

**CITY OF FAYETTEVILLE, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JULY 31, 2014**

Prepared By:  
Mike Bush  
Director of Finance

Submitted By:  
Ray Gibson  
City Manager

## **INTRODUCTORY SECTION**

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**CITY OF FAYETTEVILLE, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JULY 31, 2014**

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

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[www.fayetteville-ga.gov](http://www.fayetteville-ga.gov)



MAYOR  
Gregory C. Clifton

COUNCIL  
Paul C. Oddo, Jr.,  
Mayor Pro Tem  
Mickey Edwards  
Edward Johnson  
Scott Stacy  
James B. Williams

CITY MANAGER  
Ray Gibson

CITY CLERK  
Anne Barksdale

January 26, 2015

Honorable Greg Clifton, 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, 2014 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 a 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 financials 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 Maudlin & 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 2014, the City was not required to undergo a Single Audit.

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. 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, economic development, 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.

**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. And, then, in 2008 the final upgrade to the City's wastewater treatment plant 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. Recent enhancements to the cemetery have been completed to the entranceway, refurbishing and repairing headstones and designing a self-guided, walking tour brochure for preserving Fayetteville’s history.

East of the square is the historic Train Depot available for private rentals and used year around as a special events facility. 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 Southern Ground Amphitheater (formerly 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 Southern Ground Amphitheater plays host to a wide array of concerts, films, and dramatic events. In 2012, the Downtown Development Authority negotiated a multi-year, title sponsorship for the Villages Amphitheater with Southern Ground Artists, Inc. For the term of the agreement, the amphitheater will be listed in all advertising and mentions as the Southern Ground Amphitheater. In 2014, Pinewood Atlanta Studios, the largest film and television production studio in the United States outside the state of California located on the west side of Fayetteville, opened.

**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 16,206; a 45.4 % increase since 2000. The median housing value in Fayetteville is \$179,887. 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 total permits issued for new housing decreased from 139 in 2013 to 87 in 2014. The City remains affordable to residents as the per capita income is \$30,033.

The total number of new commercial permits issued during fiscal year 2014 was 4, valued at \$2,649,760, as compared to 3 permits issued during fiscal year 2013. Approximately 49 new tenant finishes valued at \$9,121,048.00 during fiscal year 2014. However, the City's vacant inventory by percentage is 9.12% commercial, 9% industrial, and 15.42% office.

The unemployment rate for Fayetteville is 7.5% compared to the United States average of 6.2%. 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 continues to be effected by the recession mainly in property tax digest although we did see a positive digest for the first time since 2008. Most revenue sources seem to be stabilizing with even some slight increases in other revenue sources. Our city has been optimizing the use of limited resources to preserve core services. During the last several years, the cost to support existing city services outpaced growth in revenues. The City of Fayetteville addressed this financial gap by reducing expenditures. All throughout fiscal year 2014, budget measures were implemented to reduce the effected revenues and expenditure. Major expenditure reductions involved, but were not limited to, continuation of a hiring freeze except for replacing positions that left employment, especially Public Safety, no purchasing on new and limited replacement capital items or projects, continuation of an employee voluntary reduction in work hours, no out-of-state training and travel, fuel conservation policy and debt restructuring. 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 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 proposed for fiscal year 2014. As mentioned above, a hiring freeze was implemented in mid fiscal year 2008 and continued through fiscal year 2014, except for replacing positions that left employment, especially Public Safety. Personnel services and benefits had an increase of 4.8%. The increase is due to the increasing cost of health insurance; whereas the City implemented a Private Health Insurance Exchange to provide more options to employees and to better control City's cost. Funds were budgeted for performance salary plan, retention plan, wellness and safety program, workers compensation and retirement plan.

**Major Initiatives.** For fiscal year 2014, replacement public safety vehicles and equipment were purchased in the major operating funds.

The most significant project occurred in the City's Stormwater program, which was the completion of the Deep Forest drainage.

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 Acts (ARRA) grants, and if they were completed, in progress to continue next fiscal year, or on hold pending future funding.

DESCRIPTION	IN PROGRESS OR COMPLETED	FUNDING SOURCE
Hood Ave Connector/SR92 Realignment	In Progress	SPLOST & Impact Fees
Hospital Crosswalk & Paths	In Progress	SPLOST & Grant
Lafayette Avenue Extension	On hold	Impact Fees
Lafayette and Glynn Street Traffic Signal	On hold	Impact Fees
Grady at Beauregard	Completed	Impact Fees
Hwy 54-Safete-LU Sidewalk	In Progress	SPLOST & Grant
Lafayette Tiger Trail Alternate Improvements	On hold	Impact Fees
Cemetery Sidewalk Project	In Progress	SPLOST, Grant & Trust
92/Jimmie Mayfield Sidewalk	On hold	SPLOST

The Downtown Development Authority renovation of the 115 Glynn Street property was completed.

**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, 2013. This was the eighteenth 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 2013. This was the eighth consecutive year that the government has received this prestigious award. 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 and 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. My sincere appreciation is extended to each individual for the contributions made in the preparations of this report.

Respectfully submitted,

  
Ray Gibson  
City Manager

  
Mike Bush  
Director of Finance and Administrative Services



Government Finance Officers Association

**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, 2013**

Executive Director/CEO

**CITY OF FAYETTEVILLE, GEORGIA**

**LIST OF PRINCIPAL OFFICIALS**

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**MAYOR**

Greg Clifton

**CITY COUNCIL MEMBERS**

Paul Oddo, Jr., Mayor Pro Tem

Mickey Edwards

Edward Johnson

Scott Stacy

James Williams

**CITY MANAGER**

Ray Gibson

**CITY CLERK**

Anne Barksdale

**DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES**

Mike Bush

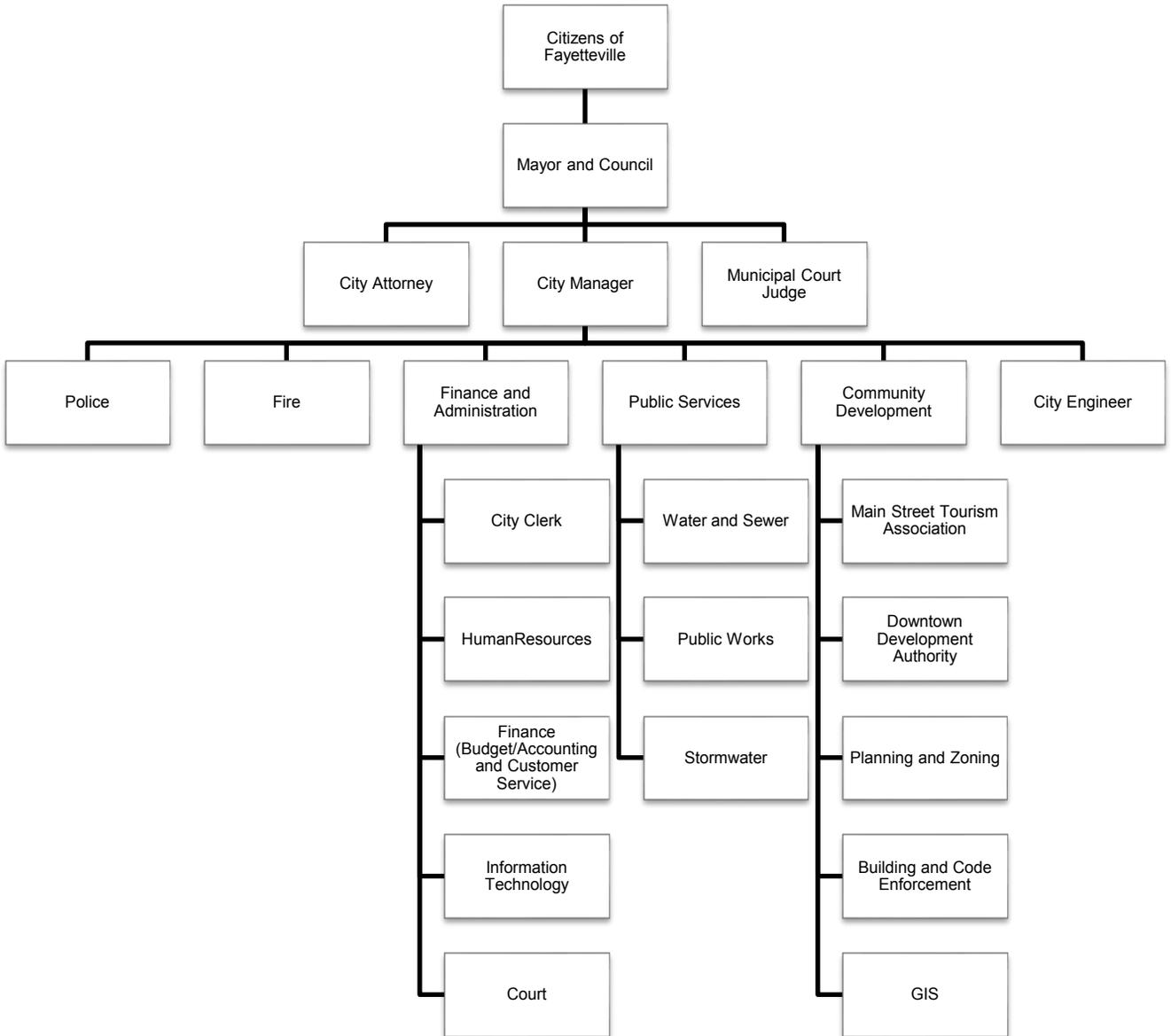
**CITY ATTORNEY**

David Winkle

**CITY AUDITORS**

Mauldin & Jenkins, LLC

# City of Fayetteville Organizational Chart FY 2014



## **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**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Fayetteville, Georgia** (the "City") as of and for the year ended July 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fayetteville, Georgia as of July 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 11) and the Schedule of Funding Progress (on page 55) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fayetteville, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Fayetteville, Georgia. The accompanying 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 48-8-121, and is not a required part of the basic financial statements.

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

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

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fayetteville, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
January 26, 2015

**CITY OF FAYETTEVILLE, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JULY 31, 2014**

---

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, 2014. 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 FY 2014 are as follows:

In total, combined net position increased \$2,025,560 which represents a 2.3% increase over FY 2013. This increase can primarily be attributed to the increase of charges for services and other taxes.

- Combined tax revenues accounted for \$9,443,106 or 69.3% 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 \$4,174,959 or 30.6% of total revenues of \$13,623,958 from governmental activities.
- The City had \$11,372,842 in expenses related to governmental activities; \$4,174,959 of these expenses were offset by charges for services, grants, and contributions. General revenues (primarily taxes) of \$9,448,999 provided for these services as well as increasing the City's net position by \$2,251,116.
- Total Water and Sewer Fund revenues for fiscal year 2014 were \$5,674,108. Total expenses for fiscal year 2014 were \$5,188,075. Capital contributions were recorded in the amount of \$297,696, including but not limited to donated property and sewer proportionate share. The change in net position after depreciation and non-operating revenues and/or expenses was (\$193,578) for the fiscal year end.
- Revenues from the General Fund were \$10,333,483 for fiscal year 2014, an increase of approximately 6.8% over the prior fiscal year, due to an increase in local option sales tax. General Fund expenditures totaled \$8,568,615 for the fiscal year ending July 31, 2014, an increase of 1.1% 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 Position and the Statement of Activities**

The Statement of Net Position 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 Position and the Statement of Activities is to answer the question, "How did we do financially during FY 2014?" 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 position and changes in net position. This change in net position 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 and some non-financial, including the City's property tax base, facility conditions, and other factors.

In the Statement of Net Position 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 the reader 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 Position 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 capital 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 seven Special Revenue Funds: (1) Confiscated Assets Fund, (2) Hotel/Motel Tax Fund, (3) Vehicle Excise Tax Fund (4) Cemetery Fund, (5) Veterans Memorial, (6) Downtown Development Authority Fund, and (7) Main Street Tourism Association 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 FY 2014 total net position represents an increase of 2.3% over FY 2013. The City is starting to see changes in the economy that have affected some revenue sources: improvement in local option sales tax and other taxes with a decrease in capital grant monies. See Tables 1 (*Statement of Net Position* on page 12 and 2 (*Statement of Activities* on pages 13 and 14) for a schedule of net position and change in net position.

**TABLE 1-NET POSITION**

	Governmental Activities		Business-type Activities		Total Activities	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 9,370,434	\$ 8,123,067	\$ 5,597,647	\$ 5,253,282	\$ 14,968,081	\$ 13,376,349
Capital assets	72,863,748	71,880,604	27,581,410	27,039,107	100,445,158	98,919,711
Total assets	<u>82,234,182</u>	<u>80,003,671</u>	<u>33,179,057</u>	<u>32,292,389</u>	<u>115,413,239</u>	<u>112,296,060</u>
Deferred outflows of resources	<u>112,685</u>	<u>127,980</u>	<u>273,643</u>	<u>349,780</u>	<u>386,328</u>	<u>477,760</u>
Long-term liabilities	5,930,900	5,998,561	19,352,528	18,339,482	25,283,428	24,338,043
Other liabilities	813,912	782,151	437,280	414,239	1,251,192	1,196,390
Total liabilities	<u>6,744,812</u>	<u>6,780,712</u>	<u>19,789,808</u>	<u>18,753,721</u>	<u>26,534,620</u>	<u>25,534,433</u>
Net position:						
Net investment in capital assets	67,435,901	66,251,170	8,502,525	8,699,625	75,938,426	74,950,795
Restricted	2,098,212	1,952,554	2,723,599	2,286,019	4,821,811	4,238,573
Unrestricted	6,067,942	5,147,215	2,436,768	2,902,804	8,504,710	8,050,019
Total net position	<u>\$ 75,602,055</u>	<u>\$ 73,350,939</u>	<u>\$ 13,662,892</u>	<u>\$ 13,888,448</u>	<u>\$ 89,264,947</u>	<u>\$ 87,239,387</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**TABLE 2-CHANGE IN NET POSITION**

	Governmental Activities		Business-type Activities		Total Activities	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 2,288,777	\$ 1,812,907	\$ 6,297,402	\$ 6,055,311	\$ 8,586,179	\$ 7,868,218
Operating grants and contributions	560,303	528,838	-	-	560,303	528,838
Capital grants and contributions	1,325,879	2,003,847	297,696	232,047	1,623,575	2,235,894
Total program revenues	<u>4,174,959</u>	<u>4,345,592</u>	<u>6,595,098</u>	<u>6,287,358</u>	<u>10,770,057</u>	<u>10,632,950</u>
General revenues:						
Property taxes	3,094,181	2,879,031	-	-	3,094,181	2,879,031
Other taxes	6,348,925	6,059,336	-	-	6,348,925	6,059,336
Unrestricted investment earnings	5,893	6,374	52	108	5,945	6,482
Gain on sale of capital assets	-	-	4,762	1,554	4,762	1,554
Total general revenues	<u>9,448,999</u>	<u>8,944,741</u>	<u>4,814</u>	<u>1,662</u>	<u>9,453,813</u>	<u>8,946,403</u>
Total revenues	<u>13,623,958</u>	<u>13,290,333</u>	<u>6,599,912</u>	<u>6,289,020</u>	<u>20,223,870</u>	<u>19,579,353</u>
Expenses						
General government	938,311	918,357	-	-	938,311	918,357
Judicial	562,483	491,867	-	-	562,483	491,867
Public safety	6,556,219	6,579,434	-	-	6,556,219	6,579,434
Public works	2,095,224	1,618,047	-	-	2,095,224	1,618,047
Culture and recreation	19,877	19,672	-	-	19,877	19,672
Housing and development	1,042,536	919,084	-	-	1,042,536	919,084
Interest on long-term debt	158,192	270,964	-	-	158,192	270,964
Water and sewer	-	-	5,867,412	5,602,921	5,867,412	5,602,921
Stormwater	-	-	302,784	270,252	302,784	270,252
Solid waste	-	-	655,272	657,636	655,272	657,636
Total expenses	<u>11,372,842</u>	<u>10,817,425</u>	<u>6,825,468</u>	<u>6,530,809</u>	<u>18,198,310</u>	<u>17,348,234</u>
Change in net position	2,251,116	2,472,908	(225,556)	(241,789)	2,025,560	2,231,119
Net position, beginning of year	<u>73,350,939</u>	<u>70,878,031</u>	<u>13,888,448</u>	<u>14,130,237</u>	<u>87,239,387</u>	<u>85,008,268</u>
Net position, end of year	<u>\$ 75,602,055</u>	<u>\$ 73,350,939</u>	<u>\$ 13,662,892</u>	<u>\$ 13,888,448</u>	<u>\$ 89,264,947</u>	<u>\$ 87,239,387</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Governmental Activities

Please note that public safety expenses of \$6,556,219 represent 57.6% of the total governmental expenses. The next most significant program expense is public works, which totals \$2,095,224 or 18.4% of the total.

