Prepaid expenditures.

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<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 201,701	\$ 221,603	\$ 294,565	\$ 233,337	\$ 251,234	\$ 193,539
<u>2,173,967</u>	<u>2,741,170</u>	<u>3,168,063</u>	<u>2,903,291</u>	<u>2,896,626</u>	<u>2,904,019</u>
<u>\$ 2,375,668</u>	<u>\$ 2,962,773</u>	<u>\$ 3,462,628</u>	<u>\$ 3,136,628</u>	<u>\$ 3,147,860</u>	<u>\$ 3,097,558</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,847 (3)	\$ -
80,476	83,864	75,970	136,193	409,933	302,866
<u>2,047,978</u>	<u>3,215,686 (2)</u>	<u>3,733,553</u>	<u>3,766,360</u>	<u>4,205,072</u>	<u>4,126,822</u>
<u>\$ 2,128,454</u>	<u>\$ 3,299,550</u>	<u>\$ 3,809,523</u>	<u>\$ 3,902,553</u>	<u>\$ 4,629,852</u>	<u>\$ 4,429,688</u>

# CITY OF FAYETTEVILLE, GEORGIA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2001	2002	2003	2004
<b>Revenues</b>				
Taxes	\$ 5,238,789	\$ 5,826,916	\$ 6,354,389	\$ 6,828,255
Licenses and permits	310,287	373,336	336,138	387,670
Intergovernmental	364,171	699,564	165,226	483,421
Fines and forfeitures	659,339	800,390	948,205	850,897
Charges for services	70,486	120,060	75,051	119,287
Main Street	117,252	107,197	73,718	58,634
Impact fees	326,500	396,366	472,465	701,270
Contributions	482,648	1,453,703	147,280	7,888
Interest income	191,344	76,143	44,395	44,827
Other revenues	70,576	72,155	54,895	59,036
Total revenues	<u>7,831,392</u>	<u>9,925,830</u>	<u>8,671,762</u>	<u>9,541,185</u>
<b>Expenditures</b>				
General government	743,650	792,108	936,396	1,072,138
Judicial	385,612	321,155	477,836	477,543
Public safety	4,689,412	4,242,754	4,482,098	5,277,726
Public works	666,626	846,761	732,198	922,451
Housing and development	938,156	1,227,056	1,091,648	914,415
Capital outlay	2,000,607	2,611,317	433,054	2,354,857 (1)
Debt service				
Principal	141,317	360,489	343,942	322,110
Interest	18,683	36,775	23,796	82,296
Issuance costs	-	-	-	202,696 (2)
Total expenditures	<u>9,584,063</u>	<u>10,438,415</u>	<u>8,520,968</u>	<u>11,626,232</u>
Excess of revenues over (under) expenditures	<u>(1,752,671)</u>	<u>(512,585)</u>	<u>150,794</u>	<u>(2,085,047)</u>
<b>Other financing sources (uses)</b>				
Capital leases	682,368	127,479	229,542	763,384
Issuance of certificates of participation	-	-	-	4,575,000 (2)
Discount on certificates of participation	-	-	-	(56,989)
Proceeds from sale of assets	-	-	11,675	31,811
Transfers in	20,430	454,616	256,178	280,024
Transfers out	(20,430)	(454,616)	(256,178)	(295,456)
Total other financing sources (uses)	<u>682,368</u>	<u>127,479</u>	<u>241,217</u>	<u>5,297,774</u>
Net change in fund balances	<u>\$ (1,070,303)</u>	<u>\$ (385,106)</u>	<u>\$ 392,011</u>	<u>\$ 3,212,727</u>
Debt service as a percentage of noncapital expenditures	1.8%	4.4%	4.5%	6.8%

(1) Fiscal year 2004 and 2005 capital outlay increase is due to the construction of the new Law Enforcement Center (LEC).

(2) In fiscal year 2004, the City of Fayetteville issued Certificates of Participation (COPS) to finance the new LEC.

(3) The increase in debt service interest expenditure is due to the COPS issue.

(4) The Main Street function has been moved from the General Fund to the Main Street Tourism Association.

(5) Capital outlay has decreased due to the completion of the Law Enforcement Center.

(6) The decrease in impact fees is due to the decline in new construction during fiscal year 2007.

(7) The decrease in impact fees and permits is due to the continual decline in new construction during fiscal year 2008, 2009 and 2010.

(8) The City received a federal grant for Downtown Pedestrian Improvements.

(9) During fiscal year 2008, the City experienced an increase in jail population, therefore, reducing the collection of fines.

