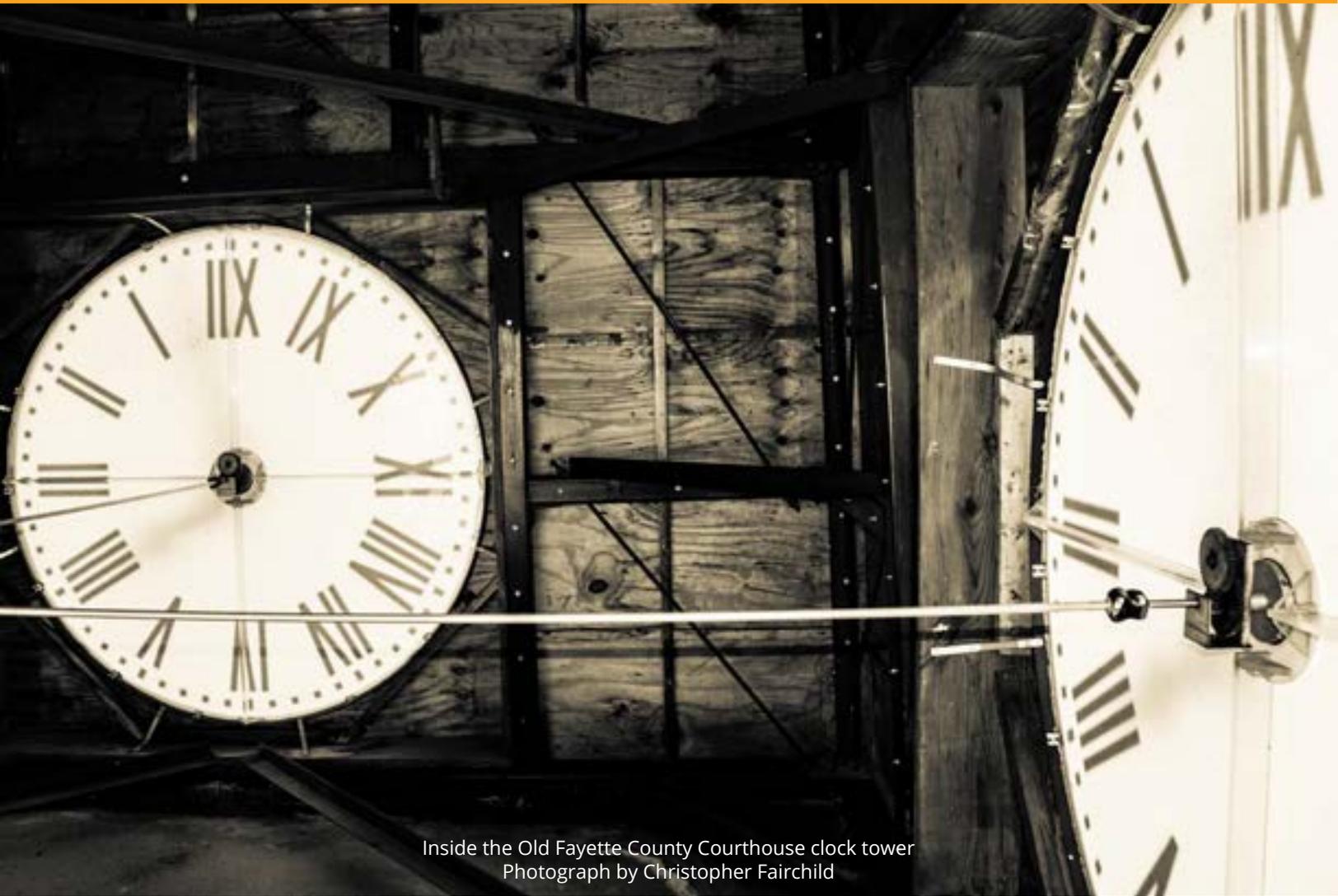


COMPREHENSIVE ANNUAL FINANCIAL REPORT



Inside the Old Fayette County Courthouse clock tower
Photograph by Christopher Fairchild



FOR THE YEAR ENDED JULY 31, 2018
CITY OF FAYETTEVILLE, GEORGIA

INTRODUCTORY SECTION

CITY OF FAYETTEVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JULY 31, 2018

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MAYOR
Edward Johnson

CITY MANAGER
Ray Gibson

CITY CLERK
Anne Barksdale



COUNCIL
Paul Oddo Jr., Mayor
Pro Tem
Kathaleen Brewer
Richard J. Hoffman
Harlan Shirley
Scott Stacy

January 25, 2019

Honorable Edward Johnson Jr., 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, 2018 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 is accurate in all material respects and is 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 financial statements. These statements are to be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The accounting firm of 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 2018, 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 37th 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 five 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 17,056. The median housing value in Fayetteville is \$242,197. Renters make up about 26.9% of the City's population; while 67% own homes. 6% of the homes and apartments are vacant in the City. The City remains affordable to residents as the per capita income is \$35,197.

The total number of building permit inspections for fiscal year 2018 was 4,524 compared to last fiscal year, was 3,613. The total number of development plan applications was 15 compared to last fiscal year, was 12, and the total number of erosion control inspections was 356 compared to last fiscal year, was 383.

The unemployment rate for Fayetteville is unchanged from 5.2% . Sales and office type jobs are the most prominent jobs in Fayetteville, followed by 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; and (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 improve from the recent recession. We have seen two years of positive growth in the tax digest. 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. We continue to work on capital expenditures for mostly public safety needs, however, again, we were able to add to our fleet for public works. The City continues to try and hold cost down through fuel conservation policy and debt restructuring.

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.

During 2018, the City was able to add 43 new employees. Six were in General Government position, twelve in the Police Department, fifteen in the Fire Department, four in the Community Development, one in Downtown Development, and five more in the Public Services Department. Once again, the City had an increase in personal services and benefits. The increase was due mainly to the increasing cost of health insurance.

Major Initiatives. For fiscal year 2018, the new Upper Deck seating area at the Southern Ground Amphitheater was completed.

Launched a new branding for Main Street Fayetteville.

The Fire Department received the Department of Homeland Security SAFER grant award in the amount of \$1,545,364 for the hiring of 12 firefighters.

The Water Division of Public Services completed the Yusifji Well Construction Project as part of the Groundwater Expansion Project.