### 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.

### 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 30.6% of the combined revenues, the City is dependent upon tax revenues for governmental activities. The net cost of services amounts to \$7,197,883, which approximates 76.2% of our local tax receipts of \$9,443,106. The remaining balance of tax receipts along with interest earnings of \$5,893 creates an increase in net position of \$2,251,116. This information was taken from the *Statement of Activities* on pages 13 and 14.

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

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
General government	\$ 938,311	\$ 918,357	\$ (553,702)	\$ (476,399)
Judicial	562,483	491,867	513,973	323,252
Public safety	6,556,219	6,579,434	(6,040,485)	(6,280,961)
Public works	2,095,224	1,618,047	(763,723)	675,401
Culture and recreation	19,877	19,672	(19,877)	(19,672)
Housing and development	1,042,536	919,084	(175,877)	(422,490)
Interest on long-term debt	158,192	270,964	(158,192)	(270,964)
Total governmental activities	<u>11,372,842</u>	<u>10,817,425</u>	<u>(7,197,883)</u>	<u>(6,471,833)</u>
Business-type activities	<u>6,825,468</u>	<u>6,530,809</u>	<u>(230,370)</u>	<u>(243,451)</u>
Total expenses	<u>\$ 18,198,310</u>	<u>\$ 17,348,234</u>	<u>\$ (7,428,253)</u>	<u>\$ (6,715,284)</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Governmental Fund Balance

At the end of the fiscal year 2014, the combined ending fund balances for the City's Governmental Funds were \$8,486,516. Of the total fund balance, \$8,313,819 is available as working capital for current spending in accordance with the purposes of the specific funds. The remainder of the fund balance, \$172,697, is not available for new spending because it is considered non-spendable (pre-paid items and inventory).

The General Fund's fund balance for the fiscal year ending 2014 was \$6,533,474, which indicates an increase in fund balance over the previous year by \$1,682,643. The increase in General Fund's fund balance is due to reduction in personnel through attrition, the voluntary early retirement incentive program (VERIP), and improvement in local option sales tax and other taxes. The fund balance of the City's Impact Fee Fund increased by \$377,066 during the fiscal year to an ending fund balance of \$1,424,360. The SPLOST fund has decreased by (\$788,696) due to the fact that no additional revenues are coming into the fund and we are completing projects as the program nears its end. Information provided in Table 4 is from the *Governmental Funds Balance Sheet* on page 16.

**TABLE 4 – Governmental Fund Balance**

	<u>2014</u>	<u>2013</u>
General Fund	\$ 6,533,474	\$ 4,850,831
SPLOST Fund	(38,422)	750,274
Other Governmental Funds	<u>1,991,464</u>	<u>1,675,517</u>
Total	<u>\$ 8,486,516</u>	<u>\$ 7,276,622</u>

### Proprietary Net Position

At the end of the fiscal year 2014, the combined net position of the City's Proprietary Funds were \$13,662,892. The most significant event that took place in the Water and Sewer Funds was the increased revenues in sewer proportionate share and connection fees for new construction.

### 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 \$10,333,483 were more than the final budgeted amount of \$9,778,769 by \$554,714. This difference was primarily due to increases in property taxes and fines and forfeitures.
- The actual expenditures of \$8,568,615 were less than the final budgeted amount of \$9,426,317 by \$857,702. This difference was primarily due to vacant personnel positions and the Volunteer Early Retirement Incentive Program (VERIP).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### General Fund Budgeting Highlights (Continued)

- The original budget had to be increased by \$623,140 due to the change in revenues. Property taxes were originally budgeted as \$2,074,893 with actual revenues of \$2,577,781 for a total increase of \$502,888, other taxes were originally budgeted as \$3,385,179 with actual revenues of \$3,562,769 for a total increase of \$177,590, sales taxes were originally budgeted as \$2,663,238 with actual revenues of \$2,561,460 for an decrease of (\$101,778), and fines and forfeitures were originally budgeted as \$1,075,000 with actual revenues of \$1,022,454 for a decrease of (\$52,546). With the downturn in the economic conditions and subsequent slow recovery conditions have rendered the historical data and past trends irrelevant, forecasting has become difficult.

### Capital Assets and Debt Administration

At the end of fiscal year 2014, the City had \$100,445,158 invested in capital assets, which is an increase over FY2013 of \$1,525,447. Table 5 shows fiscal years 2014 and 2013 balances of the *Capital Assets, net of depreciation* as presented in Note 7 – Capital Assets.

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

	Governmental Activities		Business-type Activities		Total Activities	
	2014	2013	2014	2013	2014	2013
Land	\$ 6,911,140	\$ 4,439,476	\$ 1,630,139	\$ 1,630,139	\$ 8,541,279	\$ 6,069,615
Historical treasures	91,279	91,279	-	-	91,279	91,279
Construction in progress	2,025,803	2,976,751	2,383,826	454,460	4,409,629	3,431,211
Buildings	7,355,792	7,326,414	-	-	7,355,792	7,326,414
Land improvements	328,868	334,660	-	-	328,868	334,660
Equipment	693,339	642,766	129,533	110,700	822,872	753,466
Infrastructure	55,457,527	56,069,258	23,437,912	24,843,808	78,895,439	80,913,066
Total	<u>\$ 72,863,748</u>	<u>\$ 71,880,604</u>	<u>\$ 27,581,410</u>	<u>\$ 27,039,107</u>	<u>\$ 100,445,158</u>	<u>\$ 98,919,711</u>

### Debt

The amount of outstanding debt of \$19,352,528 in Water and Sewerage Revenue Bonds is to refinance the cost of a surface water supply, a water treatment and transmission facility, 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 issued new bonds during the year ended to refund the remaining 2003 bonds. The amount of outstanding debt in Governmental Activities includes Certificates of Participation (COPS) with Georgia Municipal Association (GMA), revenue bonds, compensated absences and notes payable totaling \$5,930,900. Table 6 – *Outstanding Long-Term Liabilities* reflects information provided in Note 8 – Long-Term Debt.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Notes payable	\$ 725,532	\$ 629,434	\$ -	\$ -
Compensated absences	390,368	369,127	-	-
Certificates of participation	3,010,000	3,115,000	-	-
Bonds payable:				
Revenue bonds	1,805,000	1,885,000	19,255,000	18,260,000
Deferred amounts:				
Premium	-	-	97,528	79,482
Total bonds payable	<u>1,805,000</u>	<u>1,885,000</u>	<u>19,352,528</u>	<u>18,339,482</u>
Total long-term liabilities	<u>\$ 5,930,900</u>	<u>\$ 5,998,561</u>	<u>\$ 19,352,528</u>	<u>\$ 18,339,482</u>

### **Current Issues**

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

Today, the population for the City of Fayetteville is estimated to be 16,060. This growth has been reflected in the City's General Fund revenues, which have increased from \$3,840,328 in 1994 to \$10,333,483 in 2014. The economic condition and outlook of the City is beginning to show slight improvement in residential construction, purchasing by City residents, and the loss of jobs and employment in our area has stabilized.

The City has started to see small increases in growth in revenues, particularly property taxes and building related fees. Our local option sales taxes are continuing to increase which is a direct reflection of our area's slow recovery from the recession. Our operating expenses have decreased due the volunteer early retirement incentive program. Additionally, our debt service expenses have increased as a result of infrastructure projects.

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, please contact Mike Bush, Director of Finance and Administrative Services, City of Fayetteville, 240 Glynn Street South, Fayetteville, Georgia 30214, 770-461-6029, or [mbush@fayetteville-ga.gov](mailto:mbush@fayetteville-ga.gov).

## **BASIC FINANCIAL STATEMENTS**

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# CITY OF FAYETTEVILLE, GEORGIA

## STATEMENT OF NET POSITION JULY 31, 2014

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 3,081,977	\$ 667,030	\$ 3,749,007
Investments	5,084,932	-	5,084,932
Taxes receivable	581,492	-	581,492
Accounts receivable, net of allowances	270,382	762,536	1,032,918
Due from other governments	38,162	-	38,162
Internal balances	83,040	(83,040)	-
Inventories	29,249	145,390	174,639
Prepaid expenses	143,548	64,755	208,303
Restricted assets, cash and cash equivalents	57,652	4,040,976	4,098,628
Capital assets, nondepreciable	9,028,222	4,013,965	13,042,187
Capital assets, depreciable, net of accumulated depreciation	63,835,526	23,567,445	87,402,971
Total assets	82,234,182	33,179,057	115,413,239
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	112,685	273,643	386,328
Total deferred outflows of resources	112,685	273,643	386,328
<b>LIABILITIES</b>			
Accounts payable	282,400	185,141	467,541
Accrued liabilities	45,366	252,139	297,505
Unearned revenues	486,146	-	486,146
Liabilities payable from restricted assets	-	645,000	645,000
Compensated absences due within one year	195,184	-	195,184
Compensated absences due in more than one year	195,184	-	195,184
Certificates of participation due within one year	205,000	-	205,000
Certificates of participation due in more than one year	2,805,000	-	2,805,000
Notes payable due within one year	54,903	-	54,903
Notes payable due in more than one year	670,629	-	670,629
Bonds payable due within one year	205,000	-	205,000
Bonds payable due in more than one year	1,600,000	18,707,528	20,307,528
Total liabilities	6,744,812	19,789,808	26,534,620
<b>NET POSITION</b>			
Net investment in capital assets	67,435,901	8,502,525	75,938,426
Restricted for:			
Debt service	-	2,723,599	2,723,599
Law enforcement	167,625	-	167,625
Cemetery improvements	14,135	-	14,135
Veterans memorial	5,599	-	5,599
Downtown development	247,220	-	247,220
Tourism	120,025	-	120,025
Other capital projects	1,543,608	-	1,543,608
Unrestricted	6,067,942	2,436,768	8,504,710
Total net position	\$ 75,602,055	\$ 13,662,892	\$ 89,264,947

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

# CITY OF FAYETTEVILLE, GEORGIA

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JULY 31, 2014

<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	\$ 938,311	\$ 381,491	\$ -	\$ 3,118
Judicial	562,483	1,076,456	-	-
Public safety	6,556,219	99,443	253,859	162,432
Public works	2,095,224	-	171,172	1,160,329
Culture and recreation	19,877	-	-	-
Housing and development	1,042,536	731,387	135,272	-
Interest on long-term debt	158,192	-	-	-
Total governmental activities	11,372,842	2,288,777	560,303	1,325,879
Business-type activities:				
Water and sewer	5,867,412	5,164,682	-	297,696
Stormwater	302,784	509,426	-	-
Solid waste	655,272	623,294	-	-
Total business-type activities	6,825,468	6,297,402	-	297,696
Total primary government	\$ 18,198,310	\$ 8,586,179	\$ 560,303	\$ 1,623,575

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 position
- Net position, beginning of year
- Net position, end of year

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

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (553,702)	\$ -	\$ (553,702)
513,973	-	513,973
(6,040,485)	-	(6,040,485)
(763,723)	-	(763,723)
(19,877)	-	(19,877)
(175,877)	-	(175,877)
(158,192)	-	(158,192)
<u>(7,197,883)</u>	<u>-</u>	<u>(7,197,883)</u>
-	(405,034)	(405,034)
-	206,642	206,642
-	(31,978)	(31,978)
-	(230,370)	(230,370)
<u>(7,197,883)</u>	<u>(230,370)</u>	<u>(7,428,253)</u>
3,094,181	-	3,094,181
2,561,460	-	2,561,460
1,321,912	-	1,321,912
349,688	-	349,688
872,431	-	872,431
822,506	-	822,506
420,928	-	420,928
5,893	52	5,945
-	4,762	4,762
<u>9,448,999</u>	<u>4,814</u>	<u>9,453,813</u>
2,251,116	(225,556)	2,025,560
<u>73,350,939</u>	<u>13,888,448</u>	<u>87,239,387</u>
<u>\$ 75,602,055</u>	<u>\$ 13,662,892</u>	<u>\$ 89,264,947</u>

**CITY OF FAYETTEVILLE, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JULY 31, 2014**

<b>ASSETS</b>	<b>General Fund</b>	<b>SPLOST Fund</b>	<b>Other Governmental Funds</b>	<b>Totals Governmental Funds</b>
Cash and cash equivalents	\$ 1,045,231	\$ 19,485	\$ 2,017,261	\$ 3,081,977
Investments	5,084,932	-	-	5,084,932
Taxes receivable	540,123	-	41,369	581,492
Accounts receivable	247,917	-	22,465	270,382
Due from other governments	15,534	22,628	-	38,162
Due from other funds	434,738	-	199,381	634,119
Inventories	13,003	-	16,246	29,249
Prepaid expenditures	121,851	-	21,697	143,548
Restricted assets	-	-	57,652	57,652
<b>Total assets</b>	<b>\$ 7,503,329</b>	<b>\$ 42,113</b>	<b>\$ 2,376,071</b>	<b>\$ 9,921,513</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 156,679	\$ 80,535	\$ 45,186	\$ 282,400
Accrued liabilities	17,411	-	81	17,492
Due to other funds	252,074	-	299,005	551,079
Unearned revenue	-	-	40,335	40,335
<b>Total liabilities</b>	<b>426,164</b>	<b>80,535</b>	<b>384,607</b>	<b>891,306</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	543,691	-	-	543,691
<b>Total deferred inflows of resources</b>	<b>543,691</b>	<b>-</b>	<b>-</b>	<b>543,691</b>

**CITY OF FAYETTEVILLE, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JULY 31, 2014**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>FUND BALANCES (DEFICIT)</b>				
Fund balances:				
Nonspendable	\$ 134,854	\$ -	\$ 37,843	\$ 172,697
Restricted	-	-	2,098,212	2,098,212
Assigned	2,061,010	-	-	2,061,010
Unassigned	<u>4,337,610</u>	<u>(38,422)</u>	<u>(144,591)</u>	<u>4,154,597</u>
Total fund balances (deficit)	<u>6,533,474</u>	<u>(38,422)</u>	<u>1,991,464</u>	<u>8,486,516</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,503,329</u>	<u>\$ 42,113</u>	<u>\$ 2,376,071</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.				\$ 72,863,748
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.				97,880
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.				<u>(5,846,089)</u>
Net position of governmental activities				<u>\$ 75,602,055</u>