	2005	2006	2007	2008	2009	2010
\$	7,337,120	\$ 8,623,312	\$ 9,067,548	\$ 9,102,276	\$ 8,252,754 (12)	\$ 8,076,848
	479,681	533,974	404,811	300,705 (7)	261,485 (7)	217,086 (7)
	96,542	132,601	82,039	801,844 (8)	1,187,335 (12)	1,450,723 (16)
	1,100,542	1,247,609	1,685,084	1,292,402 (9)	2,040,086 (13)	1,798,758
	14,065	64,132	34,833	146,998	112,990	41,443
	58,369	- (4)	-	-	-	-
	922,321	1,063,092	710,715 (6)	384,064 (7)	121,768 (7)	37,890 (7)
	278,301	77,874	58,608	20,460	12,079	18,146
	102,383	205,016	331,489	182,744 (10)	40,789 (10)	17,262 (10)
	32,927	12,975	13,097	51,597	200,649 (14)	44,497
	<u>10,422,251</u>	<u>11,960,585</u>	<u>12,388,224</u>	<u>12,283,090</u>	<u>12,229,935</u>	<u>11,702,653</u>
	1,029,781	1,025,695	1,122,977	1,172,837	1,026,932	1,019,212
	585,993	642,889	825,873	862,715	895,312	828,909
	5,645,529	5,335,737	5,807,045	5,965,835	6,429,522	6,304,775
	928,637	1,014,991	1,101,204	1,176,544	1,087,963	1,007,576
	849,263	828,463	846,697	850,737	851,542	743,571
	3,378,871	886,963 (5)	1,320,032	2,246,574 (11)	573,427 (15)	1,526,584 (17)
	292,780	490,586	468,652	474,107	456,149	378,721
	210,876 (3)	195,437	192,204	185,217	173,579	165,971
	-	-	-	-	-	-
	<u>12,921,730</u>	<u>10,420,761</u>	<u>11,684,684</u>	<u>12,934,566</u>	<u>11,494,426</u>	<u>11,975,319</u>
	<u>(2,499,479)</u>	<u>1,539,824</u>	<u>703,540</u>	<u>(651,476)</u>	<u>735,509</u>	<u>(272,666)</u>
	205,942	204,819	284,664	367,209	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	60,860	13,558	21,624	51,297	3,022	22,200
	574,468	500,467	574,958	531,041	112,490	400,811
	(549,469)	(500,467)	(574,958)	(531,041)	(112,490)	(400,811)
	<u>291,801</u>	<u>218,377</u>	<u>306,288</u>	<u>418,506</u>	<u>3,022</u>	<u>22,200</u>
\$	<u>(2,207,678)</u>	<u>\$ 1,758,201</u>	<u>\$ 1,009,828</u>	<u>\$ (232,970)</u>	<u>\$ 738,531</u>	<u>\$ (250,466)</u>
	5.4%	7.2%	6.3%	5.5%	5.7%	5.1%

(10) Drastic decrease in interest rates due to the current economic recession.

(11) Costs associated with the Downtown Pedestrian Improvements project and other transportation and sidewalk projects.

(12) Beginning in 2009, Special Purpose Local Option Sales Taxes received from the County were reclassified as Intergovernmental revenues.

(13) Increase in fine fees and confiscated assets.

(14) Collection adjustment of tower rental.

(15) No major cost associated with transportation or sidewalk projects.

(16) The City has received several grants for transportation and sidewalk projects.

(17) Cost associated with transportation and sidewalk projects.

**CITY OF FAYETTEVILLE, GEORGIA**

**GENERAL GOVERNMENT TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Insurance Premium Tax</u>
2001	\$ 1,350,324	\$ 1,819,464	\$ 737,066	\$ 281,202	\$ 251,629
2002	1,550,213	1,917,851	779,296	303,884	404,941
2003	1,716,246	2,026,571	820,915	303,255	444,312
2004	1,877,256	2,235,325	839,639	316,115	478,864
2005	2,091,209	2,384,936	955,592	358,800	518,958
2006	2,296,597	3,210,939 (1)	1,032,289	354,818	558,331
2007	2,486,189	3,294,819	1,075,645	349,428	584,154
2008	2,648,273	3,127,513	1,134,982	341,816	609,337
2009	2,723,636	2,147,990 (2)	1,267,033	349,069	623,934
2010	2,645,232	2,259,642	1,150,101	339,515	618,080

(1) The City began collecting Special Purpose Local Option Sales Taxes from the County at the end of fiscal year 2005.

(2) Beginning in 2009, Special Purpose Local Option Sales Taxes received from the County were reclassified as Intergovernmental revenues.

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<b>Business and Occupation Tax</b>	<b>Other Taxes</b>	<b>Total</b>
\$ 695,245	\$ 103,859	\$ 5,238,789
685,550	185,181	5,826,916
752,542	290,548	6,354,389
761,193	319,863	6,828,255
760,525	267,100	7,337,120
857,935	312,403	8,623,312
912,002	365,311	9,067,548
903,792	336,563	9,102,276
855,782	285,310	8,252,754
817,237	247,041	8,076,848