The most significant project occurred with the completed negotiations for the purchase of the Fayette County Board of Education property for future City Hall site and the purchase of two strategic parcels in preparation for the Downtown redevelopment plan.

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, 2017. This was the twentieth-second 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 CAFR 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 2018. This was the twelfth 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 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 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, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF FAYETTEVILLE, GEORGIA

LIST OF PRINCIPAL OFFICIALS

MAYOR

Edward Johnson

CITY COUNCIL MEMBERS

Scott Stacy Mayor Pro Tem

James Williams

Paul Oddo

Kathaleen Brewer

Harlan Shirley

CITY MANAGER

Ray Gibson

CITY CLERK

Anne Barksdale

DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES

Mike Bush

CITY ATTORNEY

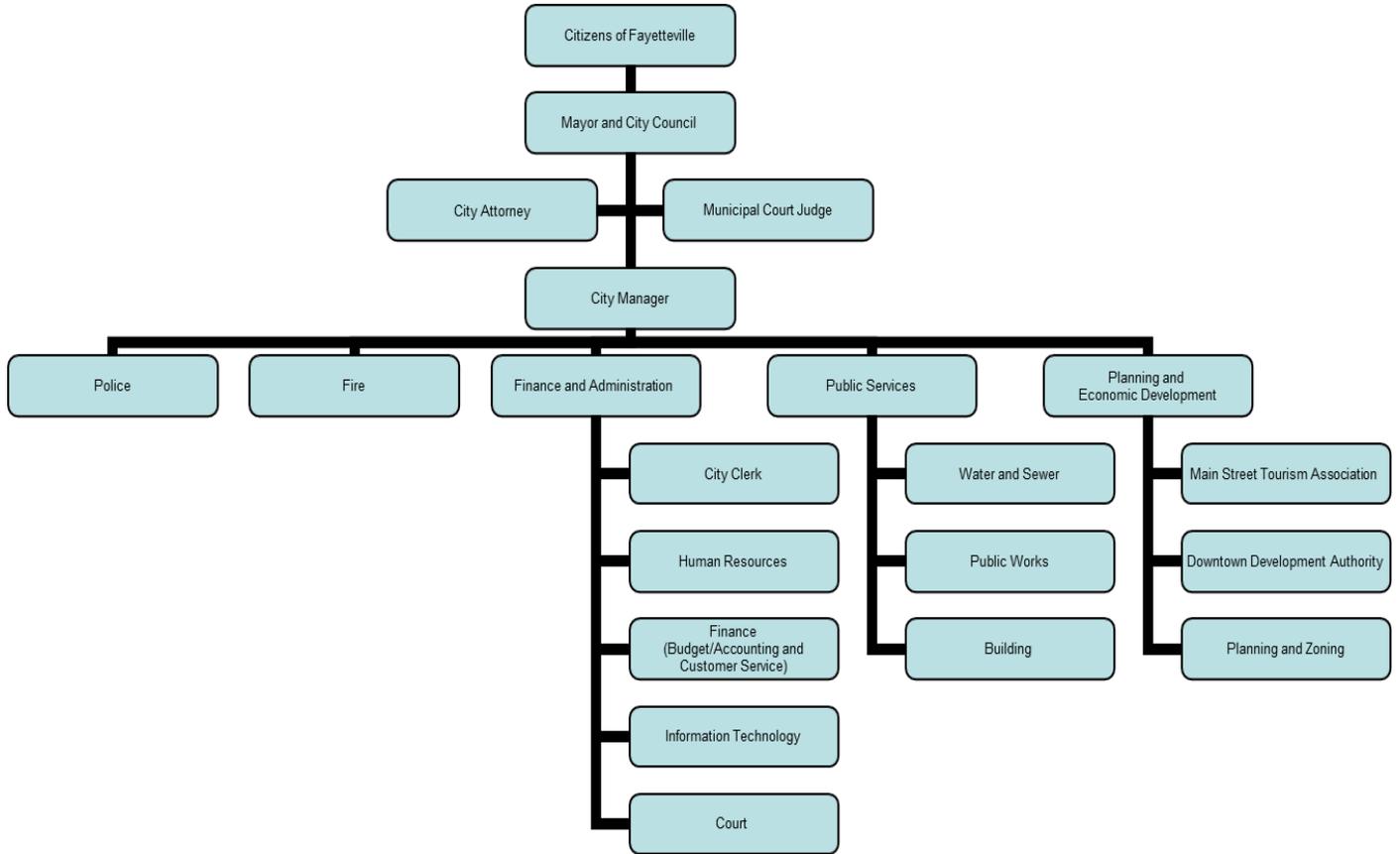
David Winkle

CITY AUDITORS

Mauldin & Jenkins, LLC

CITY OF FAYETTEVILLE, GEORGIA

ORGANIZATIONAL CHART



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fayetteville, Georgia as of July 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons 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 13), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 61), and the Schedule of City Contributions (on page 62) 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 (O.C.G.A.) 48-8-121, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds 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 25, 2019, on our consideration of the City of Fayetteville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Fayetteville, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fayetteville, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
January 25, 2019

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CITY OF FAYETTEVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JULY 31, 2018

Management's 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, 2018. 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 2018 are as follows:

In total, combined net position increased by \$2,595,539 which represents a 2.79% increase over FY 2017. This increase can primarily be attributed to investments in capital assets.

- Combined tax revenues accounted for \$12,566,128 or 63.9% 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 \$7,030,105 or 26.3% of total revenues of \$19,675,955 from governmental activities.
- The City had \$17,417,406 in expenses related to governmental activities; \$7,030,105 of these expenses were offset by charges for services, grants, and contributions. General revenues (primarily taxes) of \$12,645,850 provided for these services as well as increasing the City's net position by \$2,258,549.
- Total Water and Sewer Fund revenues for fiscal year 2018 were \$6,522,202. Total expenses for fiscal year 2018 were \$5,695,756. Capital contributions were recorded in the amount of \$184,970, including but not limited to donated property and sewer proportionate share. The change in net position after depreciation and non-operating revenues/expenses was \$303,734 for the fiscal year-end 2018.
- Revenues from the General Fund were \$13,466,734 fiscal year 2018, an increase of approximately 6.7% over the prior fiscal year, due to an increase in taxes, fines and forfeitures, charges for services, and collections. General Fund expenditures totaled \$15,152,520 for the fiscal year ended July 31, 2018, an increase of 24.6% over last fiscal year due mostly to increased spending in general government, judicial, public works, housing and development, and public safety areas.