**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, 2014**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 8,702,010	\$ -	\$ 737,375	\$ 9,439,385
Licenses and permits	321,693	-	-	321,693
Intergovernmental	72,532	1,160,329	305,071	1,537,932
Fines and forfeitures	1,022,454	-	50,400	1,072,854
Charges for services	115,325	-	197,167	312,492
Impact fees	-	-	526,850	526,850
Contributions	38,688	-	268,764	307,452
Interest income	5,893	-	-	5,893
Rental income	-	-	31,710	31,710
Other revenues	54,888	-	9,088	63,976
Total revenues	<u>10,333,483</u>	<u>1,160,329</u>	<u>2,126,425</u>	<u>13,620,237</u>
<b>Expenditures</b>				
Current:				
General government	900,303	-	-	900,303
Judicial	563,783	-	-	563,783
Public safety	5,789,922	-	12,656	5,802,578
Public works	914,808	-	-	914,808
Culture and recreation	-	-	19,877	19,877
Housing and development	399,799	-	730,870	1,130,669
Capital outlay:				
General government	-	12	-	12
Public safety	-	-	657,439	657,439
Public works	-	2,027,264	174,435	2,201,699
Debt service:				
Principal	-	-	232,102	232,102
Interest	-	-	144,888	144,888
Total expenditures	<u>8,568,615</u>	<u>2,027,276</u>	<u>1,972,267</u>	<u>12,568,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,764,868</u>	<u>(866,947)</u>	<u>154,158</u>	<u>1,052,079</u>

**(Continued)**

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JULY 31, 2014**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other financing sources (uses):</b>				
Issuance of debt	\$ -	\$ -	\$ 143,200	\$ 143,200
Proceeds from sale of assets	14,615	-	-	14,615
Transfers in	66,760	119,248	621,121	807,129
Transfers out	<u>(163,600)</u>	<u>(40,997)</u>	<u>(602,532)</u>	<u>(807,129)</u>
Total other financing sources (uses)	<u>(82,225)</u>	<u>78,251</u>	<u>161,789</u>	<u>157,815</u>
Net change in fund balances	1,682,643	(788,696)	315,947	1,209,894
<b>Fund balances, beginning of year</b>	<u>4,850,831</u>	<u>750,274</u>	<u>1,675,517</u>	<u>7,276,622</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 6,533,474</u>	<u>\$ (38,422)</u>	<u>\$ 1,991,464</u>	<u>\$ 8,486,516</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, 2014

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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	\$	1,209,894
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.		983,144
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,721
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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.		88,902
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>(34,545)</u>
Changes in net position - governmental activities	\$	<u>2,251,116</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, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 2,074,893	\$ 2,224,893	\$ 2,577,781	\$ 352,888
Sales taxes	2,663,238	2,663,238	2,561,460	(101,778)
Other taxes	3,385,179	3,474,675	3,562,769	88,094
Licenses and permits	320,384	320,384	321,693	1,309
Intergovernmental	66,000	66,000	72,532	6,532
Fines and forfeitures	1,075,000	900,000	1,022,454	122,454
Charges for services	58,050	76,150	115,325	39,175
Contributions	5,500	5,500	38,688	33,188
Interest income	7,211	7,211	5,893	(1,318)
Other revenues	40,718	40,718	54,888	14,170
Total revenues	<u>9,696,173</u>	<u>9,778,769</u>	<u>10,333,483</u>	<u>554,714</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Mayor and council	130,539	130,539	115,546	14,993
Clerk of council	35,805	35,805	29,102	6,703
City manager	70,531	70,531	64,881	5,650
Elections	7,314	-	-	-
Financial administration	392,797	377,797	343,341	34,456
Law	102,750	102,750	68,027	34,723
Data processing	86,075	101,290	110,863	(9,573)
Human resources	52,260	60,385	48,255	12,130
Building and plant	105,704	120,704	120,288	416
Total general government	<u>983,775</u>	<u>999,801</u>	<u>900,303</u>	<u>99,498</u>
<b>Judicial:</b>				
Municipal court	<u>703,300</u>	<u>703,300</u>	<u>563,783</u>	<u>139,517</u>
<b>Public safety:</b>				
Police administration	392,135	392,135	266,370	125,765
Investigations	882,702	882,702	656,294	226,408
Patrol	2,076,543	2,076,543	2,253,657	(177,114)
Police stations and buildings	87,576	87,576	90,163	(2,587)
Support services	419,968	419,968	297,180	122,788
Fire administration	253,808	253,808	279,674	(25,866)
Fire fighting	1,924,647	1,924,647	1,723,650	200,997
Fire prevention	182,378	182,378	147,821	34,557
Fire station 91 and headquarters	51,471	51,471	54,721	(3,250)
Fire station 92	22,331	22,331	20,392	1,939
E911	117,649	117,649	-	117,649
Total public safety	<u>6,411,208</u>	<u>6,411,208</u>	<u>5,789,922</u>	<u>621,286</u>

**(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, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Public works:</b>				
Public works administration	\$ 104,380	\$ 104,380	\$ 93,308	\$ 11,072
Highways and streets	798,433	846,533	821,500	25,033
Total public works	<u>902,813</u>	<u>950,913</u>	<u>914,808</u>	<u>36,105</u>
<b>Housing and development:</b>				
Inspection	218,172	192,429	187,513	4,916
Planning and zoning	175,871	162,626	204,026	(41,400)
Engineering and development	1,040	6,040	8,260	(2,220)
Total housing and development	<u>395,083</u>	<u>361,095</u>	<u>399,799</u>	<u>(38,704)</u>
Total expenditures	<u>9,396,179</u>	<u>9,426,317</u>	<u>8,568,615</u>	<u>857,702</u>
Excess of revenues over expenditures	<u>299,994</u>	<u>352,452</u>	<u>1,764,868</u>	<u>1,412,416</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	12,001	10,001	14,615	4,614
Transfers in	3,685	24,738	66,760	42,022
Transfers out	<u>(315,680)</u>	<u>(328,862)</u>	<u>(163,600)</u>	<u>165,262</u>
Total other financing sources (uses)	<u>(299,994)</u>	<u>(294,123)</u>	<u>(82,225)</u>	<u>211,898</u>
Net change in fund balances	-	58,329	1,682,643	1,624,314
<b>Fund balances, beginning of year</b>	<u>4,850,831</u>	<u>4,850,831</u>	<u>4,850,831</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 4,850,831</u>	<u>\$ 4,909,160</u>	<u>\$ 6,533,474</u>	<u>\$ 1,624,314</u>

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

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JULY 31, 2014**

<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	\$ 666,206	\$ 824	\$ 667,030
Accounts receivable, net of allowances	762,536	-	762,536
Due from other funds	136,540	52,253	188,793
Inventories	145,390	-	145,390
Prepaid expenses	64,755	-	64,755
Restricted assets, cash and cash equivalents	4,040,976	-	4,040,976
Total current assets	<u>5,816,403</u>	<u>53,077</u>	<u>5,869,480</u>
<b>NONCURRENT ASSETS</b>			
Capital assets:			
Capital assets, non-depreciable	4,013,965	-	4,013,965
Capital assets, depreciable, net of accumulated depreciation	<u>23,567,445</u>	<u>-</u>	<u>23,567,445</u>
Total capital assets	<u>27,581,410</u>	<u>-</u>	<u>27,581,410</u>
Total noncurrent assets	<u>27,581,410</u>	<u>-</u>	<u>27,581,410</u>
Total assets	<u>33,397,813</u>	<u>53,077</u>	<u>33,450,890</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	<u>273,643</u>	<u>-</u>	<u>273,643</u>
Total deferred outflows of resources	<u>273,643</u>	<u>-</u>	<u>273,643</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	130,356	54,785	185,141
Accrued liabilities	83,934	-	83,934
Due to other funds	232,430	39,403	271,833
Current portion of revenue bonds payable from restricted assets	645,000	-	645,000
Accrued interest	<u>168,205</u>	<u>-</u>	<u>168,205</u>
Total current liabilities	<u>1,259,925</u>	<u>94,188</u>	<u>1,354,113</u>
<b>NONCURRENT LIABILITIES</b>			
Revenue bonds payable, net of current portion	<u>18,707,528</u>	<u>-</u>	<u>18,707,528</u>
Total noncurrent liabilities	<u>18,707,528</u>	<u>-</u>	<u>18,707,528</u>
Total liabilities	<u>19,967,453</u>	<u>94,188</u>	<u>20,061,641</u>

(Continued)

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JULY 31, 2014**

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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 POSITION</b>			
Net investment in capital assets	\$ 8,502,525	\$ -	\$ 8,502,525
Restricted for debt service	2,723,599	-	2,723,599
Unrestricted	2,477,879	(41,111)	2,436,768
Total net position (deficit)	<u>\$ 13,704,003</u>	<u>\$ (41,111)</u>	<u>\$ 13,662,892</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 POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JULY 31, 2014**

	<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	\$ 2,507,315	\$ -	\$ 2,507,315
Sewer sales pledged as security for revenue bonds	2,651,383	-	2,651,383
Stormwater sales pledged as security for revenue bonds	509,426	-	509,426
Sanitation charges	-	623,294	623,294
Other fees and charges	5,984	-	5,984
Total operating revenues	<u>5,674,108</u>	<u>623,294</u>	<u>6,297,402</u>
<b>OPERATING EXPENSES</b>			
Personal services and employee benefits	1,532,281	-	1,532,281
Contracted services	745,366	655,272	1,400,638
Supplies	1,482,838	-	1,482,838
Depreciation	1,427,590	-	1,427,590
Total operating expenses	<u>5,188,075</u>	<u>655,272</u>	<u>5,843,347</u>
Operating income (loss)	<u>486,033</u>	<u>(31,978)</u>	<u>454,055</u>
<b>NONOPERATING INCOME (EXPENSES)</b>			
Gain on disposal of assets	4,762	-	4,762
Interest income	52	-	52
Interest expense	(982,121)	-	(982,121)
Total nonoperating income (expenses)	<u>(977,307)</u>	<u>-</u>	<u>(977,307)</u>
Loss before contributions	(491,274)	(31,978)	(523,252)
<b>CAPITAL CONTRIBUTIONS</b>	<u>297,696</u>	<u>-</u>	<u>297,696</u>
Change in net position	(193,578)	(31,978)	(225,556)
<b>NET POSITION, beginning of year</b>	<u>13,897,581</u>	<u>(9,133)</u>	<u>13,888,448</u>
<b>NET POSITION, end of year</b>	<u>\$ 13,704,003</u>	<u>\$ (41,111)</u>	<u>\$ 13,662,892</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, 2014**

	<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	\$ 5,558,846	\$ 622,146	\$ 6,180,992
Payments to suppliers and service providers	(2,185,955)	(630,149)	(2,816,104)
Payments to employees	(1,453,155)	-	(1,453,155)
Net cash provided by (used in) by operating activities	<u>1,919,736</u>	<u>(8,003)</u>	<u>1,911,733</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of property and equipment	(1,969,893)	-	(1,969,893)
Proceeds from sale of property and equipment	4,762	-	4,762
Proceeds from bonds	9,385,000	-	9,385,000
Principal paid on bonds	(8,390,000)	-	(8,390,000)
Interest paid	(918,052)	-	(918,052)
Capital contributions	297,696	-	297,696
Net cash used in capital and related financing activities	<u>(1,590,487)</u>	<u>-</u>	<u>(1,590,487)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>52</u>	<u>-</u>	<u>52</u>
Net cash provided by investing activities	<u>52</u>	<u>-</u>	<u>52</u>
Increase (decrease) in cash and cash equivalents	329,301	(8,003)	321,298
<b>Cash and cash equivalents:</b>			
Beginning of year (including \$3,482,479) in restricted cash in the Water and Sewer Fund)	<u>4,377,881</u>	<u>8,827</u>	<u>4,386,708</u>
End of year (including \$4,040,976 in restricted cash in the Water and Sewer Fund)	<u>\$ 4,707,182</u>	<u>\$ 824</u>	<u>\$ 4,708,006</u>
Classified as:			
Cash and cash equivalents	\$ 666,206	\$ 824	\$ 667,030
Restricted assets, cash and cash equivalents	<u>4,040,976</u>	<u>-</u>	<u>4,040,976</u>
	<u>\$ 4,707,182</u>	<u>\$ 824</u>	<u>\$ 4,708,006</u>

(Continued)

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JULY 31, 2014**

	<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 (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 486,033	\$ (31,978)	\$ 454,055
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,427,590	-	1,427,590
Increase in accounts receivable	(115,262)	-	(115,262)
Increase in inventories	(629)	-	(629)
Increase in due from other funds	(65,803)	(1,148)	(66,951)
Decrease in prepaid expenses	78,067	-	78,067
Increase in accrued liabilities	20,918	-	20,918
Increase in accounts payable	30,614	1,623	32,237
Increase in due to other funds	58,208	23,500	81,708
	<u>\$ 1,919,736</u>	<u>\$ (8,003)</u>	<u>\$ 1,911,733</u>
Net cash provided by (used in) operating activities	<u>\$ 1,919,736</u>	<u>\$ (8,003)</u>	<u>\$ 1,911,733</u>

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

# CITY OF FAYETTEVILLE, GEORGIA

## NOTES TO FINANCIAL STATEMENTS

JULY 31, 2014

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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 (GASB) Statement No. 14, and as amended by Statements No. 34 and 61, the financial statements of the component units are blended 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. The Downtown Development Authority is reviewed and audited along with the primary government financial statements in accordance with the GASB statements noted above, 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 operational responsibility for the Main Street Tourism Association. The Main Street Tourism Association is reviewed and audited along with the primary government financial statements in accordance with the GASB statements noted above, 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 position and the statement of activities) report information on all of the 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.

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.

## 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)

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 City reports the following major governmental funds:

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

The **Special Purpose Local Option Sales (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 Fayette County and remitted to the City through an intergovernmental agreement.

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.

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.

## 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)

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.

#### 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 AAAf 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 the Treasurer 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."

## NOTES TO FINANCIAL STATEMENTS

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

#### 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.

#### 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 back trending.

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	3-50
Buildings	3-40
Public domain infrastructure	3-100
System infrastructure	3-40
Equipment	3-30

## NOTES TO FINANCIAL STATEMENTS

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

#### 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.

#### 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 position. Bond premiums and discounts are deferred and amortized over the life of the bond using the straight-line method, which approximates the effective interest method. The gain/loss on defeasance of bonds is presented as an increase/decrease to the face amount of bonds payable and is being amortized over the life of the bonds through interest expense. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. Bond issuance costs, whether or not withheld from proceeds, are reported as expenditures when incurred.

#### L. Deferred Outflows / Inflows of Resources

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, established accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City had only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

## NOTES TO FINANCIAL STATEMENTS

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

#### L. Deferred Outflows / Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

#### M. Fund Equity

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

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

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

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

- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager or the City’s finance director to assign fund balances.