## CITY OF FAYETTEVILLE, GEORGIA

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

Fiscal Year	Assessed Value					Motor Vehicle
	Residential	Commercial	Industrial	Agricultural	Utility	
2001	\$ 200,574,819	\$ 178,196,967	\$ 136,746	\$ 1,826,420	\$ 6,286,159	\$ 30,450,678
2002	236,025,759	195,655,894	7,864,505	1,534,460	7,128,616	33,660,380
2003	272,530,275	228,890,427	9,278,780	3,641,909	8,032,951	35,615,900
2004	310,515,295	254,935,371	8,977,075	3,030,349	7,801,976	36,278,270
2005	337,492,765	309,075,403	10,431,109	1,361,596	7,531,135	37,328,240
2006	380,193,347	318,175,668	10,168,393	678,036	7,466,898	37,336,640
2007	431,942,747	341,533,006	10,755,712	214,976	7,683,612	39,031,150
2008	470,285,294	365,896,540	11,109,738	154,976	8,193,162	42,481,910
2009	480,596,431	385,936,262	10,779,452	154,976	7,926,971	49,614,470
2010	472,686,132	383,151,099	11,317,909	154,976	8,790,447	51,646,580

**SOURCE:**

City of Fayetteville, Georgia and Fayette County, Georgia tax records.

(1) Includes heavy duty equipment, timber, and conservation use.

(2) State of Georgia requires 40% assessment of actual value.

<u>Other (1)</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value (2)</u>
\$ 352,730	\$ 377,581	\$ 417,446,938	3.220	\$ 1,043,617,345	40%
552,439	357,844	482,064,209	3.220	1,205,160,523	40%
430,632	595,133	557,825,741	3.110	1,394,564,353	40%
374,095	1,019,891	620,892,540	3.033	1,552,231,350	40%
373,502	1,350,081	702,243,669	3.033	1,755,609,173	40%
532,228	1,272,459	753,278,751	3.033	1,883,196,878	40%
959,228	2,042,492	830,077,939	2.990	2,075,194,848	40%
1,278,367	1,328,760	898,071,227	2.990	2,245,178,068	40%
873,427	1,809,096	934,072,893	2.988	2,335,182,233	40%
390,463	1,379,107	926,758,499	2.988	2,316,896,248	40%

# CITY OF FAYETTEVILLE, GEORGIA

## PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE) LAST TEN FISCAL YEARS

Fiscal Year	State	County	County School District	City of Fayetteville			Total
				General Fund	Capital Projects Fund	Total City	
2001	0.25	6.56	26.16	2.47	0.75	3.22	36.19
2002	0.25	6.64	25.56	2.47	0.75	3.22	35.67
2003	0.25	6.20	21.69	2.36	0.75	3.11	31.25
2004	0.25	6.82	22.70	2.28	0.75	3.03	32.80
2005	0.25	6.38	22.68	2.28	0.75	3.03	32.34
2006	0.25	6.08	18.75	2.28	0.75	3.03	28.11
2007	0.25	5.98	22.15	2.24	0.75	2.99	31.37
2008	0.25	5.95	23.92	2.24	0.75	2.99	33.11
2009	0.25	5.95	23.42	2.24	0.75	2.99	32.61
2010	0.25	5.95	23.42	2.24	0.75	2.99	32.61

**SOURCE:**

City of Fayetteville, Georgia and Fayette County, Georgia tax records.

# CITY OF FAYETTEVILLE, GEORGIA

## PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Fiscal Year 2010			Fiscal Year 2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
DDRTC Fayette Pavilion I & II	\$ 71,970,511	1	7.77%	\$ -		-
DDRTC Fayette Pavilion III & IV	43,446,800	2	4.69%	-		-
Piedmont Hospital Inc	17,856,570	3	1.93%	4,681,568	4	1.12%
Piedmont Fayette Medical & Office Bldg	14,689,885	4	1.59%	-		-
CP Summit Retail LLC	14,143,690	5	1.53%	-		-
Banks Crossing Assoc. LLC & BC Plaza	14,121,000	6	1.52%			
Fayetteville Towne Center C/O Retail	13,541,360	7	1.46%	2,792,094	8	0.67%
Norbelle LLC & Lasalle Investment	13,059,840	8	1.41%	-		-
CA New Plan Acquisition Fund & LLC	12,607,000	9	1.36%	-		-
General Electric Credit Equities, Inc.	11,660,600	10	1.26%	-		-
Fourth Quarter Properties I	-		-	19,017,200	1	4.56%
Lowe's Home Centers, Inc.	-		-	6,627,884	2	1.59%
BellSouth Telecommunication	-		-	4,972,039	3	1.19%
Parkway Fayette, LP	-		-	3,503,520	5	0.84%
JDN Realty Corporation	-		-	3,428,400	6	0.82%
FAI LTD C/O Alexander Properties Inc	-		-	3,209,200	7	0.77%
Wal-Mart Stores, Inc.	-		-	2,703,975	9	0.65%
Home Depot USA, Inc.	-		-	2,522,605	10	0.60%
<b>Total</b>	<b><u>\$ 227,097,256</u></b>		<b><u>24.50%</u></b>	<b><u>\$ 53,458,485</u></b>		<b><u>12.81%</u></b>

**SOURCE:**

City of Fayetteville, Georgia and Fayette County, Georgia tax records.