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

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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 four Capital Projects Funds: (1) Building Fund, (2) Impact Fee Fund, (3) Capital Projects 2 Fund, and (4) 2017 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

The fiscal year 2018 total net position represents an increase of 2.8% over fiscal year 2017. 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.

TABLE 1 – NET POSITION

	Governmental Activities		Business-type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 14,124,299	\$ 12,476,547	\$ 8,163,060	\$ 8,146,997	\$ 22,287,359	\$ 20,623,544
Capital assets	82,737,518	78,031,976	24,894,447	25,183,876	107,631,965	103,215,852
Total assets	96,861,817	90,508,523	33,057,507	33,330,873	129,919,324	123,839,396
Deferred outflows of resources	1,396,305	1,428,457	350,325	414,258	1,746,630	1,842,715
Long-term liabilities	14,511,163	11,073,365	18,365,201	19,256,470	32,876,364	30,329,835
Other liabilities	1,622,387	1,520,691	902,682	808,404	2,525,069	2,329,095
Total liabilities	16,133,550	12,594,056	19,267,883	20,064,874	35,401,433	32,658,930
Deferred outflows of resources	631,357	108,258	148,096	25,394	779,453	133,652
Net position:						
Net investment in capital assets	73,396,508	72,963,871	7,627,778	7,233,909	81,024,286	80,197,780
Restricted	3,116,993	3,866,029	3,031,959	3,004,607	6,148,952	6,870,636
Unrestricted	4,979,714	2,404,766	3,332,116	3,416,347	8,311,830	5,821,113
Total net position	\$ 81,493,215	\$ 79,234,666	\$ 13,991,853	\$ 13,654,863	\$ 95,485,068	\$ 92,889,529

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 2 – CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 2,313,057	\$ 2,322,531	\$ 7,221,083	\$ 7,106,351	\$ 9,534,140	\$ 9,428,882
Operating grants and contributions	647,997	574,307	-	-	647,997	574,307
Capital grants and contributions	4,069,051	3,007,935	184,970	124,147	4,254,021	3,132,082
Total program revenues	<u>7,030,105</u>	<u>5,904,773</u>	<u>7,406,053</u>	<u>7,230,498</u>	<u>14,436,158</u>	<u>13,135,271</u>
General revenues:						
Property taxes	4,238,436	3,377,638	-	-	4,238,436	3,377,638
Other taxes	8,327,692	8,348,985	-	-	8,327,692	8,348,985
Unrestricted investment earnings	44,761	32,139	5,848	852	50,609	32,991
Gain on sale of capital assets	-	-	1,826	8,234	1,826	8,234
Transfers	34,961	-	(34,961)	-	-	-
Total general revenues	<u>12,645,850</u>	<u>11,758,762</u>	<u>(27,287)</u>	<u>9,086</u>	<u>12,618,563</u>	<u>11,767,848</u>
Total revenues	<u>19,675,955</u>	<u>17,663,535</u>	<u>7,378,766</u>	<u>7,239,584</u>	<u>27,054,721</u>	<u>24,903,119</u>
Expenses						
General government	3,580,927	1,897,428	-	-	3,580,927	1,897,428
Judicial	605,967	588,769	-	-	605,967	588,769
Public safety	7,904,689	8,804,976	-	-	7,904,689	8,804,976
Public works	3,082,460	1,782,748	-	-	3,082,460	1,782,748
Culture and recreation	30	30	-	-	30	30
Housing and development	2,085,329	1,807,358	-	-	2,085,329	1,807,358
Interest on long-term debt	158,004	157,269	-	-	158,004	157,269
Water and sewer	-	-	5,992,402	6,088,714	5,992,402	6,088,714
Stormwater	-	-	383,749	365,125	383,749	365,125
Solid waste	-	-	665,625	656,959	665,625	656,959
Total expenses	<u>17,417,406</u>	<u>15,038,578</u>	<u>7,041,776</u>	<u>7,110,798</u>	<u>24,459,182</u>	<u>22,149,376</u>
Change in net position	<u>2,258,549</u>	<u>2,624,957</u>	<u>336,990</u>	<u>128,786</u>	<u>2,595,539</u>	<u>2,753,743</u>
Net position, beginning of year	<u>79,234,666</u>	<u>76,609,709</u>	<u>13,654,863</u>	<u>13,526,077</u>	<u>92,889,529</u>	<u>90,135,786</u>
Net position, end of year	<u>\$ 81,493,215</u>	<u>\$ 79,234,666</u>	<u>\$ 13,991,853</u>	<u>\$ 13,654,863</u>	<u>\$ 95,485,068</u>	<u>\$ 92,889,529</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Please note that public safety expenses of \$7,904,689 represent 45% of the total governmental expenses. The next most significant program expense is general government, which totals \$3,580,927 or 21% 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.

This information was taken from the *Statement of Activities* on pages 15 and 16.

TABLE 3 – Governmental and Business Type Activities

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General government	\$ 3,580,927	\$ 1,897,428	\$ (2,968,665)	\$ (1,228,880)
Judicial	605,967	588,769	338,855	318,861
Public safety	7,904,689	8,804,976	(7,493,578)	(8,151,162)
Public works	3,082,460	1,782,748	1,108,623	1,052,216
Culture and recreation	30	30	(30)	(30)
Housing and development	2,085,329	1,807,358	(1,214,502)	(967,541)
Interest on long-term debt	158,004	157,269	(158,004)	(157,269)
Total governmental activities	17,417,406	15,038,578	(10,387,301)	(9,133,805)
Business-type activities	7,041,776	7,110,798	364,277	119,700
Total expenses	\$ 24,459,182	\$ 22,149,376	\$ (10,023,024)	\$ (9,014,105)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Fund Balance

At the end of the fiscal year 2018, the combined ending fund balances for the City's Governmental Funds were \$12,449,287. Of the total fund balance, \$11,948,810 is available as working capital for current spending in accordance with the purposes of the specific funds. The remainder of the fund balance, \$500,477, is not available for new spending because it is considered nonspendable (pre-paid items and inventory).