## NOTES TO FINANCIAL STATEMENTS

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

#### M. Fund Equity (Continued)

•**Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

**Net Position** – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. The net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

#### N. 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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$5,846,089 difference are as follows:

Accrued interest payable	\$ (27,874)
Compensated absences payable	(390,368)
Notes payable	(725,532)
Revenue bonds	(1,805,000)
Certificates of participation	(3,010,000)
Deferred refunding loss	<u>112,685</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (5,846,089)</u>

#### 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 position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$983,144 difference are as follows:

Capital outlay	\$ 2,321,816
Depreciation expense	<u>(1,338,672)</u>
Net adjustment to increase <i>net changes in fund balance - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 983,144</u>

## NOTES TO FINANCIAL STATEMENTS

### 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 position. Also, governmental funds report the effect of 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 \$88,902 difference are as follows:

Debt issued:		
Notes payable	\$	(143,200)
Principal repayments:		
Certificates of participation		105,000
Revenue Bonds		80,000
Note payable		<u>47,102</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u><u>88,902</u></u>

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 \$34,545 difference are as follows:

Compensated absences	\$	(21,241)
Accrued interest		1,991
Amortization of deferred refunding loss		<u>(15,295)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u><u>(34,545)</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. BUDGET COMPLIANCE AND DEFICIT FUND BALANCE / NET POSITION

**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 assignments or commitments of fund balances, as appropriate, and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. At July 31, 2014, there were no outstanding encumbrances.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. BUDGET COMPLIANCE AND DEFICIT FUND BALANCE / NET POSITION (CONTINUED)

#### Budgetary Data (Continued)

**Excess Expenditures over Appropriations.** For the year ended July 31, 2014, expenditures exceeded budget, as follows:

Department	Excess
General Fund:	
General government - data processing	\$ 9,573
Public safety - patrol	177,114
Public safety - police stations and buildings	2,587
Public safety - fire administration	25,866
Public safety - fire station 91 and headquarters	3,250
Housing and development - planning and zoning	41,400
Housing and development - engineering and development	2,220
Downtown Development Authority:	
Housing and development	187,389
Principal - debt servicing	1,102
Interest - debt servicing	622
Main Street Tourism Association:	
Housing and development	24,654
Building Fund:	
Public works	144,435
SPLOST Fund:	
General government	12

These over expenditures were funded by greater than anticipated revenues and under expenditures in other departments.

**Deficit Fund Balance / Net Position.** For the year ended July 31, 2014, the following funds had deficit fund balance/net position. These deficits are expected to be reduced through future reduced operating costs, as well as general fund revenues.

Fund	Deficit
Fund Balance:	
SPLOST	\$ 38,422
Building	25,343
Net Position:	
Solid Waste	41,111

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

**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, 2014, the City's investment in Georgia Fund 1 was rated AA+ by Standard & Poor's.

At July 31, 2014, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	64 day weighted average	\$ 5,084,932

**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, 2014, all of the deposits for the City and component units were fully collateralized in accordance with the state statutes.

### NOTE 5. RECEIVABLES

Receivables at July 31, 2014 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Water and Sewer	Nonmajor Governmental Funds	Total
Receivables:				
Taxes	\$ 540,123	\$ -	\$ 41,369	\$ 581,492
Accounts	278,681	838,098	22,465	1,139,244
Gross receivables	818,804	838,098	63,834	1,720,736
Less allowance for uncollectibles	30,764	75,562	-	106,326
Net total receivables	\$ 788,040	\$ 762,536	\$ 63,834	\$ 1,614,410

## NOTES TO FINANCIAL STATEMENTS

### 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 July 1, 2013 and were due and payable on November 15, 2013. All unpaid taxes became delinquent as of November 16, 2013. Property taxes attached as an enforceable lien on property as of November 16, 2013. Receivables are recorded when taxes are levied.

### NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended July 31, 2014 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	\$ 4,439,476	\$ 871,764	\$ -	\$ 1,599,900	\$ 6,911,140
Historical treasures	91,279	-	-	-	91,279
Construction in progress	2,976,751	943,859	-	(1,894,807)	2,025,803
Total	<u>7,507,506</u>	<u>1,815,623</u>	<u>-</u>	<u>(294,907)</u>	<u>9,028,222</u>
Capital assets, being depreciated:					
Buildings	10,452,729	-	-	294,907	10,747,636
Land Improvements	528,857	34,543	-	-	563,400
Infrastructure	65,941,961	159,784	-	-	66,101,745
Equipment	4,300,640	311,866	(62,972)	-	4,549,534
Total	<u>81,224,187</u>	<u>506,193</u>	<u>(62,972)</u>	<u>294,907</u>	<u>81,962,315</u>
Less accumulated depreciation for:					
Buildings	3,126,315	265,529	-	-	3,391,844
Land Improvements	194,197	40,335	-	-	234,532
Infrastructure	9,872,703	771,515	-	-	10,644,218
Equipment	3,657,874	261,293	(62,972)	-	3,856,195
Total	<u>16,851,089</u>	<u>1,338,672</u>	<u>(62,972)</u>	<u>-</u>	<u>18,126,789</u>
Total assets, being depreciated, net	<u>64,373,098</u>	<u>(832,479)</u>	<u>-</u>	<u>294,907</u>	<u>63,835,526</u>
Governmental activities capital assets, net	<u>\$ 71,880,604</u>	<u>\$ 983,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,863,748</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	454,460	1,929,366	-	-	2,383,826
Total	<u>2,084,599</u>	<u>1,929,366</u>	<u>-</u>	<u>-</u>	<u>4,013,965</u>
Capital assets, being depreciated:					
Water and plant distribution system	11,809,986	-	-	-	11,809,986
Sewer plant and extensions	32,215,640	-	-	-	32,215,640
Stormwater system	3,254,198	-	-	-	3,254,198
Equipment	1,208,700	40,527	-	-	1,249,227
Total	<u>48,488,524</u>	<u>40,527</u>	<u>-</u>	<u>-</u>	<u>48,529,051</u>
Less accumulated depreciation for:					
Water and plant distribution system	8,686,289	529,635	-	-	9,215,924
Sewer plant and extensions	13,321,243	792,771	-	-	14,114,014
Stormwater system	428,484	83,490	-	-	511,974
Equipment	1,098,000	21,694	-	-	1,119,694
Total	<u>23,534,016</u>	<u>1,427,590</u>	<u>-</u>	<u>-</u>	<u>24,961,606</u>
Total assets, being depreciated, net	<u>24,954,508</u>	<u>(1,387,063)</u>	<u>-</u>	<u>-</u>	<u>23,567,445</u>
Business-type activities capital assets, net	<u>\$ 27,039,107</u>	<u>\$ 542,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,581,410</u>

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

<b>Governmental activities:</b>	
General government	\$ 74,362
Public safety	401,667
Public works	771,516
Housing and development	91,127
Total depreciation expense - governmental activities	<u>\$ 1,338,672</u>
<b>Business-type activities:</b>	
Water and sewer	<u>\$ 1,427,590</u>
Total depreciation expense - business-type activities	<u>\$ 1,427,590</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT

**Revenue Bonds.** During the year ended July 31, 2010, the City issued Series 2010 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, 2014, 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	<u>\$ 9,870,000</u>	<u>\$ 9,870,000</u>

During the year ended July 31, 2014, the City issued Series 2013A and 2013B revenue bonds in the amount of \$6,750,000 and \$2,635,000, respectively. The bond proceeds were used to refund the remaining portion of the series 2003 revenue bonds. The difference between the cash flows required to service the old debt, series 2003, and the cash flows required to service the new debt, series 2013 A & B, and complete the refunding totaled \$330,775. This refunding resulted in an economic gain of \$567,355. Revenue bonds outstanding at July 31, 2014, 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, Series					
2013A	2.35 - 4.00%	20 years	2033	<u>\$ 6,750,000</u>	\$ 6,750,000
					<u>62,781</u>
					<u>6,812,781</u>
2013B	2.00 - 2.25%	5 years	2019	<u>2,635,000</u>	2,635,000
					<u>34,747</u>
					<u>2,669,747</u>
				<u>\$ 9,385,000</u>	<u>\$ 9,482,528</u>

## NOTES TO FINANCIAL STATEMENTS

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

**Revenue Bonds (Continued).** Debt service requirements to maturity on the revenue bonds are as follows:

<u>Year Ending July 31,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 645,000	\$ 548,859
2016	700,000	666,020
2017	715,000	651,420
2018	735,000	636,520
2019	745,000	621,145
2020-2024	4,075,000	2,755,400
2025-2029	5,275,000	1,938,956
2030-2034	6,365,000	708,286
Total	<u>\$ 19,255,000</u>	<u>\$ 8,526,606</u>

The Downtown Development Authority issued revenue bonds during the year ended July 31, 2012 in the amount of \$1,885,000. The purpose of the bonds is to advance refund the remaining series 2001 bonds issued during the year ended July 31, 2002. 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, 2014, 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	2.49%	10 years	2021	<u>\$ 1,885,000</u>	<u>\$ 1,805,000</u>

## NOTES TO FINANCIAL STATEMENTS

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

**Revenue Bonds (Continued).** Downtown Development Authority revenue bond debt service requirements to maturity are as follows:

<b>Year Ending July 31,</b>	<b>Principal</b>	<b>Interest</b>
2015	\$ 205,000	\$ 42,392
2016	215,000	37,163
2017	215,000	31,810
2018	220,000	26,394
2019	230,000	20,791
2020-2022	720,000	27,140
Total	\$ 1,805,000	\$ 185,690

**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, 2014:

<b>Interest Rate</b>	<b>Term</b>	<b>Due Date</b>	<b>Original Amount</b>	<b>Outstanding Amount</b>
4.17%	15 years	2023	\$ 540,000	\$ 379,804

## NOTES TO FINANCIAL STATEMENTS

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

**Notes Payable (Continued).** The Downtown Development Authority has also incurred debt to a nonprofit corporation to be used for the renovation of a specifically identified historic building. This debt is secured by a first mortgage, as well as an assignment of all leases and rents on the identified property. The Downtown Development Authority must also contribute approximately \$350,000 in acquisition and renovation costs to the property under the terms of the loan agreement. The note is as follows as of July 31, 2014:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
3.00%	10 years	2021	<u>\$ 250,000</u>	<u>\$ 203,629</u>

The Downtown Development Authority has incurred debt to a financial institution to purchase a building. 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, 2014:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
4.70%	5 years	2019	<u>\$ 143,200</u>	<u>\$ 142,099</u>

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>
2015	\$ 54,903	\$ 27,923
2016	57,083	25,743
2017	59,351	23,475
2018	61,712	21,115
2019	168,906	17,830
2020-2024	<u>323,577</u>	<u>26,812</u>
Total	<u>\$ 725,532</u>	<u>\$ 142,898</u>

## NOTES TO FINANCIAL STATEMENTS

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

**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. The City refinanced the previously issued certificates of participation during the year ended July 31, 2013. Certificates of participation outstanding at July 31, 2014 are as follows:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
2.27%	13 years	2026	<u>\$ 3,115,000</u>	<u>\$ 3,010,000</u>

Annual debt service requirements on the certificates of participation are as follows:

<u>Year Ending July 31,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 205,000	\$ 65,855
2016	205,000	61,212
2017	210,000	56,512
2018	215,000	51,699
2019	220,000	46,772
2020-2024	1,175,000	156,002
2025-2027	<u>780,000</u>	<u>26,727</u>
Total	<u>\$ 3,010,000</u>	<u>\$ 464,779</u>

## NOTES TO FINANCIAL STATEMENTS

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

Long-term liability activity for the year ended July 31, 2014 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>					
Notes payable	\$ 629,434	\$ 143,200	\$ (47,102)	\$ 725,532	\$ 54,903
Compensated absences	369,127	370,545	(349,304)	390,368	195,184
Revenue bonds	1,885,000	-	(80,000)	1,805,000	205,000
Certificates of participation	3,115,000	-	(105,000)	3,010,000	205,000
Governmental activity					
Long-term liabilities	<u>\$ 5,998,561</u>	<u>\$ 513,745</u>	<u>\$ (581,406)</u>	<u>\$ 5,930,900</u>	<u>\$ 660,087</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds	\$ 18,260,000	\$ 9,385,000	\$ (8,390,000)	\$ 19,255,000	\$ 645,000
Deferred amount:					
Premium	79,482	105,710	(87,664)	97,528	-
Total bonds payable	<u>18,339,482</u>	<u>9,490,710</u>	<u>(8,477,664)</u>	<u>19,352,528</u>	<u>645,000</u>
Business-type activity					
Long-term liabilities	<u>\$ 18,339,482</u>	<u>\$ 9,490,710</u>	<u>\$ (8,477,664)</u>	<u>\$ 19,352,528</u>	<u>\$ 645,000</u>

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

**Defeasance of Debt.** During prior years, the City defeased certain water and sewer bonds and Downtown Development Authority bonds by placing part of the proceeds of the 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. On July 31, 2014, the total outstanding amount of bonds considered defeased was \$2,241,200 for the water and sewer bonds and \$1,650,000 for the Downtown Development Authority bonds.

## NOTES TO FINANCIAL STATEMENTS

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

The composition of interfund balances as of July 31, 2014 is as follows:

Receivable Fund	Payable Fund				Total
	General Fund	Water and Sewer Fund	Nonmajor Business-Type Fund	Nonmajor Governmental Fund	
General Fund	\$ -	\$ 180,128	\$ -	\$ 254,610	\$ 434,738
Water and Sewer Fund	97,123	-	39,403	14	136,540
Nonmajor governmental funds	154,951	49	-	44,381	199,381
Nonmajor business-type funds	-	52,253	-	-	52,253
<b>Total</b>	<b>\$ 252,074</b>	<b>\$ 232,430</b>	<b>\$ 39,403</b>	<b>\$ 299,005</b>	<b>\$ 822,912</b>

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 transfers:

Transfers In	Transfers Out			Total
	General Fund	SPLOST Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 40,997	\$ 25,763	\$ 66,760
SPLOST Fund	-	-	119,248	119,248
Nonmajor governmental funds	163,600	-	457,521	621,121
<b>Total</b>	<b>\$ 163,600</b>	<b>\$ 40,997</b>	<b>\$ 602,532</b>	<b>\$ 807,129</b>

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.

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2014, 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

### 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 18.46% of annual covered payroll.

## NOTES TO FINANCIAL STATEMENTS

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

#### Annual Pension Cost

For the year ended July 31, 2014, the City's annual pension cost was \$661,218 for the City of Fayetteville Retirement Plan. The City's annual recommended contribution for the pension plan year beginning January 1, 2014, (the most recent actuarial valuation date) was \$772,471. 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, 2014 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 for amortizing the initial unfunded actuarial accrued liability varies for the bases, with a net effective amortization period of four years using the level dollar method of amortization. These amortization periods are closed for this plan year.

#### Asset Valuation Method

For the year ended July 31, 2014, the City's actuary used the following method to value the plan assets: the sum of the actuarial value at the beginning of the year and cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year.

#### Trend Information

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Actual City Contribution</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
7/31/2009	\$ 599,063	\$ 599,063	100 %	\$ -
7/31/2010	599,063	599,063	100	-
7/31/2011	700,000	700,000	100	-
7/31/2012	635,080	635,080	100	-
7/31/2013	657,569	657,569	100	-
7/31/2014	661,218	661,218	100	-

## NOTES TO FINANCIAL STATEMENTS

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

As of the most recent valuation date, January 1, 2014, the funded status of the City of Fayetteville Retirement Plan was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
01/01/14	\$ 11,247,093	\$ 14,578,092	\$ 3,330,999	77.2 %	4,101,931	81.2 %

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, 2014.

### 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 2% of the participant's annual compensation. The City's contribution for each employee is 100% vested after ten (10) years of continuous service. For the fiscal year ending July 31, 2014, the City's contribution to the Plan was \$42,545. The amount contributed by employees was \$171,907.

## NOTES TO FINANCIAL STATEMENTS

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### 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.