# CITY OF FAYETTEVILLE, GEORGIA

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 1,357,583	\$ 1,331,974	98.1 %	\$ 16,431	\$ 1,348,405	99.3 %
2002	1,457,954	1,410,538	96.7	22,325	1,432,863	98.3
2003	1,567,067	1,486,650	94.9	17,257	1,503,907	96.0
2004	1,885,197	1,835,197	97.3	45,783	1,880,980	99.8
2005	2,016,641	1,852,886	91.9	31,764	1,884,650	93.5
2006	2,170,958	2,051,676	94.5	37,762	2,089,438	96.2
2007	2,364,823	2,239,406	94.7	28,502	2,267,908	95.9
2008	2,556,835	2,379,452	93.1	38,608	2,418,060	94.6
2009	2,642,618	2,456,059	92.9	37,999	2,494,058	94.4
2010	2,614,719	2,471,256	94.5	51,526	2,522,782	96.5

**SOURCE:**

City of Fayetteville, Georgia and Fayette County, Georgia tax records.

# CITY OF FAYETTEVILLE, GEORGIA

## WATER SOLD BY CUSTOMER TYPE LAST EIGHT FISCAL YEARS (MILLIONS OF GALLONS)

Type of Customer	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Residential (1)	368.13	398.30	391.96	403.51	383.18	335.84	321.75	300.96
Commercial (1)	49.75	53.83	53.06	54.00	113.27	112.95	44.51	91.13
Senior (1)	60.44	65.39	64.40	70.20	40.70	39.61	82.33	58.79
Other (1)	14.29	15.46	15.48	16.04	11.76	11.94	15.23	11.17
Total usage	<u>492.61</u>	<u>532.98</u>	<u>524.90</u>	<u>543.75</u>	<u>548.91</u>	<u>500.34</u>	<u>463.82</u>	<u>462.05</u>
Total direct rate per 1,000 gallons (2)	\$ 2.40	\$ 2.40	\$ 2.40	\$ 2.65	\$ 2.65	\$ 2.90	\$ 2.90	\$ 2.90

(1) City of Fayetteville billing registers.

(2) City of Fayetteville ordinances.

Note: Information prior to fiscal year 2003 is not readily available.

# CITY OF FAYETTEVILLE, GEORGIA

## WATER AND SEWER USER RATES LAST TEN FISCAL YEARS

Fiscal Year	Water (Residential)		Water (Commercial)		Water (Senior)	
	Monthly Base Rate	Rate per 1000 Gallons	Monthly Base Rate	Rate per 1000 Gallons	Monthly Base Rate	Rate per 1000 Gallons
2001	\$ 12.00	\$ 2.40	\$ 22.00	\$ 2.40	\$ 9.00	\$ 2.40
2002	12.00	2.40	22.00	2.40	9.00	2.40
2003	12.00	2.40	22.00	2.40	9.00	2.40
2004	12.00	2.40	22.00	2.40	9.00	2.40
2005	12.00	2.40	22.00	2.40	9.00	2.40
2006	13.20	2.65	24.20	2.65	11.22	2.65
2007	13.20	2.65	24.20	2.65	11.22	2.65
2008	14.50	2.90	26.60	2.90	12.33	2.90
2009	14.50	2.90	26.60	2.90	12.33	2.90
2010	14.50	2.90	26.60	2.90	12.33	2.90

**SOURCE:**

City of Fayetteville, Georgia ordinances.

<b>Sewer (Residential)</b>		<b>Sewer (Commercial)</b>		<b>Sewer (Senior)</b>	
<b>Monthly</b>	<b>Rate per</b>	<b>Monthly</b>	<b>Rate per</b>	<b>Monthly</b>	<b>Rate per</b>
<b>Base Rate</b>	<b>1000 Gallons</b>	<b>Base Rate</b>	<b>1000 Gallons</b>	<b>Base Rate</b>	<b>1000 Gallons</b>
\$ 10.00	\$ 1.65	\$ 20.00	\$ 1.65	\$ 9.00	\$ 1.65
10.00	1.65	20.00	1.65	9.00	1.65
10.00	1.65	20.00	1.65	9.00	1.65
10.00	1.65	20.00	1.65	9.00	1.65
10.00	1.65	20.00	1.65	9.00	1.65
12.00	2.00	23.00	2.00	10.20	2.00
12.00	2.00	23.00	2.00	10.20	2.00
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85