The General Fund's fund balance for the fiscal year ended 2018 was \$4,798,621, which indicates a decrease in fund balance over the previous year by \$1,908,057. The decrease in the General Fund's fund balance is due to \$80,000 being used to fund shortfalls in general government activities, \$726,000 to cover 12 new firefighters and one new police officer, \$325,000 to fund the purchase of land for the DDA, \$140,000 to fund the City's portion of two TE projects, and \$637,000 for the purchase of land for the new City Hall Project. The new SPLOST 2017 fund collected \$4,096,234 more in revenues than we spent in expenditures in 2018. Information provided in Table 4 is from the *Governmental Funds Balance Sheet* on pages 17 and 18.

TABLE 4 – Governmental Fund Balance

	2018	2017
General Fund	\$ 4,798,621	\$ 6,706,678
SPLOST 2017 Fund	4,096,234	-
Capital Projects 2 Fund*	-	159,551
Other Governmental Funds	3,554,432	4,055,753
Total	\$ 12,449,287	\$ 10,921,982

*Formerly referred to as the SPLOST Fund.

Proprietary Net Position

At the end of the fiscal year 2018, the combined net position of the City's Proprietary Funds were \$13,991,853. The most significant event that took place in the Water and Sewer Funds was the increase of supplies and contracted services and the increase in revenue collections.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$13,466,734 were less than the final budgeted amount of \$14,469,660 by \$1,002,926.
- The actual expenditures of \$15,152,520 were less than the final budgeted amount of \$15,704,678 by \$552,158. This difference was primarily due to less capital outlay than expected during the current year.
- The original budget had to be increased by \$1,024,620 due to the change in revenues. Sales taxes were originally budgeted as \$3,310,951 with actual revenues of \$3,799,392 for a total increase of \$488,441; other taxes were originally budgeted as \$4,450,900 with actual revenues of \$4,528,300 for a total increase of \$77,400; intergovernmental revenues were originally budgeted as \$136,372 with actual revenues of \$378,631 for an increase of \$242,259; and fines and forfeitures were originally budgeted as \$1,050,000 with actual revenues of \$901,655 for a decrease of \$148,345.

Capital Assets and Debt Administration

At the end of fiscal year 2018, the City had \$107,631,965 invested in capital assets, which is an increase over fiscal year 2017 of \$4,416,113. Table 5 shows fiscal years 2018 and 2017 balances of the *Capital Assets, Net of Accumulated Depreciation* as presented in Note 7.

TABLE 5 – Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Land	\$ 11,380,324	\$ 7,844,071	\$ 1,630,139	\$ 1,630,139	\$ 13,010,463	\$ 9,474,210
Historical treasures	91,279	91,279	-	-	91,279	91,279
Construction in progress	2,598,901	791,965	1,619,794	1,039,521	4,218,695	1,831,486
Buildings	5,921,505	4,741,644	-	-	5,921,505	4,741,644
Land improvements	1,157,422	1,007,263	-	-	1,157,422	1,007,263
Equipment	2,304,004	3,476,646	389,039	319,457	2,693,043	3,796,103
Infrastructure	59,284,083	60,079,108	21,255,475	22,194,759	80,539,558	82,273,867
Total	\$ 82,737,518	\$ 78,031,976	\$ 24,894,447	\$ 25,183,876	\$ 107,631,965	\$ 103,215,852

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt

The City reported outstanding debt of \$18,365,201 as of July 31, 2018. Debt for the Business-type activities relates to the Water and Sewerage Revenue Bonds that were issued in FY2013 to refinance the cost of the 2003 Water and Sewerage Revenue Bonds, the Water and Sewer Fund's allocated portion of the net pension liability, and Water and Sewerage issuance of GEFA note payable in FY2017 to make improvements to the city's storm water infrastructure. The amount of outstanding debt in Governmental Activities includes Certificates of Participation (COPS) with Georgia Municipal Association (GMA), revenue bonds, compensated absences, capital leases, net pension liability, and notes payable totaling \$14,511,163. This amount increased over the prior year as a result of an additional lease purchase transaction and additional compensated absences and the implementation of GASB Statement No. 68 and 71 requiring the City to report a net pension liability. Table 6 – *Outstanding Long-Term Liabilities* reflects information provided in Note 8.

TABLE 6 – Outstanding Long-Term Liabilities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Notes payable	\$ 3,239,917	\$ 389,925	\$ 801,206	\$ 801,206
Compensated absences	584,121	773,018	-	-
Net pension liability	4,534,526	5,165,442	1,063,653	1,211,646
Capital leases	3,027,599	1,184,980	-	-
Certificates of participation	2,175,000	2,390,000	-	-
Bonds payable:				
Revenue bonds	950,000	1,170,000	16,460,000	17,195,000
Deferred amounts:				
Premium	-	-	40,342	48,618
Total bonds payable	<u>950,000</u>	<u>1,170,000</u>	<u>16,500,342</u>	<u>17,243,618</u>
Total long-term liabilities	<u>\$ 14,511,163</u>	<u>\$ 11,073,365</u>	<u>\$ 18,365,201</u>	<u>\$ 19,256,470</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Current Issues

Economic Factors and Next Year's Budget and Rates

Today, the population for the City of Fayetteville increased by 351 and is estimated to be 17,056. The City continued to see growth in the City's General Fund revenues, which have increased from \$3,840,328 in 1994 to \$13,466,734 in 2018. The economic condition and outlook of the City is beginning to show some 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 growth in revenues, particularly property taxes and building related fees. The 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 increased due to the collection of additional revenues through taxes and other revenues. Additionally, our debt service expenses have increased as a result of infrastructure projects and newly required pension liabilities being added to the financial statements.

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.