### NOTE 14. FUND EQUITY

#### A. Fund Balances:

- **Nonspendable** – The following fund balance is nonspendable because it is allocated to:

<b><u>General Fund</u></b>	
Prepaid items	\$ 121,851
Inventories	13,003
<b><u>Downtown Development Authority Fund</u></b>	
Prepaid items	697
<b><u>Main Street Tourism Association Fund</u></b>	
Prepaid items	20,900
Inventories	16,246

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. FUND EQUITY (CONTINUED)

#### A. Fund Balances (Continued):

- **Restricted** – The following fund balances are restricted for:

##### Special Revenue Funds

<b>Confiscated Assets Fund</b> - used to account for public safety-related expenditures funded by drug confiscations.	\$ 167,625
<b>Veterans Memorial Park Fund</b> - used for the design and construction of a Veterans Memorial.	5,599
<b>Cemetery Fund</b> - accounts for the revenues earned from a trust set up for cemetery improvements.	14,135
<b>Downtown Development Authority Fund</b> - used for housing and development within the City.	247,220
<b>Main Street Tourism Association Fund</b> - used for the promotion of tourism in the City of Fayetteville, Georgia.	120,025

##### Capital Projects Funds

<b>Building Fund</b> - accounts for various public improvements funded by a percentage of property taxes.	119,248
<b>Impact Fee Fund</b> - accounts for capital projects activity funded by development impact fees.	1,424,360

- **Assigned** – The following fund balance is assigned to:

##### General Fund

Three-month operating reserve, as provided for in adopted City policy	2,061,010
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## NOTES TO FINANCIAL STATEMENTS

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### NOTE 15. 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.

#### 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 16. 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, 2014, the City collected \$133,501 of hotel/motel taxes, and transferred 100% of the lodging tax received during the year ended July 31, 2014 to the Downtown Development Authority Fund, where it was used for the promotion of tourism.

### NOTE 17. 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, 2014, the City transferred all motor vehicle excise taxes to the Downtown Development Authority Fund, where it was used for the promotion of tourism. The following schedule represents the revenues and expenditures pertaining to the tax for the year ended July 31, 2014:

Revenues	\$91,195
Expenditures	\$91,195

## **REQUIRED SUPPLEMENTARY INFORMATION**

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# CITY OF FAYETTEVILLE, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

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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
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
10/01/09	7,642,618	9,807,458	2,164,840	77.9	5,678,923	38.1
01/01/10	8,178,368	9,966,537	1,788,169	82.1	5,745,395	31.1
01/01/11	8,920,853	10,094,207	1,173,354	88.4	5,612,831	20.9
01/01/12	9,741,353	10,614,882	873,529	91.8	5,811,581	15.0
01/01/13	10,582,852	12,987,451	2,404,599	81.5	4,907,614	49.0
01/01/14	11,247,093	14,578,092	3,330,999	77.2	4,101,931	81.2

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.

# 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.

**Veterans Memorial Park Fund** – This fund is used to account for funds donated to the City for the design and construction of a Veterans Memorial, representing those persons from Fayette County, Georgia who have died in service of our country.

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

**Downtown Development Authority Fund** – This fund is used to account for downtown revitalization and preservation of the historic district.

**Main Street Tourism Association Fund** – This fund is used to account for revenues and expenditures associated with the promotion of tourism in the City of Fayetteville, Georgia.

## 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.

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

**CITY OF FAYETTEVILLE, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JULY 31, 2014**

ASSETS	Special Revenue Funds				
	Vehicle Excise Tax Fund	Confiscated Assets Fund	Hotel/Motel Tax Fund	Veterans Memorial Park Fund	Cemetery Fund
Cash and cash equivalents	\$ -	\$ 167,525	\$ -	\$ 23	\$ 14,135
Taxes receivable	13,423	-	27,946	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	5,596	-
Prepaid expenditures	-	100	-	-	-
Inventory	-	-	-	-	-
Restricted assets	-	-	-	-	-
Total assets	<u>\$ 13,423</u>	<u>\$ 167,625</u>	<u>\$ 27,946</u>	<u>\$ 5,619</u>	<u>\$ 14,135</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
Due to other funds	13,423	-	27,946	20	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>13,423</u>	<u>-</u>	<u>27,946</u>	<u>20</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	167,625	-	5,599	14,135
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>167,625</u>	<u>-</u>	<u>5,599</u>	<u>14,135</u>
Total liabilities and fund balances	<u>\$ 13,423</u>	<u>\$ 167,625</u>	<u>\$ 27,946</u>	<u>\$ 5,619</u>	<u>\$ 14,135</u>

<b>Capital Projects Funds</b>				
<b>Downtown Development Authority Fund</b>	<b>Main Street Tourism Association Fund</b>	<b>Building Fund</b>	<b>Impact Fee Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 188,150	\$ 148,921	\$ 82,275	\$ 1,416,232	\$ 2,017,261
-	-	-	-	41,369
-	22,465	-	-	22,465
14,423	30,159	141,075	8,128	199,381
697	20,900	-	-	21,697
-	16,246	-	-	16,246
56,202	-	1,450	-	57,652
<u>\$ 259,472</u>	<u>\$ 238,691</u>	<u>\$ 224,800</u>	<u>\$ 1,424,360</u>	<u>\$ 2,376,071</u>
\$ 6,787	\$ 26,123	\$ 12,276	\$ -	\$ 45,186
81	-	-	-	81
4,687	15,062	237,867	-	299,005
-	40,335	-	-	40,335
<u>11,555</u>	<u>81,520</u>	<u>250,143</u>	<u>-</u>	<u>384,607</u>
697	37,146	-	-	37,843
247,220	120,025	119,248	1,424,360	2,098,212
-	-	(144,591)	-	(144,591)
<u>247,917</u>	<u>157,171</u>	<u>(25,343)</u>	<u>1,424,360</u>	<u>1,991,464</u>
<u>\$ 259,472</u>	<u>\$ 238,691</u>	<u>\$ 224,800</u>	<u>\$ 1,424,360</u>	<u>\$ 2,376,071</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, 2014**

	<b>Special Revenue Funds</b>				
	<b>Vehicle Excise Tax Fund</b>	<b>Confiscated Assets Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>Veterans Memorial Park Fund</b>	<b>Cemetery Fund</b>
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	91,195	-	133,501	-	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	50,400	-	-	-
Charges for services	-	-	-	-	-
Impact fees	-	-	-	-	-
Contributions	-	-	-	-	11,388
Rental income	-	-	-	-	-
Other revenues	-	-	-	3,118	-
<b>Total revenues</b>	<u>91,195</u>	<u>50,400</u>	<u>133,501</u>	<u>3,118</u>	<u>11,388</u>
<b>Expenditures:</b>					
Current:					
Public safety	-	12,656	-	-	-
Culture and recreation	-	-	-	19,877	-
Housing and development	-	-	-	-	-
Capital outlay:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>12,656</u>	<u>-</u>	<u>19,877</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>91,195</u>	<u>37,744</u>	<u>133,501</u>	<u>(16,759)</u>	<u>11,388</u>
<b>Other financing sources (uses):</b>					
Proceeds from debt issuance	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(91,195)	-	(133,501)	-	-
<b>Total other financing sources (uses)</b>	<u>(91,195)</u>	<u>-</u>	<u>(133,501)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	37,744	-	(16,759)	11,388
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>129,881</u>	<u>-</u>	<u>22,358</u>	<u>2,747</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ -</u>	<u>\$ 167,625</u>	<u>\$ -</u>	<u>\$ 5,599</u>	<u>\$ 14,135</u>

Downtown Development Authority Fund	Main Street Tourism Association Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
		Building Fund	Impact Fee Fund	
\$ -	\$ -	\$ 512,679	\$ -	\$ 512,679
-	-	-	-	224,696
-	-	305,071	-	305,071
-	-	-	-	50,400
-	197,167	-	-	197,167
-	-	-	526,850	526,850
15,364	82,228	159,784	-	268,764
-	31,710	-	-	31,710
-	5,970	-	-	9,088
<u>15,364</u>	<u>317,075</u>	<u>977,534</u>	<u>526,850</u>	<u>2,126,425</u>
-	-	-	-	12,656
-	-	-	-	19,877
283,346	447,524	-	-	730,870
-	-	657,439	-	657,439
-	-	174,435	-	174,435
127,102	-	105,000	-	232,102
70,563	-	74,325	-	144,888
<u>481,011</u>	<u>447,524</u>	<u>1,011,199</u>	<u>-</u>	<u>1,972,267</u>
<u>(465,647)</u>	<u>(130,449)</u>	<u>(33,665)</u>	<u>526,850</u>	<u>154,158</u>
143,200	-	-	-	143,200
265,922	188,502	166,697	-	621,121
-	-	(228,052)	(149,784)	(602,532)
<u>409,122</u>	<u>188,502</u>	<u>(61,355)</u>	<u>(149,784)</u>	<u>161,789</u>
(56,525)	58,053	(95,020)	377,066	315,947
<u>304,442</u>	<u>99,118</u>	<u>69,677</u>	<u>1,047,294</u>	<u>1,675,517</u>
<u>\$ 247,917</u>	<u>\$ 157,171</u>	<u>\$ (25,343)</u>	<u>\$ 1,424,360</u>	<u>\$ 1,991,464</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, 2014**

	Vehicle Excise Tax Fund		
	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>			
Other taxes	\$ 98,006	\$ 91,195	\$ (6,811)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	<u>98,006</u>	<u>91,195</u>	<u>(6,811)</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	98,006	-	98,006
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>98,006</u>	<u>-</u>	<u>98,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>91,195</u>	<u>91,195</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	(91,195)	(91,195)
Total other financing sources (uses)	<u>-</u>	<u>(91,195)</u>	<u>(91,195)</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**

<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
\$ -	\$ -	\$ -
-	-	-
45,000	50,400	5,400
-	-	-
500	-	(500)
-	-	-
-	-	-
<u>45,500</u>	<u>50,400</u>	<u>4,900</u>
45,500	12,656	32,844
-	-	-
-	-	-
-	-	-
-	-	-
<u>45,500</u>	<u>12,656</u>	<u>32,844</u>
-	37,744	37,744
-	-	-
-	-	-
-	-	-
-	37,744	37,744
129,881	129,881	-
<u>\$ 129,881</u>	<u>\$ 167,625</u>	<u>\$ 37,744</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, 2014**

	Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>			
Other taxes	\$ 98,006	\$ 133,501	\$ 35,495
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	<u>98,006</u>	<u>133,501</u>	<u>35,495</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	98,006	-	98,006
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>98,006</u>	<u>-</u>	<u>98,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>133,501</u>	<u>133,501</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	(133,501)	(133,501)
Total other financing sources (uses)	<u>-</u>	<u>(133,501)</u>	<u>(133,501)</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>

**Veterans Memorial Park Fund**

<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
2,500	3,118	618
<u>2,500</u>	<u>3,118</u>	<u>618</u>
-	-	-
-	-	-
27,882	19,877	8,005
-	-	-
-	-	-
<u>27,882</u>	<u>19,877</u>	<u>8,005</u>
<u>(25,382)</u>	<u>(16,759)</u>	<u>8,623</u>
25,382	-	(25,382)
-	-	-
<u>25,382</u>	<u>-</u>	<u>(25,382)</u>
-	(16,759)	(16,759)
<u>22,358</u>	<u>22,358</u>	<u>-</u>
<u>\$ 22,358</u>	<u>\$ 5,599</u>	<u>\$ (16,759)</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, 2014**

	Cemetery Fund		
	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>			
Other taxes	\$ -	\$ -	\$ -
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	8,748	11,388	2,640
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	<u>8,748</u>	<u>11,388</u>	<u>2,640</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,748</u>	<u>11,388</u>	<u>2,640</u>
<b>Other financing sources (uses):</b>			
Issuance of debt	-	-	-
Transfers in	-	-	-
Transfers out	(8,748)	-	8,748
Total other financing sources (uses)	<u>(8,748)</u>	<u>-</u>	<u>8,748</u>
Net change in fund balances	-	11,388	11,388
<b>Fund balances, beginning of year</b>	<u>2,747</u>	<u>2,747</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,747</u>	<u>\$ 14,135</u>	<u>\$ 11,388</u>

<b>Downtown Development Authority Fund</b>		
<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
\$ -	\$ -	\$ -
-	-	-
-	-	-
64,368	15,364	(49,004)
50	-	(50)
-	-	-
-	-	-
<u>64,418</u>	<u>15,364</u>	<u>(49,054)</u>
-	-	-
-	-	-
-	-	-
95,957	283,346	(187,389)
126,000	127,102	(1,102)
69,941	70,563	(622)
<u>291,898</u>	<u>481,011</u>	<u>(189,113)</u>
<u>(227,480)</u>	<u>(465,647)</u>	<u>(238,167)</u>
-	143,200	143,200
242,359	265,922	23,563
-	-	-
<u>242,359</u>	<u>409,122</u>	<u>166,763</u>
14,879	(56,525)	(71,404)
<u>304,442</u>	<u>304,442</u>	<u>-</u>
<u>\$ 319,321</u>	<u>\$ 247,917</u>	<u>\$ (71,404)</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, 2014**

	<b>Main Street Tourism Association Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues:</b>			
Other taxes	\$ -	\$ -	\$ -
Charges for services	179,371	197,167	17,796
Fines and forfeitures	-	-	-
Contributions	74,243	82,228	7,985
Interest income	-	-	-
Rental income	24,314	31,710	7,396
Other revenues	3,000	5,970	2,970
Total revenues	<u>280,928</u>	<u>317,075</u>	<u>36,147</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	422,870	447,524	(24,654)
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>422,870</u>	<u>447,524</u>	<u>(24,654)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(141,942)</u>	<u>(130,449)</u>	<u>11,493</u>
<b>Other financing sources (uses):</b>			
Transfers in	157,451	188,502	31,051
Transfers out	-	-	-
Total other financing sources (uses)	<u>157,451</u>	<u>188,502</u>	<u>31,051</u>
Net change in fund balances	15,509	58,053	42,544
<b>Fund balances, beginning of year</b>	<u>99,118</u>	<u>99,118</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 114,627</u>	<u>\$ 157,171</u>	<u>\$ 42,544</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, 2014**

	<b>Building Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues:</b>			
Property taxes	\$ 565,508	\$ 512,679	\$ (52,829)
Intergovernmental	171,858	305,071	133,213
Impact fees	-	-	-
Contributions	-	159,784	159,784
Interest income	151	-	(151)
Total revenues	<u>737,517</u>	<u>977,534</u>	<u>240,017</u>
<b>Expenditures:</b>			
Capital outlay:			
General government	-	-	-
Public safety	694,490	657,439	37,051
Public works	30,000	174,435	(144,435)
Housing and development	-	-	-
Debt service:			
Principal	105,000	105,000	-
Interest	74,325	74,325	-
Bond issuance costs	-	-	-
Total expenditures	<u>903,815</u>	<u>1,011,199</u>	<u>(107,384)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(166,298)</u>	<u>(33,665)</u>	<u>132,633</u>
<b>Other financing sources (uses):</b>			
Transfers in	145,680	166,697	21,017
Transfers out	(49,025)	(228,052)	(179,027)
Total other financing sources (uses)	<u>96,655</u>	<u>(61,355)</u>	<u>(158,010)</u>
Net change in fund balances	(69,643)	(95,020)	(25,377)
<b>Fund balances, beginning of year</b>	<u>69,677</u>	<u>69,677</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 34</u>	<u>\$ (25,343)</u>	<u>\$ (25,377)</u>