# CITY OF FAYETTEVILLE, GEORGIA

## TEN LARGEST WATER CUSTOMERS CURRENT YEAR AND EIGHT YEARS AGO

Taxpayer	Fiscal Year 2010			Fiscal Year 2003		
	Total Water Revenue	Rank	Percentage of Total Water Revenue	Total Water Revenue	Rank	Percentage of Total Water Revenue
Banks Station	\$ 29,628	1	1.35%	\$ 25,338	1	1.38%
Bay Branch Condo	18,199	2	0.83%	6,437	7	0.35%
Swanbrook	16,008	3	0.73%	16,061	2	0.88%
Cobblestone of Fayette	15,193	5	0.69%	5,885	10	0.32%
Summit Retail	14,652	4	0.67%	-		-
Fayette County Board of Commissioners	14,045	6	0.64%	11,782	3	0.64%
Fayette County Jail Complex	11,754	7	0.54%	-		-
HCCC, Inc.	9,488	8	0.43%	7,927	6	0.43%
Marksman Landscaping	5,382	10	0.25%	6,416	8	0.35%
Fayetteville Towne Center	4,469	9	0.20%	7,938	5	0.43%
Walker Concrete	-		-	9,087	4	0.50%
Holiday Inn Express	-		-	6,063	9	0.33%
Subtotal (10 Largest)	138,818		6.34%	102,934		5.62%
			-			
Balance from Other Customers	2,051,238		93.66%	1,729,926		94.38%
Total	<u>\$ 2,190,056</u>		<u>100.00%</u>	<u>\$ 1,832,860</u>		<u>100.00%</u>

**SOURCE:**

City of Fayetteville, Georgia Water/Sewer Department records.

Note: Information prior to fiscal year 2003 is not readily available.

# CITY OF FAYETTEVILLE, GEORGIA

## TEN LARGEST SEWER CUSTOMERS CURRENT YEAR AND EIGHT YEARS AGO

Taxpayer	Fiscal Year 2010			Fiscal Year 2003		
	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue
Fayette Community Hospital	\$ 162,852	1	6.41%	\$ -		-
Inland Group	47,202	2	1.86%	-		-
Banks Station	29,985	3	1.18%	19,756	1	1.28%
Marksman Landscaping	21,801	4	0.86%	5,022	6	0.33%
Bay Branch Condo	19,273	5	0.76%	4,444	8	0.29%
Swanbrook	15,328	6	0.60%	12,972	2	0.84%
Cobblestone of Fayette	15,249	7	0.60%	4,552	7	0.30%
Summit Retail	14,877	8	0.59%	-		-
Fayette County Board of Commissioners	14,758	9	0.58%	10,674	3	0.69%
Fayette County Jail Complex	11,595	10	0.46%	-		-
Fayetteville Towne Center	-		-	6,275	4	0.41%
HCCC, Inc.	-		-	5,826	5	0.38%
Holiday Inn Express	-		-	4,236	9	0.27%
Magnolia Park Daycare	-		-	3,313	10	0.21%
Subtotal (10 Largest)	352,920		13.90%	77,070		5.00%
Balance from Other Customers	2,186,940		86.10%	1,465,535		95.00%
Total	<u>\$ 2,539,860</u>		<u>100.00%</u>	<u>\$ 1,542,605</u>		<u>100.00%</u>

**SOURCE:**

City of Fayetteville, Georgia Water/Sewer Department records.

Note: Information prior to fiscal year 2003 is not readily available.

# CITY OF FAYETTEVILLE, GEORGIA

## RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities		
	Certificates of Participation	Capital Leases	Total	Revenue Bonds	Notes Payable	Total
2001	\$ -	\$ 813,573	\$ 813,573	\$ 7,795,000	\$ 3,068,100	\$ 10,863,100
2002	-	575,341	575,341	7,475,000	2,853,432	10,328,432
2003	-	460,941	460,941	7,135,000	2,613,115	9,748,115
2004	4,575,000	902,215	5,477,215	14,205,000	2,382,219	16,587,219
2005	4,575,000	815,377	5,390,377	13,710,000	2,202,916	15,912,916
2006	4,395,000	709,610	5,104,610	13,120,000	3,215,038	16,335,038
2007	4,210,000	710,622	4,920,622	12,510,000	7,824,049	20,334,049
2008	4,020,000	793,724	4,813,724	11,890,000	9,519,481	21,409,481
2009	3,825,000	532,575	4,357,575	11,250,000	8,316,684	19,566,684
2010	3,625,000	353,854	3,978,854	19,955,000	-	19,955,000

**NOTES:**

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

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

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	<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
\$	11,676,673	2.48 %	927
	10,903,773	2.23	830
	10,209,056	2.05	767
	22,064,434	4.16	1,600
	21,303,293	4.37	1,480
	21,439,648	4.15	1,426
	25,254,671	4.63	1,639
	26,223,205	4.73	1,734
	23,924,259	4.94	1,581
	23,933,854	5.38	1,586

# CITY OF FAYETTEVILLE, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JULY 31, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Fayette County School District	\$ 88,670,800	10 %	\$ 8,867,080
Fayette County Public Facilities Authority	47,995,000	10 %	4,799,500
Total overlapping debt			13,666,580
City of Fayetteville direct debt			3,978,854
Total direct and overlapping debt			\$ 17,645,434

**SOURCES:**

Fayette County School District and Fayette County Public Facilities Authority.