BASIC FINANCIAL STATEMENTS

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF NET POSITION

JULY 31, 2018

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 7,931,354	\$ 2,109,819	\$ 10,041,173
Investments	2,856,162	-	2,856,162
Taxes receivable	679,987	-	679,987
Accounts receivable, net of allowances	1,147,871	967,031	2,114,902
Due from other governments	69,686	-	69,686
Internal balances	271,742	(271,742)	-
Inventories	29,092	149,996	179,088
Prepaid expenses	471,385	27,895	499,280
Restricted assets, cash and cash equivalents	667,020	5,180,061	5,847,081
Capital assets, nondepreciable	14,070,504	3,249,933	17,320,437
Capital assets, depreciable, net of accumulated depreciation	68,667,014	21,644,514	90,311,528
Total assets	96,861,817	33,057,507	129,919,324
DEFERRED OUTFLOWS OF RESOURCES			
Pension	1,344,799	315,446	1,660,245
Deferred charge on refunding	51,506	34,879	86,385
Total deferred outflows of resources	1,396,305	350,325	1,746,630
LIABILITIES			
Accounts payable	857,486	648,153	1,505,639
Accrued liabilities	204,377	254,529	458,906
Unearned revenues	560,524	-	560,524
Capital leases due within one year	585,448	-	585,448
Capital leases due in more than one year	2,442,151	-	2,442,151
Compensated absences due within one year	292,047	-	292,047
Compensated absences due in more than one year	292,074	-	292,074
Certificates of participation due within one year	220,000	-	220,000
Certificates of participation due in more than one year	1,955,000	-	1,955,000
Notes payable due within one year	536,186	-	536,186
Notes payable due in more than one year	2,703,731	801,206	3,504,937
Bonds payable due within one year	230,000	745,000	975,000
Bonds payable due in more than one year	720,000	15,755,342	16,475,342
Net pension liability	4,534,526	1,063,653	5,598,179
Total liabilities	16,133,550	19,267,883	35,401,433
DEFERRED INFLOWS OF RESOURCES			
Pension	631,357	148,096	779,453
Total deferred inflows of resources	631,357	148,096	779,453
NET POSITION			
Net investment in capital assets	73,396,508	7,627,778	81,024,286
Restricted for:			
Debt service	-	3,031,959	3,031,959
Law enforcement	111,417	-	111,417
Cemetery improvements	13,372	-	13,372
Veterans memorial	329	-	329
Downtown development	852,326	-	852,326
Tourism	145,722	-	145,722
Other capital projects	1,993,827	-	1,993,827
Unrestricted	4,979,714	3,332,116	8,311,830
Total net position	\$ 81,493,215	\$ 13,991,853	\$ 95,485,068

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, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 3,580,927	\$ 612,132	\$ -	\$ 130
Judicial	605,967	944,822	-	-
Public safety	7,904,689	56,850	354,261	-
Public works	3,082,460	-	122,162	4,068,921
Culture and recreation	30	-	-	-
Housing and development	2,085,329	699,253	171,574	-
Interest on long-term debt	158,004	-	-	-
Total governmental activities	<u>17,417,406</u>	<u>2,313,057</u>	<u>647,997</u>	<u>4,069,051</u>
Business-type activities:				
Water and sewer	5,992,402	5,748,538	-	184,970
Stormwater	383,749	773,664	-	-
Solid waste	665,625	698,881	-	-
Total business-type activities	<u>7,041,776</u>	<u>7,221,083</u>	<u>-</u>	<u>184,970</u>
Total primary government	<u>\$ 24,459,182</u>	<u>\$ 9,534,140</u>	<u>\$ 647,997</u>	<u>\$ 4,254,021</u>

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
- Transfers
- 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**

Governmental Activities	Business-type Activities	Total
\$ (2,968,665)	\$ -	\$ (2,968,665)
338,855	-	338,855
(7,493,578)	-	(7,493,578)
1,108,623	-	1,108,623
(30)	-	(30)
(1,214,502)	-	(1,214,502)
(158,004)	-	(158,004)
<u>(10,387,301)</u>	<u>-</u>	<u>(10,387,301)</u>
-	(58,894)	(58,894)
-	389,915	389,915
-	33,256	33,256
-	<u>364,277</u>	<u>364,277</u>
<u>(10,387,301)</u>	<u>364,277</u>	<u>(10,023,024)</u>
4,238,436	-	4,238,436
3,799,392	-	3,799,392
1,426,555	-	1,426,555
369,553	-	369,553
1,154,115	-	1,154,115
1,072,946	-	1,072,946
505,131	-	505,131
44,761	5,848	50,609
-	1,826	1,826
34,961	(34,961)	-
<u>12,645,850</u>	<u>(27,287)</u>	<u>12,618,563</u>
2,258,549	336,990	2,595,539
79,234,666	13,654,863	92,889,529
<u>\$ 81,493,215</u>	<u>\$ 13,991,853</u>	<u>\$ 95,485,068</u>

CITY OF FAYETTEVILLE, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JULY 31, 2018**

ASSETS	General Fund	SPLOST 2017 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 1,374,220	\$ 2,978,988	\$ 3,578,146	\$ 7,931,354
Investments	2,856,162	-	-	2,856,162
Taxes receivable	616,727	-	63,260	679,987
Accounts receivable	462,757	684,490	624	1,147,871
Due from other governments	-	-	69,686	69,686
Due from other funds	293,920	439,634	177,888	911,442
Inventories	7,551	-	21,541	29,092
Prepaid expenditures	443,281	-	28,104	471,385
Restricted assets	-	-	667,020	667,020
Total assets	\$ 6,054,618	\$ 4,103,112	\$ 4,606,269	\$ 14,763,999
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 428,600	\$ 6,878	\$ 422,008	\$ 857,486
Accrued liabilities	184,076	-	2,874	186,950
Due to other funds	91,840	-	547,860	639,700
Unearned revenue	481,429	-	79,095	560,524
Total liabilities	1,185,945	6,878	1,051,837	2,244,660
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	70,052	-	-	70,052
Total deferred inflows of resources	70,052	-	-	70,052

CITY OF FAYETTEVILLE, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JULY 31, 2018

	General Fund	SPLOST 2017 Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES				
Fund balances:				
Nonspendable	\$ 450,832	\$ -	\$ 49,645	\$ 500,477
Restricted	-	4,096,234	3,504,787	7,601,021
Assigned	3,500,000	-	-	3,500,000
Unassigned	847,789	-	-	847,789
	4,798,621	4,096,234	3,554,432	12,449,287
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,054,618	\$ 4,103,112	\$ 4,606,269	
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. \$ 82,737,518</p> <p>Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds. 70,052</p> <p>The net pension liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds. (3,821,084)</p> <p>Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. (9,942,558)</p> <p>Net position of governmental activities \$ 81,493,215</p>				