<b>Impact Fee Fund</b>		
<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
\$ -	\$ -	\$ -
-	-	-
230,984	526,850	295,866
-	-	-
-	-	-
<u>230,984</u>	<u>526,850</u>	<u>295,866</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>230,984</u>	<u>526,850</u>	<u>295,866</u>
-	-	-
<u>(254,321)</u>	<u>(149,784)</u>	<u>104,537</u>
<u>(254,321)</u>	<u>(149,784)</u>	<u>104,537</u>
(23,337)	377,066	400,403
<u>1,047,294</u>	<u>1,047,294</u>	<u>-</u>
<u>\$ 1,023,957</u>	<u>\$ 1,424,360</u>	<u>\$ 400,403</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, 2014**

	<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	9,357,701	1,160,329	(8,197,372)
Impact fees	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Other revenues	-	-	-
Total revenues	<u>9,357,701</u>	<u>1,160,329</u>	<u>(8,197,372)</u>
<b>Expenditures:</b>			
Capital outlay:			
General government	-	12	(12)
Public safety	-	-	-
Public works	10,306,201	2,027,264	8,278,937
Housing and development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
Total expenditures	<u>10,306,201</u>	<u>2,027,276</u>	<u>8,278,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(948,500)</u>	<u>(866,947)</u>	<u>81,553</u>
<b>Other financing sources (uses):</b>			
Transfers in	198,226	119,248	(78,978)
Transfers out	-	(40,997)	(40,997)
Total other financing sources (uses)	<u>198,226</u>	<u>78,251</u>	<u>(119,975)</u>
Net change in fund balances	(750,274)	(788,696)	(38,422)
<b>Fund balances, beginning of year</b>	<u>750,274</u>	<u>750,274</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ (38,422)</u>	<u>\$ (38,422)</u>

# CITY OF FAYETTEVILLE, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JULY 31, 2014

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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	\$ 133,384	\$ -	\$ 133,384
Roadways	2,196,494	2,289,374	1,654,199	313,791	1,967,990
Streetscapes/paths	<u>1,759,833</u>	<u>1,622,953</u>	<u>1,701,908</u>	<u>434,673</u>	<u>2,136,581</u>
Totals	<u>\$ 4,247,327</u>	<u>\$ 4,247,327</u>	<u>\$ 3,489,491</u>	<u>\$ 748,464</u>	<u>\$ 4,237,955</u>

**NOTE:** Included in the total expenditures of the SPLOST fund for the year ended July 31, 2014 are expenditures funded by intergovernmental revenue of \$1,278,812. These amounts are excluded from the above schedule.

## **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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> .....	<b>71 - 84</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>85 - 94</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>95 - 100</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>101 and 102</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>103 - 106</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 POSITION BY COMPONENT LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2005	2006	2007	2008
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 10,294,750	\$ 57,100,929 (1)	\$ 60,009,707	\$ 60,352,897
Restricted	87,098	849,422	1,214,750	1,566,870
Unrestricted	4,259,448	5,187,583	5,768,939	5,197,192
Total governmental activities net position	<u>\$ 14,641,296</u>	<u>\$ 63,137,934</u>	<u>\$ 66,993,396</u>	<u>\$ 67,116,959</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 9,606,017	\$ 11,267,649	\$ 12,776,513	\$ 12,195,150
Restricted	7,253,854	4,005,622	1,923,585	1,091,708
Unrestricted	(3,204,854)	(555,976)	1,061,924	2,707,452
Total business-type activities net position	<u>\$ 13,655,017</u>	<u>\$ 14,717,295</u>	<u>\$ 15,762,022</u>	<u>\$ 15,994,310</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 19,900,767	\$ 68,368,578	\$ 72,786,220	\$ 72,548,047
Restricted	7,340,952	4,855,044	3,138,335	2,658,578
Unrestricted	1,054,594	4,631,607	6,830,863	7,904,644
Total primary government net position	<u>\$ 28,296,313</u>	<u>\$ 77,855,229</u>	<u>\$ 82,755,418</u>	<u>\$ 83,111,269</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>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 60,089,837	\$ 60,622,894	\$ 64,398,879	\$ 64,305,483	\$ 66,251,170	\$ 67,435,901
1,954,676	2,036,624	2,714,174	1,837,952	1,952,554	2,098,212
5,586,322	5,239,070	2,763,931	2,763,931	5,147,215	6,067,942
<u>\$ 67,630,835</u>	<u>\$ 67,898,588</u>	<u>\$ 69,876,984</u>	<u>\$ 68,907,366</u>	<u>\$ 73,350,939</u>	<u>\$ 75,602,055</u>
\$ 13,532,153	\$ 11,607,708	\$ 10,733,529	\$ 10,733,529	\$ 8,699,625	\$ 8,502,525
134,721	1,350,819	1,507,269	1,507,269	2,286,019	2,723,599
2,422,675	2,730,595	2,844,349	2,844,349	2,902,804	2,436,768
<u>\$ 16,089,549</u>	<u>\$ 15,689,122</u>	<u>\$ 15,085,147</u>	<u>\$ 15,085,147</u>	<u>\$ 13,888,448</u>	<u>\$ 13,662,892</u>
\$ 73,621,990	\$ 72,230,602	\$ 75,132,408	\$ 75,039,012	\$ 74,950,795	\$ 75,938,426
2,089,397	3,387,443	4,221,443	3,345,221	4,238,573	4,821,811
8,008,997	7,969,665	5,608,280	5,608,280	8,050,019	8,504,710
<u>\$ 83,720,384</u>	<u>\$ 83,587,710</u>	<u>\$ 84,962,131</u>	<u>\$ 83,992,513</u>	<u>\$ 87,239,387</u>	<u>\$ 89,264,947</u>

# CITY OF FAYETTEVILLE, GEORGIA

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,115,440	\$ 1,095,054	\$ 1,349,586	\$ 1,217,486
Judicial	589,178	647,666	849,251	860,758
Public safety	5,496,987	5,735,782	6,144,495	6,520,196
Public works	957,095	1,605,451 (2)	1,751,093	2,786,357 (4)
Culture and recreation	-	3,424	39,053	-
Housing and development	1,290,549	1,046,976	1,100,831	1,134,852
Interest on long-term debt	211,500	207,795	205,627	196,039
Total governmental activities expenses	<u>9,660,749</u>	<u>10,342,148</u>	<u>11,439,936</u>	<u>12,715,688</u>
Business-type activities:				
Water and sewer	5,040,537	5,307,856	5,403,258	5,500,306
Stormwater	90,529	101,641	142,592	112,889
Solid waste	507,009	610,478	697,810	727,089
Total business-type activities	<u>5,638,075</u>	<u>6,019,975</u>	<u>6,243,660</u>	<u>6,340,284</u>
Total primary government	<u>\$ 15,298,824</u>	<u>\$ 16,362,123</u>	<u>\$ 17,683,596</u>	<u>\$ 19,055,972</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 543,057	\$ 651,798	\$ 423,077	\$ 348,843
Judicial	1,093,293	1,247,609	1,679,139	1,188,335
Public safety	469,591	278,211	35,609	127,415
Public works	391,703	701,641	- (3)	115,816 (5)
Culture and recreation	30,817	42,523	-	-
Housing and development	58,369	-	710,715 (3)	384,464 (6)
Operating grants and contributions	261,203	121,874	112,863	126,400
Capital grants and contributions	2,417,294	5,245,516 (1)	2,932,053	1,194,669
Total governmental activities program revenues	<u>5,265,327</u>	<u>8,289,172</u>	<u>5,893,456</u>	<u>3,485,942</u>
Business-type activities:				
Charges for services:				
Water and sewer	3,741,066	4,147,603	4,526,852	4,624,121
Stormwater	450,192	466,776	474,224	489,195
Solid waste	514,424	617,366	697,958	726,883
Capital grants and contributions	2,057,053	1,531,513	1,319,076	650,687 (7)
Total business-type activities program revenues	<u>6,762,735</u>	<u>6,763,258</u>	<u>7,018,110</u>	<u>6,490,886</u>
Total primary government program revenues	<u>\$ 12,028,062</u>	<u>\$ 15,052,430</u>	<u>\$ 12,911,566</u>	<u>\$ 9,976,828</u>

(Continued)

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$	1,158,496	\$ 1,084,097	\$ 1,020,074	\$ 1,023,395	\$ 918,357	\$ 938,311
	896,534	820,922	719,103	584,782	491,867	562,483
	6,847,442	6,676,928	6,589,191	6,505,689	6,579,434	6,556,219
	1,883,585	1,765,659	1,629,730	1,707,680	1,618,047	2,095,224
	-	-	1,321 (15)	10	19,672	19,877
	1,034,348	946,682	820,882	774,059	919,084	1,042,536
	186,816	177,001	165,407	154,685	270,964	158,192
	<u>12,007,221</u>	<u>11,471,289</u>	<u>10,945,708</u>	<u>10,750,300</u>	<u>10,817,425</u>	<u>11,372,842</u>
	5,490,099	5,460,020	5,736,799	5,838,861	5,602,921	5,867,412
	273,320 (9)	294,409	423,132	354,558	270,252	302,784
	716,104	616,359 (13)	628,225	668,891	657,636	655,272
	<u>6,479,523</u>	<u>6,370,788</u>	<u>6,788,156</u>	<u>6,862,310</u>	<u>6,530,809</u>	<u>6,825,468</u>
\$	<u>18,486,744</u>	<u>17,842,077</u>	<u>17,733,864</u>	<u>17,612,610</u>	<u>17,348,234</u>	<u>18,198,310</u>
\$	469,854	\$ 271,628 (14)	\$ 261,382	\$ 278,237	\$ 428,003	\$ 381,491
	1,620,845	1,748,018	1,192,244	1,090,808	815,119	1,076,456
	449,589	81,738	73,026	85,134	71,393	99,443
	74,522 (5)	-	(208)	109,514	109,514	-
	-	-	-	-	-	-
	122,168 (6)	38,190 (6)	35,500	59,916	388,878	731,387
	448,281 (12)	365,152 (12)	283,528	156,016	528,838	560,303
	<u>1,001,476</u>	<u>1,107,764</u>	<u>2,756,869</u>	<u>251,021</u>	<u>2,003,847</u>	<u>1,325,879</u>
	<u>4,186,735</u>	<u>3,612,490</u>	<u>4,602,341</u>	<u>2,030,646</u>	<u>4,345,592</u>	<u>4,174,959</u>
	4,905,681 (10)	4,810,109	4,956,688	5,058,146	4,951,031	5,164,682
	493,799	494,976	494,238	482,941	497,904	509,426
	718,570	632,549 (13)	631,930	630,019	606,376	623,294
	<u>452,785 (7)</u>	<u>32,686 (7)</u>	<u>88,690</u>	<u>37,644</u>	<u>232,047</u>	<u>297,696</u>
	<u>6,570,835</u>	<u>5,970,320</u>	<u>6,171,546</u>	<u>6,208,750</u>	<u>6,287,358</u>	<u>6,595,098</u>
\$	<u>10,757,570</u>	<u>9,582,810</u>	<u>10,773,887</u>	<u>8,239,396</u>	<u>10,632,950</u>	<u>10,770,057</u>

# CITY OF FAYETTEVILLE, GEORGIA

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2005	2006	2007	2008
Net (expense)/revenue				
Governmental activities	\$ (4,395,422)	\$ (2,052,976)	\$ (5,546,480)	\$ (9,229,746)
Business-type activities	1,124,660	743,283	774,450	150,602
Total primary government net expense	<u>\$ (3,270,762)</u>	<u>\$ (1,309,693)</u>	<u>\$ (4,772,030)</u>	<u>\$ (9,079,144)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 2,111,885	\$ 2,287,451	\$ 2,489,094	\$ 2,670,751
Sales taxes	2,384,936	3,210,939	3,294,819	3,127,513
Other taxes	2,860,975	3,115,776	3,286,540	3,326,490
Unrestricted investment earnings	102,383	205,016	331,489	182,744 (8)
Gain on sale of capital assets	41,791	13,558	-	45,811
Transfers	24,999	-	-	-
Total governmental activities	<u>7,526,969</u>	<u>8,832,740</u>	<u>9,401,942</u>	<u>9,353,309</u>
Business-type activities:				
Unrestricted investment earnings	202,529	318,995	270,277	81,686 (8)
Gain on sale of capital assets	-	-	-	-
Transfers	(24,999)	-	-	-
Total business-type activities	<u>177,530</u>	<u>318,995</u>	<u>270,277</u>	<u>81,686</u>
Total primary government	<u>\$ 7,704,499</u>	<u>\$ 9,151,735</u>	<u>\$ 9,672,219</u>	<u>\$ 9,434,995</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 3,131,547	\$ 6,779,764	\$ 3,855,462	\$ 123,563
Business-type activities	1,302,190	1,062,278	1,044,727	232,288
Total primary government	<u>\$ 4,433,737</u>	<u>\$ 7,842,042</u>	<u>\$ 4,900,189</u>	<u>\$ 355,851</u>

- (1) The net effect of various public works sales, trade-ins and donations of capital assets.
- (2) Depreciation expense has been recorded in fiscal year 2006 due to GASB Statement 34 (retroactively reporting of major general infrastructure assets).
- (3) Reclassification of impact fees (program revenues) from public works to housing and development.
- (4) Multiple transportation and sidewalk construction projects.
- (5) State of Georgia Local Assistance Road Program (LARP) for street maintenance.
- (6) Decrease in residential and commercial building; therefore, decrease in impact fees collected.
- (7) Business-activities did not receive any contribution of infrastructure during fiscal year 2008.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ (7,820,486)	\$ (7,858,799)	\$ (6,343,367)	\$ (8,719,654)	\$ (6,471,833)	\$ (7,197,883)
91,312	(400,468)	(616,610)	(653,560)	(243,451)	(230,370)
<u>\$ (7,729,174)</u>	<u>(8,259,267)</u>	<u>\$ (6,959,977)</u>	<u>\$ (9,373,214)</u>	<u>\$ (6,715,284)</u>	<u>\$ (7,428,253)</u>
\$ 2,764,455	\$ 2,670,285	\$ 2,651,885	\$ 2,664,133	\$ 2,879,031	\$ 3,094,181
2,147,990 (11)	2,259,642	2,215,415	2,374,473	2,369,274	2,561,460
3,381,128	3,171,974	3,409,190	3,662,347	3,690,062	3,787,465
40,789 (8)	13,315 (8)	11,940	9,253	6,374	5,893
-	11,336	33,333	-	-	-
-	-	-	-	-	-
<u>8,334,362</u>	<u>8,126,552</u>	<u>8,321,763</u>	<u>8,710,206</u>	<u>8,944,741</u>	<u>9,448,999</u>
3,927 (8)	41 (8)	2,443	2,035	108	52
-	-	10,192	5,039	1,554	4,762
-	-	-	-	-	-
<u>3,927</u>	<u>41</u>	<u>12,635</u>	<u>7,074</u>	<u>1,662</u>	<u>4,814</u>
<u>\$ 8,338,289</u>	<u>\$ 8,126,593</u>	<u>\$ 8,334,398</u>	<u>\$ 8,717,280</u>	<u>\$ 8,946,403</u>	<u>\$ 9,453,813</u>
\$ 513,876	\$ 267,753	\$ 1,978,396	\$ (9,448)	\$ 2,472,908	\$ 2,251,116
95,239	(400,427)	(603,975)	(646,486)	(241,789)	(225,556)
<u>\$ 609,115</u>	<u>\$ (132,674)</u>	<u>\$ 1,374,421</u>	<u>\$ (655,934)</u>	<u>\$ 2,231,119</u>	<u>\$ 2,025,560</u>

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

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

(10) Increase in sewer rates.