**NOTE:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fayetteville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by 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 County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

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# CITY OF FAYETTEVILLE, GEORGIA

## LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt limit	\$ 62,191,243	\$ 70,359,375	\$ 75,455,121	\$ 83,212,043
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 62,191,243</u>	<u>\$ 70,359,375</u>	<u>\$ 75,455,121</u>	<u>\$ 83,212,043</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

**NOTE:**

Under Georgia law, the City of Fayetteville's outstanding general obligation debt should not exceed 10% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation bonds.

<b>Fiscal Year</b>					
<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$ 89,939,999	\$ 75,455,121	\$ 83,212,043	\$ 89,939,999	\$ 93,588,199	\$ 92,813,761
-	-	-	-	-	-
<u>\$ 89,939,999</u>	<u>\$ 75,455,121</u>	<u>\$ 83,212,043</u>	<u>\$ 89,939,999</u>	<u>\$ 93,588,199</u>	<u>\$ 92,813,761</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed value	\$ 926,758,499
Add back: exempt real property	<u>1,379,107</u>
Total assessed value	928,137,606
Debt limit (10% of assessed value)	92,813,761
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of General obligation debt	<u>-</u>
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 92,813,761</u>

# CITY OF FAYETTEVILLE, GEORGIA

## PLEDGED-REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2001	\$ 3,487,877	\$ 2,563,068	\$ 924,809	\$ 310,000	\$ 421,650	\$ 1.26
2002	3,563,597	2,676,013	887,584	320,000	407,788	1.22
2003	3,389,526	2,986,627	402,899	340,000	392,933	0.55
2004	3,979,731	2,883,941	1,095,790	350,000	415,386	1.43
2005	4,191,258	3,353,886	837,372	495,000	531,196	0.82
2006	4,614,379	3,503,080	1,111,299	590,000	517,431	1.00
2007	5,001,076	3,715,636	1,285,440	610,000	506,889	1.15
2008	5,113,316	3,760,191	1,353,125	620,000	494,279	1.21
2009	5,399,480	3,675,834	1,723,646	640,000	480,089	1.54
2010	5,305,085	3,337,598	1,967,487	655,000	506,369	1.69

**NOTES:**

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

Utility service charges include tap fees, but exclude interest.

Operating expenses do not include interest, depreciation, or amortization expense.

# CITY OF FAYETTEVILLE, GEORGIA

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

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Fiscal Year	Population (1)	Personal Income (thousands) (2)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2001	12,593	\$ 470,928	\$ 37,396	N/A	19,833	3.4 %
2002	13,133	487,970	37,156	N/A	20,817	2.6
2003	13,306	497,432	37,384	36.1	21,239	3.0
2004	13,792	530,882	38,492	36.1	21,624	2.7
2005	14,395	487,976	33,899	36.1	22,338	4.6
2006	15,033	517,240	34,407	36.1	22,291	4.0
2007	15,408	545,320	35,392	36.1	22,190	3.8
2008	15,126	554,670	36,670	36.1	21,597	4.7
2009	15,136	484,322	31,998	36.1	21,899	8.8
2010	15,093	445,002	29,484	36.1	20,756	8.6

**SOURCES:**

- (1) City of Fayetteville records.
- (2) Bureau of Economic Analysis, U.S. Department of Commerce.
- (3) Fayette County Board of Education.
- (4) Bureau of Labor Statistics, U.S. Department of Labor.

# CITY OF FAYETTEVILLE, GEORGIA

## PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2010			Fiscal Year 2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fayette County Board of Education	2,921	3	25.13%	799	1	11.22%
Fayette Hospital	1,256	1	10.81%	571	2	8.02%
Fayette County Board of Commissioners	720	2	6.20%	450	3	6.32%
Wal-Mart Stores, Inc.	338	4	2.91%	125	6	1.76%
Kroger	239	6	2.06%	125	7	1.76%
Lafayette Nursing Home	207	9	1.78%	-		-
Publix	193	7	1.66%	-		-
Target	180	8	1.55%	-		-
Best Buy	139	8	1.20%	-		-
Lowes	137	8	1.18%	-		-
City of Fayetteville	-		-	117	8	1.64%
Home Depot	-		-	150	5	2.11%
Leslie Contracting	-		-	100	9	1.40%
Carolyn Ford	-		-	90	10	1.26%
Fayette Medical	-		-	271	4	3.81%
Total	<u>6,330</u>		<u>54.47%</u>	<u>2,798</u>		<u>39.30%</u>

**SOURCE:**

City of Fayetteville, Georgia records.

## CITY OF FAYETTEVILLE, GEORGIA

### FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	13	14	14	15	15	15	13	13	10	14
Judicial	3	3	3	3	3	2	2	2	2	2
Public safety										
Police	43	44	47	48	48	48	49	54	48	45
Fire	24	24	27	27	27	27	26	30	36	36
Public works	10	11	11	12	12	14	14	14	13	12
Housing and development	9	11	11	11	12	10	9	9	6	5
Main Street Tourism	2	2	2	2	2	2	2	2	2	2
Water and Sewer	24									
Water	N/A	18	18	18	18	18	12	12	10	10
Wastewater	N/A	5	5	7	7	7	14	14	11	10
Total	<u>128</u>	<u>132</u>	<u>138</u>	<u>143</u>	<u>144</u>	<u>143</u>	<u>141</u>	<u>150</u>	<u>138</u>	<u>136</u>

**SOURCE:**

City of Fayetteville, Georgia records

**NOTE:**

Prior to fiscal year 2002, separate records were not maintained for Water and Wastewater.