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, 2018

	General Fund	SPLOST 2017 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 11,349,948	\$ -	\$ 1,200,134	\$ 12,550,082
Licenses and permits	493,649	-	-	493,649
Intergovernmental	378,631	3,831,195	237,726	4,447,552
Fines and forfeitures	901,655	-	-	901,655
Charges for services	131,617	-	330,538	462,155
Impact fees	-	-	368,585	368,585
Contributions	82,548	-	132,109	214,657
Interest income	41,673	1,637	1,451	44,761
Rental income	-	-	37,803	37,803
Other revenues	87,013	-	17,036	104,049
Total revenues	13,466,734	3,832,832	2,325,382	19,624,948
Expenditures				
Current:				
General government	3,322,770	-	-	3,322,770
Judicial	610,101	-	-	610,101
Public safety	8,943,660	-	15,635	8,959,295
Public works	1,217,720	-	-	1,217,720
Culture and recreation	-	-	30	30
Housing and development	1,058,269	-	1,437,146	2,495,415
Capital outlay:				
General government	-	-	248,264	248,264
Public safety	-	-	1,082,029	1,082,029
Public works	-	4,079,052	254,672	4,333,724
Debt service:				
Principal	-	114,372	888,017	1,002,389
Interest	-	12,418	132,996	145,414
Total expenditures	15,152,520	4,205,842	4,058,789	23,417,151
Deficiency of revenues under expenditures	(1,685,786)	(373,010)	(1,733,407)	(3,792,203)

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2018

	General Fund	SPLOST 2017 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses):				
Capital leases	\$ -	\$ 1,200,000	\$ 1,165,000	\$ 2,365,000
Issuance of debt	-	2,895,000	-	2,895,000
Proceeds from sale of assets	24,547	-	-	24,547
Transfers in	489,961	64,748	1,829,641	2,384,350
Transfers out	(736,779)	-	(1,612,610)	(2,349,389)
Total other financing sources (uses)	(222,271)	4,159,748	1,382,031	5,319,508
Net change in fund balances	(1,908,057)	3,786,738	(351,376)	1,527,305
Fund balances, beginning of year	6,706,678	309,496	3,905,808	10,921,982
Fund balances, end of year	\$ 4,798,621	\$ 4,096,234	\$ 3,554,432	\$ 12,449,287

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

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CITY OF FAYETTEVILLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JULY 31, 2018

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

Net change in fund balances - total governmental funds	\$ 1,527,305
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.	4,705,542
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	16,046
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.	(4,257,611)
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.	267,267
Change in net position - governmental activities	<u>\$ 2,258,549</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 BUDGET AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JULY 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 3,201,751	\$ 3,201,821	\$ 3,022,256	\$ (179,565)
Sales taxes	3,310,951	3,800,951	3,799,392	(1,559)
Other taxes	4,450,900	4,697,200	4,528,300	(168,900)
Licenses and permits	851,000	851,000	493,649	(357,351)
Intergovernmental	136,372	449,622	378,631	(70,991)
Fines and forfeitures	1,050,000	1,050,000	901,655	(148,345)
Charges for services	176,593	204,093	131,617	(72,476)
Contributions	8,505	85,505	82,548	(2,957)
Interest income	20,000	42,000	41,673	(327)
Other revenues	58,968	87,468	87,013	(455)
Total revenues	13,265,040	14,469,660	13,466,734	(1,002,926)
Expenditures:				
Current:				
General government:				
Mayor and council	407,415	303,646	189,076	114,570
Clerk of council	112,683	115,541	113,820	1,721
City manager	140,104	142,273	139,982	2,291
Elections	15,000	15,000	2,300	12,700
Financial administration	625,016	624,841	596,278	28,563
Public information	84,155	99,555	98,212	1,343
Law	120,000	212,590	211,822	768
Data processing	259,828	276,537	275,090	1,447
Human resources	84,820	153,959	151,704	2,255
Building and plant	365,689	1,503,589	1,544,486	(40,897)
Total general government	2,214,710	3,447,531	3,322,770	124,761
Judicial:				
Municipal court	682,405	617,763	610,101	7,662
Public safety:				
Police administration	687,269	487,761	479,841	7,920
Investigations	1,111,855	1,130,232	1,109,624	20,608
Patrol	2,344,816	2,646,067	2,644,556	1,511
Police stations and buildings	90,503	276,665	107,629	169,036
Support services	478,556	558,327	557,279	1,048
Fire administration	381,217	372,891	371,043	1,848
Fire fighting	2,738,265	3,232,168	3,206,706	25,462
Fire prevention	380,990	384,693	382,145	2,548
Fire station 91 and headquarters	50,580	43,459	42,225	1,234
Fire station 92	29,500	28,450	26,919	1,531
Fire station 93	16,900	16,567	15,693	874
Total public safety	8,310,451	9,177,280	8,943,660	233,620

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JULY 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
Public works:				
Public works administration	\$ 138,729	\$ 149,436	\$ 146,639	\$ 2,797
Highways and streets	932,320	1,079,154	1,071,081	8,073
Total public works	1,071,049	1,228,590	1,217,720	10,870
Housing and development:				
Inspection	362,703	415,315	316,437	98,878
Planning and zoning	474,702	674,906	627,386	47,520
Engineering and development	40,340	35,060	34,177	883
Economic development	109,641	106,349	79,388	26,961
Main Street	-	1,884	881	1,003
Total housing and development	987,386	1,233,514	1,058,269	175,245
Total expenditures	13,266,001	15,704,678	15,152,520	552,158
Excess (deficiency) of revenues over (under) expenditures	(961)	(1,235,018)	(1,685,786)	(450,768)
Other financing sources (uses):				
Proceeds from sale of assets	25,000	25,000	24,547	(453)
Transfers in	49,961	489,961	489,961	-
Transfers out	(274,000)	(737,000)	(736,779)	221
Total other financing uses	(199,039)	(222,039)	(222,271)	(232)
Net change in fund balances	(200,000)	(1,457,057)	(1,908,057)	(451,000)
Fund balances, beginning of year	6,706,678	6,706,678	6,706,678	-
Fund balances, end of year	\$ 6,506,678	\$ 5,249,621	\$ 4,798,621	\$ (451,000)