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

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

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

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

(15) Veterans Memorial Park Fund opened.

**CITY OF FAYETTEVILLE, GEORGIA**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Insurance Premium Tax</b>	<b>Business and Occupation Tax</b>
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
2011	2,651,885	2,215,415	1,324,949	318,257	600,117	814,309
2012	2,664,133	2,374,473	1,374,943	332,731	747,887	825,213
2013	2,879,031	2,369,274	1,329,806	339,813	794,382	846,563
2014	3,094,181	2,561,460	1,321,912	349,688	822,506	872,431

(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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<u>Other</u> <u>Taxes</u>	<u>Total</u>
\$ 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
351,558	8,276,490
381,573	8,700,953
379,498	8,938,367
420,928	9,443,106

**CITY OF FAYETTEVILLE, GEORGIA**

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

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Reserved	\$ 201,701	\$ 221,603	\$ 294,565	\$ 233,337
Unreserved	2,173,967	2,741,170	3,168,063	2,903,291
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 2,375,668</u>	<u>\$ 2,962,773</u>	<u>\$ 3,462,628</u>	<u>\$ 3,136,628</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	80,476	83,864	75,970	136,193
Capital project funds	2,047,978	3,215,686 (1)	3,733,553	3,766,360
Nonspendable, reported in:				
Special revenue funds	-	-	-	-
Restricted, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Assigned, reported in:				
Capital project funds	-	-	-	-
Unassigned, reported in:				
Capital project funds	-	-	-	-
Total all other governmental funds	<u>\$ 2,128,454</u>	<u>\$ 3,299,550</u>	<u>\$ 3,809,523</u>	<u>\$ 3,902,553</u>

(1) 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.

(2) Prepaid expenditures.

(3) The City adopted and implemented GASB 54 during fiscal year 2011.

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 251,234	\$ 193,539	\$ -	\$ -	\$ -	\$ -
2,896,626	2,904,019	-	-	-	-
-	-	145,621 (3)	252,215	136,186	134,854
-	-	2,358,940 (3)	2,381,335	2,352,026	2,061,010
-	-	545,370 (3)	1,044,598	2,362,619	4,337,610
<u>\$ 3,147,860</u>	<u>\$ 3,097,558</u>	<u>\$ 3,049,931</u>	<u>\$ 3,678,148</u>	<u>\$ 4,850,831</u>	<u>\$ 6,533,474</u>
\$ 14,847 (2)	\$ -	\$ -	\$ -	\$ -	\$ -
409,933	302,866	-	-	-	-
4,205,072	4,126,822	-	-	-	-
-	-	-	-	31,630	37,843
-	-	319,171 (3)	126,229	526,916	554,604
-	-	2,395,003 (3)	1,711,723	1,797,568	1,543,608
-	-	25,417 (3)	286,085	69,677	-
-	-	-	-	-	(183,013)
<u>\$ 4,629,852</u>	<u>\$ 4,429,688</u>	<u>\$ 2,739,591</u>	<u>\$ 2,124,037</u>	<u>\$ 2,425,791</u>	<u>\$ 1,953,042</u>

# CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2005	2006	2007	2008
<b>Revenues</b>				
Taxes	\$ 7,337,120	\$ 8,623,312	\$ 9,067,548	\$ 9,102,276
Licenses and permits	479,681	533,974	404,811	300,705 (5)
Intergovernmental	96,542	132,601	82,039	801,844 (6)
Fines and forfeitures	1,100,542	1,247,609	1,685,084	1,292,402 (7)
Charges for services	14,065	64,132	34,833	146,998
Main Street	58,369	- (2)	- (2)	-
Impact fees	922,321	1,063,092	710,715 (4)	384,064 (5)
Contributions	278,301	77,874	58,608	20,460
Interest income	102,383	205,016	331,489	182,744 (8)
Other revenues	32,927	12,975	13,097	51,597
<b>Total revenues</b>	<b>10,422,251</b>	<b>11,960,585</b>	<b>12,388,224</b>	<b>12,283,090</b>
<b>Expenditures</b>				
General government	1,029,781	1,025,695	1,122,977	1,172,837
Judicial	585,993	642,889	825,873	862,715
Public safety	5,645,529	5,335,737	5,807,045	5,965,835
Public works	928,637	1,014,991	1,101,204	1,176,544
Culture and recreation	-	-	-	-
Housing and development	849,263	828,463	846,697	850,737
Capital outlay	3,378,871	886,963 (3)	1,320,032 (3)	2,246,574 (9)
Debt service				
Principal	292,780	490,586	468,652	474,107
Interest	210,876 (1)	195,437	192,204	185,217
Issuance costs	-	-	-	-
<b>Total expenditures</b>	<b>12,921,730</b>	<b>10,420,761</b>	<b>11,684,684</b>	<b>12,934,566</b>
Excess of revenues over (under) expenditures	(2,499,479)	1,539,824	703,540	(651,476)
<b>Other financing sources (uses)</b>				
Capital leases	205,942	204,819	284,664	367,209
Issuance of debt	-	-	-	-
Discount on certificates of participation	-	-	-	-
Proceeds from sale of assets	60,860	13,558	21,624	51,297
Payment to escrow agent	-	-	-	-
Transfers in	574,468	500,467	574,958	531,041
Transfers out	(549,469)	(500,467)	(574,958)	(531,041)
<b>Total other financing sources (uses)</b>	<b>291,801</b>	<b>218,377</b>	<b>306,288</b>	<b>418,506</b>
<b>Net change in fund balances</b>	<b>\$ (2,207,678)</b>	<b>\$ 1,758,201</b>	<b>\$ 1,009,828</b>	<b>\$ (232,970)</b>
Debt service as a percentage of noncapital expenditures	5.4%	7.2%	6.3%	5.5%

- (1) The increase in debt service interest expenditure is due to the COPS issue.  
(2) The Main Street function has been moved from the General Fund to the Main Street Tourism Association.  
(3) Capital outlay has decreased due to the completion of the Law Enforcement Center.  
(4) The decrease in impact fees is due to the decline in new construction during fiscal year 2007.  
(5) The decrease in impact fees and permits is due to the continual decline in new construction during fiscal year 2008, 2009 and 2010.  
(6) The City received a federal grant for Downtown Pedestrian Improvements.  
(7) During fiscal year 2008, the City experienced an increase in jail population, therefore reducing the collection of fines.  
(8) Drastic decrease in interest rates due to the current economic recession.

	2009	2010	2011	2012	2013	2014
\$	8,252,754	\$ 8,076,848	\$ 8,319,973	\$ 8,704,436	\$ 8,946,907	\$ 9,439,385
	261,485 (5)	217,086 (5)	217,496	229,816	369,157	321,693
	1,187,335 (10)	1,450,723 (14)	745,573 (14)	393,202	2,171,246	1,537,932
	2,040,086 (11)	1,798,758	1,236,945	1,143,693	854,263	1,072,854
	112,990	41,443	34,528	148,823	352,612	312,492
	-	-	-	-	29,288	31,710
	121,768 (5)	37,890 (5)	35,229	57,836	196,424	526,850
	12,079	18,146	21,472	12,806	281,436	307,452
	40,789 (8)	17,262 (8)	14,311	10,282	6,419	5,893
	200,649 (12)	44,497	37,746	43,441	91,121	63,976
	<u>12,229,935</u>	<u>11,702,653</u>	<u>10,663,273</u>	<u>10,744,335</u>	<u>13,298,873</u>	<u>13,620,237</u>
	1,026,932	1,019,212	959,036	929,487	871,018	900,303
	895,312	828,909	718,830	580,976	492,832	563,783
	6,429,522	6,304,775	6,167,299	6,354,094	5,863,779	5,802,578
	1,087,963	1,007,576	912,264	928,008	906,708	914,808
	-	-	1,321 (16)	10	19,672	19,877
	851,542	743,571	640,226	625,145	1,095,329	1,130,669
	573,427 (13)	1,526,584 (15)	2,543,618 (15)	739,582	2,765,825	2,859,150
	456,149	378,721	338,899	429,955	259,615	232,102
	173,579	165,971	154,232	144,508	198,312	144,888
	-	-	-	-	76,048	-
	<u>11,494,426</u>	<u>11,975,319</u>	<u>12,435,725</u>	<u>10,731,765</u>	<u>12,549,138</u>	<u>12,568,158</u>
	<u>735,509</u>	<u>(272,666)</u>	<u>(1,772,452)</u>	<u>12,570</u>	<u>749,735</u>	<u>1,052,079</u>
	-	-	-	-	-	-
	-	-	-	-	3,115,000	143,200
	-	-	-	-	-	-
	3,022	22,200	34,728	93	7,676	14,615
	-	-	-	-	(3,055,278)	-
	112,490	400,811	912,284	489,601	459,829	807,129
	(112,490)	(400,811)	(912,284)	(489,601)	(459,829)	(807,129)
	<u>3,022</u>	<u>22,200</u>	<u>34,728</u>	<u>93</u>	<u>67,398</u>	<u>157,815</u>
\$	<u>738,531</u>	<u>(250,466)</u>	<u>(1,737,724)</u>	<u>12,663</u>	<u>817,133</u>	<u>1,209,894</u>

5.7%

5.1%

4.9%

5.7%

4.6%

3.7%

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

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

(11) Increase in fine fees and confiscated assets.

(12) Collection adjustment of tower rental.

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

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

(15) Cost associated with transportation and sidewalk projects.

(16) Veterans Memorial Park Fund opened.

**CITY OF FAYETTEVILLE, GEORGIA**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Insurance Premium Tax</b>
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
2011	2,695,368	2,215,415	1,324,949	350,585	600,117
2012	2,667,616	2,374,473	1,374,943	373,104	747,888
2013	2,887,571	2,369,274	1,329,806	384,026	794,382
2014	3,090,460	2,561,460	1,321,912	401,981	822,506

(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>
\$ 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
814,309	319,230	8,319,973
825,213	341,199	8,704,436
846,563	335,285	8,946,907
872,431	368,635	9,439,385

# CITY OF FAYETTEVILLE, GEORGIA

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

Fiscal Year	Assessed Value					
	Residential	Commercial	Industrial	Agricultural	Utility	Motor Vehicle
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
2011	415,908,249	367,331,508	10,757,511	111,440	8,184,468	42,264,380
2012	393,340,653	341,459,925	10,903,338	161,400	8,054,235	41,599,160
2013	326,191,083	315,754,591	9,024,407	128,960	10,413,957	43,882,340
2014	325,260,341	307,662,197	8,913,676	127,160	10,459,265	46,781,650

**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>
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%
351,732	1,479,328	843,429,960	3.240	2,108,574,900	40%
1,042,744	2,541,634	794,019,821	3.441	1,985,049,553	40%
616,446	2,227,595	703,784,189	3.882	1,759,460,473	40%
553,943	2,190,189	697,568,043	3.926	1,743,920,108	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	
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
2011	0.25	5.95	21.65	2.37	0.87	3.24	31.09
2012	0.25	6.30	21.65	2.69	0.75	3.44	31.64
2013	0.20	6.30	21.45	3.08	0.80	3.88	31.83
2014	0.15	6.38	21.45	2.68	1.19	3.87	31.85

**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 2014			Fiscal Year 2005		
	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	\$ 65,102,750	1	9.33%	\$ -		-
DDRTC Fayette Pavilion III & IV	31,985,140	2	4.59%	-		-
Brent Scarbrough & Company, Inc.	15,301,139	3	2.19%	-		-
Piedmont Fayette Medical & Office Bldg	14,675,905	4	2.10%	-		-
Banks Crossing Associates LLC & BC Plaza	14,525,730	5	2.08%	3,863,920	8	0.55%
Chartwell Cobblestone, LLC	14,149,980	6	2.03%	-		-
Piedmont Hospital Inc	13,963,450	7	2.00%	5,848,628	2	0.83%
Norbelle LLC & Lasalle Investment	11,169,480	8	1.60%	-		-
TNT SRT Summit Point LLC	10,399,000	9	1.49%	-		-
Fayetteville Towne Center	9,506,655	10	1.36%	4,702,776	5	0.67%
Inland South Fayette	-		-	52,810,864	1	7.52%
CP Summit Retail LLC	-		-	5,372,488	3	0.77%
BellSouth Telecommunication	-		-	4,714,604	4	0.67%
Yorktown Building Holding Co	-		-	4,225,680	6	0.60%
FAI LTD	-		-	3,880,000	7	0.55%
Lowe's Home Centers, Inc.	-		-	3,781,200	9	0.54%
Uptown Square	-		-	3,680,000	10	0.52%
<b>Total</b>	<b><u>\$ 200,779,229</u></b>		<b><u>28.78%</u></b>	<b><u>\$ 92,880,160</u></b>		<b><u>13.23%</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
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
2011	2,595,776	2,431,436	93.7	119,790	2,551,226	98.3
2012	2,732,222	2,449,988	89.7	89,897	2,539,885	93.0
2013	2,732,090	2,650,781	97.0	56,276	2,707,057	99.1
2014	2,799,996	2,701,065	96.5	45,045	2,746,110	98.1

**SOURCE:**

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

**CITY OF FAYETTEVILLE, GEORGIA**

**WATER SOLD BY CUSTOMER TYPE  
LAST TEN FISCAL YEARS  
(MILLIONS OF GALLONS)**

<b>Type of Customer</b>	<b>Fiscal Year</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Residential (1)	391.96	403.51	383.18	335.84	321.75	300.96	289.10	308.97	271.12	273.35
Commercial (1)	53.06	54.00	113.27	112.95	44.51	91.13	95.51	93.85	98.84	85.05
Senior (1)	64.40	70.20	40.70	39.61	82.33	58.79	69.20	58.26	67.76	71.34
Other (1)	15.48	16.04	11.76	11.94	15.23	11.17	16.50	14.26	11.72	9.45
<b>Total usage</b>	<b>524.90</b>	<b>543.75</b>	<b>548.91</b>	<b>500.34</b>	<b>463.82</b>	<b>462.05</b>	<b>470.31</b>	<b>475.34</b>	<b>449.44</b>	<b>439.19</b>
Total direct rate per 1,000 gallons (2)	\$ 2.40	\$ 2.40	\$ 2.65	\$ 2.65	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.97

(1) City of Fayetteville billing registers.

(2) City of Fayetteville ordinances.

# 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
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
2011	14.50	2.90	26.60	2.90	12.33	2.90
2012	14.50	2.90	26.60	2.90	12.33	2.90
2013	14.50	2.90	26.60	2.90	12.33	2.90
2014	14.83	2.97	27.21	2.97	12.61	2.97

**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
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
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
16.28	2.91	28.54	2.81	13.84	2.91
16.65	2.98	29.20	2.98	14.14	2.98

# CITY OF FAYETTEVILLE, GEORGIA

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

Taxpayer	Fiscal Year 2014			Fiscal Year 2005		
	Total Water Revenue	Rank	Percentage of Total Water Revenue	Total Water Revenue	Rank	Percentage of Total Water Revenue
Fayette County Jail Complex	\$ 24,356	1	1.09%	\$ 8,936	8	0.48%
Banks Station	23,436	2	1.04%	23,220	1	1.24%
Swanbrook	19,769	3	0.88%	16,944	3	0.91%
HCCC, Inc.	19,108	4	0.85%	10,736	7	0.57%
Bay Branch Condo	17,784	5	0.79%	12,612	5	0.67%
Board of Commissioners	14,442	6	0.64%	11,642	6	0.62%
Summit Retail	14,319	7	0.64%	2,444	10	0.13%
Cobblestone of Fayette	14,204	8	0.63%	13,695	4	0.73%
Holiday Inn Express	4,943	9	-	-		0.00%
Fayetteville Towne Center	1,043	10	-	4,655	9	0.25%
Fayette County Board of Education	-		-	22,163	2	1.19%
Subtotal (10 Largest)	153,404		6.84%	127,047		6.80%
Balance from Other Customers	2,089,953		93.16%	1,741,621		93.20%
Total	<u>\$ 2,243,357</u>		<u>100.00%</u>	<u>\$ 1,868,668</u>		<u>100.00%</u>

**SOURCE:**

City of Fayetteville, Georgia Water/Sewer Department records.