# CITY OF FAYETTEVILLE, GEORGIA

## OPERATING INDICATORS BY FUNCTION LAST SEVEN CALENDAR YEARS

Function	2004	2005	2006	2007	2008	2009	2010
<b>Mayor And Council</b>							
Citizen contacts	-	1,745	5,871	4,859	4,626	7,000	5,000
Council meetings	23	26	25	25	26	24	26
Correspondence generated	67	74	55	85	81	150	100
<b>Finance and Administration</b>							
A/P checks processed	4,638	4,044	4,472	4,869	4,354	4,900	4,600
Business licenses processed	2,212	2,168	2,015	2,157	2,337	2,200	2,250
Utility bills generated	84,641	88,274	97,494	99,286	100,337	100,250	101,800
<b>Information Technology</b>							
Number of work orders received	1,055	523	495	600	530	600	600
Hits on City website per year	80,455	110,255	121,322	181,776	164,475	150,000	150,000
<b>Municipal Court</b>							
Citations processed	8,369	8,816	8,218	10,033	8,060	7,742	8,704
Cases adjudicated	7,894	8,708	9,708	11,990	7,319	7,900	9,131
Average inmates per month	12	12	11	16	20	12	14
<b>Police</b>							
Number of arrests	1,332	1,164	1,385	1,427	1,434	1,468	1,521
Number of traffic accidents	1,506	1,618	1,507	1,396	1,148	1,190	1,084
Citations/warnings issued	8,577	8,897	11,777	7,869	9,752	11,370	10,969
<b>Fire</b>							
Emergency calls	2,367	2,387	2,570	2,560	2,656	2,542	2,600
Hydrants maintained	947	1,089	1,117	1,250	1,250	1,277	1,285
Inspections completed	1,795	1,660	1,446	1,431	1,391	1,322	1,350
<b>Public Works</b>							
Miles resurfaced	2.0	2.0	2.5	1.3	1.3	1.5	1.5
Miles of cracks sealed	1.5	1.5	1.5	2.0	1.0	1.0	2.0
Miles of right of way mowed	670	780	780	800	445	455	460
<b>Housing And Development</b>							
Building permit inspections	5,487	5,484	7,020	4,097	3,087	2,600	3,588
Development plan applications	38	33	37	28	15	8	10
Erosion control inspections	3,668	3,672	3,452	2,085	1,643	1,400	1,100
<b>Water And Sewer</b>							
Water - gallons processed (X 1,000)	584,183	540,480	474,920	388,624	319,419	319,419	327,000
Wastewater - gallons processed (X 1,000)	768,169	833,790	834,606	716,985	684,408	684,408	572,181
New meter installations	156	153	168	54	25	13	25

**NOTE:**

Operating indicator information was not maintained by the City prior to 2004.

**SOURCE:**

City of Fayetteville, Georgia records.

# CITY OF FAYETTEVILLE, GEORGIA

## CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Government</b>										
Phone system	-	-	-	-	1	1	1	1	1	1
Computer system	1	1	1	1	1	1	1	1	1	1
Buildings	1	1	1	1	1	2	2	2	2	2
<b>Police</b>										
Station	0.5	0.5	0.5	0.5	1	1	1	1	1	1
<b>Fire</b>										
Stations	1.5	1.5	1.5	1.5	2	2	2	2	2	2
Fire trucks	2	2	2	3	3	3	3	3	3	3
<b>Public Works</b>										
Parks	2	3	3	3	4	5	5	5	5	5
Highways/streets	37.70	40.83	47.12	53.41	56.55	62.83	63.30	63.30	63.30	63.30
Building	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Bridge	1	1	1	1	1	1	1	1	1	1
Traffic signals	3	3	3	3	3	3	3	3	3	3
Cemetery	1	1	1	1	1	1	1	1	1	1
Lake	1	1	1	1	1	1	1	1	3	3
<b>Water And Sewer</b>										
Buildings	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Lift stations	15	19	20	21	22	24	24	24	24	24
Miles of sewer lines	79	85	92	99	107	122	126	126	126	126
Miles of water lines	N/A	N/A	N/A	N/A	N/A	104	108	108	108	108
Manholes	1,833	1,980	2,138	2,309	2,494	2,798	2,798	2,798	2,798	2,798
Stormwater detention	-	-	-	-	1	1	1	1	1	1
Lake	-	-	-	-	1	1	1	1	1	1
Wells	3	3	3	3	3	3	3	3	3	3

**SOURCE:**

City of Fayetteville, Georgia records.