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

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JULY 31, 2018

ASSETS	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,023,945	\$ 85,874	\$ 2,109,819
Accounts receivable, net of allowances	967,031	-	967,031
Inventories	149,996	-	149,996
Prepaid expenses	27,895	-	27,895
Restricted assets, cash, and cash equivalents	5,180,061	-	5,180,061
Total current assets	8,348,928	85,874	8,434,802
NONCURRENT ASSETS			
Capital assets:			
Capital assets, nondepreciable	3,249,933	-	3,249,933
Capital assets, depreciable, net of accumulated depreciation	21,644,514	-	21,644,514
Total capital assets	24,894,447	-	24,894,447
Total noncurrent assets	24,894,447	-	24,894,447
Total assets	33,243,375	85,874	33,329,249
DEFERRED OUTFLOWS OF RESOURCES			
Pension	315,446	-	315,446
Deferred charge on refunding	34,879	-	34,879
Total deferred outflows of resources	350,325	-	350,325
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	592,957	55,196	648,153
Accrued liabilities	98,999	-	98,999
Due to other funds	271,742	-	271,742
Current portion of revenue bonds payable from restricted assets	745,000	-	745,000
Accrued interest	155,530	-	155,530
Total current liabilities	1,864,228	55,196	1,919,424
NONCURRENT LIABILITIES			
Net pension liability	1,063,653	-	1,063,653
Revenue bonds payable, net of current portion	15,755,342	-	15,755,342
Notes payable, net of current portion	801,206	-	801,206
Total noncurrent liabilities	17,620,201	-	17,620,201
Total liabilities	19,484,429	55,196	19,539,625

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JULY 31, 2018

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
DEFERRED INFLOWS OF RESOURCES			
Pension	\$ 148,096	\$ -	\$ 148,096
Total deferred inflows of resources	148,096	-	148,096
NET POSITION			
Net investment in capital assets	7,627,778	-	7,627,778
Restricted for debt service	3,031,959	-	3,031,959
Unrestricted	3,301,438	30,678	3,332,116
Total net position	\$ 13,961,175	\$ 30,678	\$ 13,991,853

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

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CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2018

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
OPERATING REVENUES			
Charges for services:			
Water sales pledged as security for revenue bonds	\$ 2,702,427	\$ -	\$ 2,702,427
Sewer sales pledged as security for revenue bonds	3,040,799	-	3,040,799
Stormwater sales pledged as security for revenue bonds	773,664	-	773,664
Sanitation charges	-	698,881	698,881
Other fees and charges	5,312	-	5,312
Total operating revenues	6,522,202	698,881	7,221,083
OPERATING EXPENSES			
Personal services and employee benefits	1,769,051	-	1,769,051
Contracted services	964,004	665,625	1,629,629
Supplies	1,442,077	-	1,442,077
Depreciation	1,520,624	-	1,520,624
Total operating expenses	5,695,756	665,625	6,361,381
Operating income	826,446	33,256	859,702
NON-OPERATING INCOME (EXPENSES)			
Gain on disposal of assets	1,826	-	1,826
Interest income	5,848	-	5,848
Interest expense	(680,395)	-	(680,395)
Total non-operating expenses, net	(672,721)	-	(672,721)
Income before transfers and capital contributions	153,725	33,256	186,981
TRANSFERS			
Transfers out	(34,961)	-	(34,961)
Total transfers	(34,961)	-	(34,961)
CAPITAL CONTRIBUTIONS			
Change in net position	184,970	-	184,970
Change in net position	303,734	33,256	336,990
NET POSITION, beginning of year	13,657,441	(2,578)	13,654,863
NET POSITION, end of year	\$ 13,961,175	\$ 30,678	\$ 13,991,853

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, 2018

	<u>Major Enterprise Fund Water and Sewer Fund</u>	<u>Nonmajor Enterprise Fund Solid Waste Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 6,461,640	\$ 698,881	\$ 7,160,521
Payments to suppliers and service providers	(2,160,655)	(738,634)	(2,899,289)
Payments to employees	(1,578,921)	-	(1,578,921)
Net cash provided by (used in) operating activities	<u>2,722,064</u>	<u>(39,753)</u>	<u>2,682,311</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property and equipment	(1,231,195)	-	(1,231,195)
Proceeds from sale of property and equipment	1,827	-	1,827
Principal paid on bonds	(735,000)	-	(735,000)
Interest paid	(632,519)	-	(632,519)
Capital contributions	184,970	-	184,970
Net cash used in capital and related financing activities	<u>(2,411,917)</u>	<u>-</u>	<u>(2,411,917)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	5,848	-	5,848
Net cash provided by investing activities	<u>5,848</u>	<u>-</u>	<u>5,848</u>
Increase (decrease) in cash and cash equivalents	281,034	(39,753)	241,281
Cash and cash equivalents:			
Beginning of year	<u>6,922,972</u>	<u>125,627</u>	<u>7,048,599</u>
End of year	<u>\$ 7,204,006</u>	<u>\$ 85,874</u>	<u>\$ 7,289,880</u>
Classified as:			
Cash and cash equivalents	\$ 2,023,945	\$ 85,874	\$ 2,109,819
Restricted assets, cash and cash equivalents	5,180,061	-	5,180,061
	<u>\$ 7,204,006</u>	<u>\$ 85,874</u>	<u>\$ 7,289,880</u>

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2018

	<u>Major Enterprise Fund Water and Sewer Fund</u>	<u>Nonmajor Enterprise Fund Solid Waste Fund</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 826,446	\$ 33,256	\$ 859,702
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	1,520,624	-	1,520,624
Increase in accounts receivable	(60,562)	-	(60,562)
Increase in inventories	(5,410)	-	(5,410)
Decrease in due from other funds	61,416	-	61,416
Decrease in deferred outflows of resources - pension	3,955	-	3,955
Increase in prepaid expenses	(4,932)	-	(4,932)
Decrease in accrued liabilities	(42,012)	-	(42,012)
Increase (decrease) in accounts payable	194,352	(54,237)	140,115
Increase in deferred inflows of resources - pension	122,702	-	122,702
Decrease in net pension liability	(147,993)	-	(147,993)
Increase (decrease) in due to other funds	253,478	(18,772)	234,706
	<u>253,478</u>	<u>(18,772)</u>	<u>234,706</u>
Net cash provided by (used in) operating activities	<u>\$ 2,722,064</u>	<u>\$ (39,753)</u>	<u>\$ 2,682,311</u>

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

CITY OF FAYETTEVILLE, GEORGIA

NOTES TO FINANCIAL STATEMENTS JULY 31, 2018

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 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 and provides the majority of funding for the Downtown Development Authority's operating budget. The Downtown Development Authority's debt outstanding is expected to be repaid almost entirely from the resources of the City. 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's governing body is substantively the same as the Fayetteville Main Street Tourism Association's governing body and has operational responsibility for the Main Street Tourism Association in that the City manages the activities of the component unit in essentially the same manner in which it manages its own programs, departments, or agencies. 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

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

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 Tax (SPLOST) 2017 Fund** is the fund that accounts for expenditures relating to the renovation of existing stormwater projects, recreation projects, public safety uses, construction of roads, and all such projects under the SPLOST 2017 referendum.