# CITY OF FAYETTEVILLE, GEORGIA

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

Taxpayer	Fiscal Year 2014			Fiscal Year 2005		
	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue
Fayette Community Hospital	\$ 90,342	1	3.41%	\$ -		-
Inland Group	51,343	2	1.94%	-		-
Banks Station	24,260	3	0.91%	18,304	1	1.20%
Fayette County Jail Complex	22,470	4	0.85%	6,603	8	0.43%
Swanbrook	21,448	5	0.81%	13,581	3	0.89%
Bay Branch Condo	19,099	6	-	10,099	6	0.66%
Cobblestone Fayette	15,374	7	0.58%	11,288	4	0.74%
HCCC, Inc	14,849	8	0.56%	8,230	7	0.54%
Board of Commissioners	14,030	9	0.53%	10,560	5	0.69%
Marksman Landscaping	13,785	10	0.52%	-		-
Fayette County Board of Education	-		-	14,294	2	0.94%
Fayetteville Towne Center	-		-	5,107	9	0.33%
Piccadilly Restaurants	-		-	1,802	10	0.12%
Subtotal (10 Largest)	287,000		10.82%	99,868		6.53%
Balance from Other Customers	2,364,383		89.18%	1,428,340		93.47%
Total	<u>\$ 2,651,383</u>		<u>100.00%</u>	<u>\$ 1,528,208</u>		<u>100.00%</u>

**SOURCE:**

City of Fayetteville, Georgia Water/Sewer Department records.

# CITY OF FAYETTEVILLE, GEORGIA

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

Fiscal Year	Governmental Activities				Total
	Certificates of Participation	Revenue Bonds	Capital Leases	Notes Payable	
2005	\$ 4,575,000	\$ -	\$ 815,377	\$ -	\$ 5,390,377
2006	4,395,000	-	709,610	-	5,104,610
2007	4,210,000	-	710,622	-	4,920,622
2008	4,020,000	-	793,724	-	4,813,724
2009	3,825,000	-	532,575	-	4,357,575
2010	3,625,000	-	353,854	-	3,978,854
2011	3,420,000	-	219,955	-	3,639,955
2012	3,210,000	-	-	-	3,210,000
2013	3,115,000	1,885,000 (2)	-	629,434 (2)	5,629,434
2014	3,010,000	1,805,000	-	725,532	5,540,532

**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.

(2) Due to the implementation of GASB 61, the Downtown Development Authority was changed from a discretely presented component unit to a blended component unit and the related debt became part of the primary government in fiscal year 2013.

<b>Business-type Activities</b>			<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
<b>Revenue Bonds</b>	<b>Notes Payable</b>	<b>Total</b>			
\$ 13,852,008	\$ 2,202,916	\$ 16,054,924	\$ 21,445,301	4.39 %	1,490
13,254,695	3,215,038	16,469,733	21,574,343	4.17	1,435
12,637,382	7,824,049	20,461,431	25,382,053	4.65	1,647
12,010,066	9,519,481	21,529,547	26,343,271	4.75	1,742
11,362,753	8,316,684	19,679,437	24,037,012	4.96	1,588
20,055,368	-	20,055,368	24,034,222	5.40	1,592
19,498,405	-	19,498,405	23,138,360	5.47	1,451
18,926,442	-	18,926,442	22,136,442	4.95	1,373
18,339,482	-	18,339,482	23,968,916	4.97	1,492
19,352,528	-	19,352,528	24,893,060	5.16	1,536

# CITY OF FAYETTEVILLE, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JULY 31, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Fayette County School District	\$ 65,640,447	10 %	\$ 6,564,045
Fayette County Public Facilities Authority	38,241,004	10 %	3,824,100
Total overlapping debt			10,388,145
City of Fayetteville direct debt			5,540,532
Total direct and overlapping debt			\$ 15,928,677

**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 of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

# CITY OF FAYETTEVILLE, GEORGIA

## LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

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	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 70,359,375	\$ 75,455,121	\$ 83,212,043	\$ 89,939,999
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 70,359,375</u>	<u>\$ 75,455,121</u>	<u>\$ 83,212,043</u>	<u>\$ 89,939,999</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.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 93,588,199	\$ 92,813,761	\$ 84,490,929	\$ 79,656,146	\$ 70,601,178	\$ 69,975,823
-	-	-	-	-	-
<u>\$ 93,588,199</u>	<u>\$ 92,813,761</u>	<u>\$ 84,490,929</u>	<u>\$ 79,656,146</u>	<u>\$ 70,601,178</u>	<u>\$ 69,975,823</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed value	\$ 697,568,043
Add back: exempt real property	<u>2,190,189</u>
Total assessed value	699,758,232
Debt limit (10% of assessed value)	69,975,823
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>\$ 69,975,823</u>

# CITY OF FAYETTEVILLE, GEORGIA

## PLEGGED-REVENUE COVERAGE LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Utility Service Charges</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
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
2011	5,450,926	3,716,167	1,734,759	550,000	840,828	1.25
2012	5,541,087	3,782,904	1,758,183	565,000	818,038	1.27
2013	5,448,935	3,582,188	1,866,747	580,000	799,210	1.35
2014	5,674,108	3,760,485	1,913,623	600,000	778,923	1.39

**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)
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
2011	15,945	423,356	26,551	36.1	20,607	8.3
2012	16,124	447,248	27,738	41.3	20,506	8.1
2013	16,060	482,330	30,033	41.6	20,317	7.7
2014	16,206	482,663	29,783	39.9	20,756	5.8

**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 ELEVEN YEARS AGO

Employer	Fiscal Year 2014			Fiscal Year 2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fayette County Board of Education	2,014	1	19.79%	805	1	5.28%
Fayette Hospital	1,248	2	12.26%	771	2	5.06%
Fayette County Board of Commissioners	720	3	7.07%	450	3	2.95%
Brent Scarbrough & Company	330	4	3.24%	110	9	0.72%
Wal-Mart Stores, Inc.	288	5	2.83%	120	6	0.79%
Kroger	278	6	2.73%	125	5	0.82%
Publix	246	7	2.42%	-		-
Lowe's	129	8	1.27%	-		-
Dwarf House of Fayetteville	121	9	1.19%	-		-
City of Fayetteville	121	10	1.19%	115	8	0.75%
Home Depot	-		-	150	4	0.98%
Lafayette Nursing Home	-		-	120	7	0.79%
Leslie Contracting	-		-	105	10	0.69%
<b>Total</b>	<b>5,495</b>		<b>53.98%</b>	<b>2,871</b>		<b>18.83%</b>

**SOURCE:**

City of Fayetteville, Georgia records.

NOTE: Information for 2004 and 2005 was not readily available.

# CITY OF FAYETTEVILLE, GEORGIA

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

Function	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government	15	15	13	13	10	14	14	13	13	13
Judicial	3	2	2	2	2	2	2	2	2	2
Public safety										
Police	48	48	49	54	48	45	45	44	46	42
Fire	27	27	26	30	36	36	36	35	35	37
Public works	12	14	14	14	13	12	12	11	11	10
Housing and development	12	10	9	9	6	5	5	6	6	3
Main Street Tourism	2	2	2	2	2	2	2	2	2	2
Water and Sewer										
Water	18	18	12	12	10	10	10	10	7	10
Wastewater	7	7	14	14	11	10	10	7	6	2
Total	<u>144</u>	<u>143</u>	<u>141</u>	<u>150</u>	<u>138</u>	<u>136</u>	<u>136</u>	<u>130</u>	<u>128</u>	<u>121</u>

**SOURCE:**

City of Fayetteville, Georgia records

# CITY OF FAYETTEVILLE, GEORGIA

## OPERATING INDICATORS BY FUNCTION LAST TEN CALENDAR YEARS

Function	2005	2006	2007	2008	2009	2010	2011
<b>Mayor And Council</b>							
Citizen contacts	1,745	5,871	4,859	4,626	7,000	5,000	5,000
Council meetings	26	25	25	26	24	26	26
Correspondence generated	74	55	85	81	150	100	100
<b>Finance and Administration</b>							
A/P checks processed	4,044	4,472	4,869	4,354	4,066	4,282	4,200
Business licenses processed	2,168	2,015	2,157	2,337	2,250	2,092	2,100
Utility bills generated	88,274	97,494	99,286	100,337	101,877	101,010	101,051
<b>Information Technology</b>							
Number of work orders received	523	468	529	530	528	600	600
Hits on City website per year	110,255	121,322	181,776	164,475	115,882	125,000	150,000
<b>Municipal Court</b>							
Citations processed	7,210	8,218	10,033	8,060	7,742	8,704	8,000
Cases adjudicated	8,736	9,708	11,990	7,319	7,900	9,131	9,000
Average inmates per month	12	11	16	20	12	14	12
<b>Police</b>							
Number of arrests	1,164	1,385	1,427	1,434	1,392	1,521	1,431
Number of traffic accidents	1,618	1,507	1,396	1,148	1,621	1,084	1,351
Citations/warnings issued	8,897	11,777	7,869	9,752	11,624	10,969	10,398
<b>Fire</b>							
Emergency calls	2,387	2,570	2,560	2,656	2,691	2,737	2,800
Hydrants maintained	1,089	1,117	1,250	1,250	1,289	1,300	1,315
Inspections completed	1,660	1,446	1,431	1,391	1,436	1,391	1,400
<b>Public Works</b>							
Miles resurfaced	2.0	2.5	1.3	1.3	1.3	1.5	1.5
Miles of cracks sealed	1.5	1.5	2.0	1.0	1.0	1.0	1.0
Miles of right of way mowed	380	430	435	445	455	465	465
<b>Housing And Development</b>							
Building permit inspections	5,484	7,020	4,097	3,087	3,087	2,294	2,300
Development plan applications	33	37	28	15	9	-	8
Erosion control inspections	3,672	3,452	2,085	1,643	1,060	461	460
<b>Water And Sewer</b>							
Water - gallons processed (X 1,000)	540,480	474,920	388,624	319,419	359,764	427,071	322,906
Wastewater - gallons processed (X 1,000)	833,790	770,502	716,985	684,408	561,675	630,894	637,203
New meter installations	153	168	54	25	11	13	15

**SOURCE:**

City of Fayetteville, Georgia records.

<b>2012</b>	<b>2013</b>	<b>2014</b>
4,600	4,600	4,600
25	25	24
80	65	70
3,739	3,943	4,013
2,217	2,183	2,409
99,936	101,105	103,446
600	600	665
150,000	150,000	152,436
6,518	5,585	6,693
5,301	4,845	5,096
9	5	5
1,382	1,145	940
1,317	1,388	1,326
10,161	8,449	6,450
3,110	2,850	2,518
1,261	1,280	642
1,381	1,450	1,908
1.3	1.5	0.0
1.0	1.0	0.0
352	390	386
2,300	2,398	3,286
7	11	4
427	460	409
300,269	224,093	224,013
543,576	548,332	713,125
14	139	71

# CITY OF FAYETTEVILLE, GEORGIA

## CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Government</b>										
Phone system	1	1	1	1	1	1	1	1	1	1
Computer system	1	1	1	1	1	1	1	1	1	1
Buildings	1	2	2	2	2	2	2	2	2	2
<b>Police</b>										
Station	1	1	1	1	1	1	1	1	1	1
<b>Fire</b>										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	3	3	3	3	3	3	3	4	4	4
<b>Public Works</b>										
Parks	4	5	5	5	5	5	5	5	5	5
Highways/streets	56.55	62.83	63.30	63.30	63.30	63.30	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	3	3	3	3	3	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	22	24	24	24	24	24	24	24	24	24
Miles of sewer lines	107	122	126	126	126	126	126	126	126	126
Miles of water lines	N/A	104	108	108	108	108	108	108	108	108
Manholes	2,494	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798
Stormwater detention	1	1	1	1	1	1	1	1	1	1
Lake	1	1	1	1	1	1	1	1	1	1
Wells	3	3	3	3	3	3	3	3	3	3

**SOURCE:**

City of Fayetteville, Georgia records.

## **CONTINUING DISCLOSURE SECTION**

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**CITY OF FAYETTEVILLE, GEORGIA**

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

<b>Calendar Year</b>	<b>Fayette County</b>		<b>System Well/Water Plant</b>		<b>Total Usage</b>	<b>Percent Change</b>
	<b>Volume</b>	<b>Percent</b>	<b>Volume</b>	<b>Percent</b>		
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
2011	149,076	31.6	322,906	68.4	471,982	(8.1)
2012	196,070	39.5	300,269	60.5	496,339	5.2
2013	248,780	52.8	222,129	47.2	470,909	(5.1)
2014	265,770	54.3	224,013	45.7	489,783	4.0

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>
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
2011	1.63	1.88
2012	1.46	1.65
2013	1.61	2.40
2014	1.85	1.80

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>
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
2011	6,607	(0.1)	8,027	121.5
2012	6,628	0.3	8,083	122.0
2013	6,720	1.4	8,196	122.0
2014	6,769	0.7	8,202	121.2

**SOURCE:**

City of Fayetteville, Georgia records.

# CITY OF FAYETTEVILLE, GEORGIA

## WATER AND SEWER USER FEES AND CHARGES

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 for water and sewerage usage, the City charges a connection fee for new water and sewer services based upon the size of water meter as indicated in the following table:

<u>Meter Size</u>	<u>Meter Charge</u>	<u>Installed</u>	<u>Tap</u>	<u>Sewer</u>	<u>Total for Water and Sewer</u>
5/8 - 3/4"	\$ 900	Y	\$ 400	\$ 1,479	\$ 2,779
1"	1,200	Y	400	2,464	4,064
1.5"	1,500	Y	400	4,928	6,828
2"	2,000	Y	400	7,885	10,285
3"	2,500	N	-	14,785	17,285
4"	4,800	N	-	21,642	26,442
6"	10,540	N	-	49,283	59,823
8"	14,000	N	-	78,854	92,854

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 \$28.20 per month. The average residential sewer bill is approximately \$30.06 per month.

**COMPLIANCE SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fayetteville, Georgia (the "City") for the year ended July 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 26, 2015.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Mauldin & Jenkins, LLC*

Macon, Georgia  
January 26, 2015

**CITY OF FAYETTEVILLE, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JULY 31, 2014**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	____ yes <u> X </u> no
Significant deficiencies identified not considered to be material weaknesses?	____ yes <u> X </u> no
Noncompliance material to financial statements noted?	____ yes <u> X </u> no

**Federal Awards**

There was not an audit of major federal award programs as of July 31, 2014 due to the total amount expended being less than \$500,000.

**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Not applicable.

**SECTION IV**  
**STATUS OF PRIOR YEAR FINDINGS**

None reported.