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## **CONTINUING DISCLOSURE SECTION**

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# CITY OF FAYETTEVILLE, GEORGIA

## WATER SUPPLY BY SOURCE LAST TEN CALENDAR YEARS (IN THOUSAND GALLONS)

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<u>Calendar Year</u>	<u>Fayette County</u>		<u>System Well/Water Plant</u>		<u>Total Usage</u>	<u>Percent Change</u>
	<u>Volume</u>	<u>Percent</u>	<u>Volume</u>	<u>Percent</u>		
2001	140,275	26.1 %	397,929	73.9 %	538,204	0.3 %
2002	87,253	15.7	467,034	84.3	554,287	3.0
2003	28,147	4.6	585,799	95.4	613,946	10.8
2004	59,077	9.8	542,820	90.2	601,897	(2.0)
2005	30,836	5.4	541,150	94.6	571,986	(5.0)
2006	118,026	21.7	426,439	78.3	544,465	(4.8)
2007	231,331	41.3	328,434	58.7	559,765	2.8
2008	153,581	31.5	334,700	68.5	488,281	(12.8)
2009	115,328	22.9	387,705	77.1	503,033	3.0
2010	118,314	23.0	395,035	77.0	513,349	2.1

Source: City of Fayetteville, Georgia records.

# CITY OF FAYETTEVILLE, GEORGIA

## WASTEWATER TREATMENT PLANT AVERAGE FLOW LAST TEN CALENDAR YEARS (IN MILLION GALLONS PER DAY)

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<u>Calendar Year</u>	<u>Average Daily Flow MGD</u>	<u>Average Weekly Peak Flow MGD</u>
2001	1.82	1.97
2002	2.15	2.38
2003	2.27	2.50
2004	2.11	2.31
2005	2.28	2.54
2006	2.29	2.10
2007	1.96	2.24
2008	1.86	1.81
2009	1.54	1.51
2010	1.73	1.90

Note: The City's sewerage system consists of a modern secondary wastewater treatment facility, twenty-four (24) pumping stations and approximately one hundred twenty-two (122) miles of collector and transmission lines. The Whitewater Creek wastewater treatment plant was expanded and upgraded in 1992 to 3.75 MGC and in 2008 to 5.0 MGC through 2003 Water and Sewer Bonds and a GEFA Loan.

Source: City of Fayetteville, Georgia records.

# CITY OF FAYETTEVILLE, GEORGIA

## WATER AND SEWER CUSTOMERS LAST TEN CALENDAR YEARS

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<u>Calendar Year</u>	<u>Number of Water Customers</u>	<u>% Increase Water Customers</u>	<u>Number of Sewer Customers</u>	<u>% Sewer to Water Customers</u>
2001	6,174	3.7 %	5,762	93.3 %
2002	6,240	1.1	6,044	96.9
2003	6,263	0.4	6,183	98.7
2004	6,322	0.9	6,494	102.7
2005	6,576	4.0	6,748	102.6
2006	6,640	1.0	6,870	103.5
2007	6,643	0.0	8,062	121.4
2008	6,631	(0.2)	8,051	121.4
2009	6,585	(0.7)	8,032	122.0
2010	6,615	0.5	8,035	121.5

**SOURCE:**

City of Fayetteville, Georgia records.

# CITY OF FAYETTEVILLE, GEORGIA

## WATER AND SEWER USER FEES AND CHARGES

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In accordance with the requirements of Rule 15c-2-12 promulgated by the Securities and Exchange Commission (“SEC”), the City has covenanted to disclose the following annual financial information.

User fees are set by the Mayor and Council to recover independently the cost of providing water and sewerage service, to pay principal and interest on debt obligations of the System and to general reserves for emergencies and expansion of the System. The Mayor and Council last adopted a schedule for rates, tolls, assessments and fees charged by the System in August 2009. The City has covenanted in the Ordinance to revise and adjust such schedules of rates, fees and charges for water sewerage services and facilities to the extent necessary to produce funds at least equal to the amount necessary to: (1) operate and maintain the System on a sound businesslike basis but before provision for depreciation or amortization; (2) produce an amount equal to 115% of the Debt Service Requirement for the then current Sinking Fund Year, (3) create and maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement and (4) make the payments then required to be made into the Renewal and Extension Fund.

The minimum water and sewer bill is based on the first 2,000 gallons of water usage. In addition to the charges outlined below for water and sewerage usage, the City charges a minimum water meter fee of \$900.00 and had adopted a proportionate share fee system for new sewer service based on land uses and square footage. The proportionate share sewer fee is imposed to recover transmission and other costs associated with developing new sewer collection basins and service areas. These charges range from \$1,576.80 for a single family residential dwelling to \$350.40 per 1,000 square feet of retail, \$292.00 per 1,000 square feet of standard office and \$438.00 per 1,000 square feet of medical space.

Based on the current rate structure and average residential water of usage of 6,500 gallons per month, the average water bill for a residential customer is approximately \$27.55 per month. The average residential sewer bill is approximately \$28.78 per month.

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