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.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds 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 non-operating revenues and expenses.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Deposits

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

State statutes authorize the City to invest in: obligations of the United States, the State of Georgia and other political subdivisions of the State of Georgia, and other states; prime bankers' acceptances; repurchase agreements; and the Georgia local government investment pool (Georgia Fund 1). Georgia Fund 1, created by O.C.G.A. 36-83-8, is a stable net asset value investment pool which follows Standard & Poor's criteria for AAAf rated money market funds. The investment in the Georgia Fund 1 represents the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The pool also adjusts the value of its investments to fair value as of year-end and the City's investment in the Georgia Fund 1 is valued at fair value.

E. Receivables and Payables

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

F. Inventories

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

G. Prepaid Expenditures/Expenses

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

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 acquisition 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

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations (Continued)

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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had four items that qualified for reporting in this category. The first relates to 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. The other three items relate to the City's defined benefit pension plan. The pension experience differences, pension assumption changes, and the contributions made subsequent to the measurement date are deferred and recognized as pension expense in future years.

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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 had two items which qualified for reporting in this category. The first item, unavailable revenue, arises only under the modified accrual basis of accounting, and 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. The other item relates to the City's defined benefit pension plan. The pension investment earnings gain represents future acquisitions of net position and, accordingly, are reported as deferred inflows of resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- **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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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.

O. Pension

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

P. Tax Abatement Agreements

During the year ended July 31, 2017, the City implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues.

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 difference are as follows:

Accrued interest payable	\$ (17,427)
Compensated absences payable	(584,121)
Notes payable	(3,239,917)
Capital leases	(3,027,599)
Revenue bonds	(950,000)
Certificates of participation	(2,175,000)
Deferred refunding loss	<u>51,506</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (9,942,558)</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 difference are as follows:

Capital outlay	\$ 6,514,601
Depreciation expense	<u>(1,809,059)</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>\$ 4,705,542</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 difference are as follows:

Debt issued:	
Capital leases	\$ (2,365,000)
Notes payable	(2,895,000)
Principal repayments:	
Certificates of participation	215,000
Revenue bonds	220,000
Note payable	45,008
Capital leases	<u>522,381</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>\$ (4,257,611)</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 difference are as follows:

Compensated absences	\$ 188,897
Accrued interest	2,705
Net pension liability and related deferred outflows and inflows of resources	90,960
Amortization of deferred refunding loss	<u>(15,295)</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>\$ 267,267</u>

NOTES TO FINANCIAL STATEMENTS

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, 2018, there were no outstanding encumbrances.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of July 31, 2018, the City's investment in Georgia Fund 1 was rated AA+ by Standard & Poor's and is valued at fair market value.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

At July 31, 2018, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	20 day weighted average	\$ 2,355,260
Certificate of Deposit	August 2018	104,990
Certificate of Deposit	August 2018	245,978
Certificate of Deposit	August 2018	149,934
		<u>\$ 2,856,162</u>

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.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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

Custodial Credit Risk – Deposits. 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, 2018, all of the deposits for the City were fully collateralized in accordance with the state statutes.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Receivables at July 31, 2018 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>SPLOST 2017</u>	<u>Water and Sewer</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 616,727	\$ -	\$ -	\$ 63,260	\$ 679,987
Accounts	493,521	684,490	1,089,423	624	2,268,058
Gross receivables	<u>1,110,248</u>	<u>684,490</u>	<u>1,089,423</u>	<u>63,884</u>	<u>2,948,045</u>
Less allowance for uncollectibles	30,764	-	122,392	-	153,156
Net total receivables	<u>\$ 1,079,484</u>	<u>\$ 684,490</u>	<u>\$ 967,031</u>	<u>\$ 63,884</u>	<u>\$ 2,794,889</u>

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 August 24, 2017, and were due and payable on November 15, 2017. All unpaid taxes became delinquent as of November 16, 2017. Property taxes attached as an enforceable lien on property as of January 15, 2018. Receivables are recorded when taxes are levied.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended July 31, 2018, is as follows:

A. Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,844,071	\$ 3,536,253	\$ -	\$ -	\$ 11,380,324
Historical treasures	91,279	-	-	-	91,279
Construction in progress	791,965	1,806,936	-	-	2,598,901
Total	<u>8,727,315</u>	<u>5,343,189</u>	<u>-</u>	<u>-</u>	<u>14,070,504</u>
Capital assets, being depreciated:					
Buildings	10,222,130	-	-	-	10,222,130
Land improvements	1,397,012	172,077	-	-	1,569,089
Infrastructure	73,044,704	115,995	-	-	73,160,699
Equipment	6,677,014	883,340	(165,469)	-	7,394,885
Total	<u>91,340,860</u>	<u>1,171,412</u>	<u>(165,469)</u>	<u>-</u>	<u>92,346,803</u>
Less accumulated depreciation for:					
Buildings	5,480,486	257,065	-	(1,436,926)	4,300,625
Land improvements	389,749	21,918	-	-	411,667
Infrastructure	12,965,596	911,020	-	-	13,876,616
Equipment	3,200,368	619,056	(165,469)	1,436,926	5,090,881
Total	<u>22,036,199</u>	<u>1,809,059</u>	<u>(165,469)</u>	<u>-</u>	<u>23,679,789</u>
Total assets, being depreciated, net	<u>69,304,661</u>	<u>(637,647)</u>	<u>-</u>	<u>-</u>	<u>68,667,014</u>
Governmental activities capital assets, net	<u>\$ 78,031,976</u>	<u>\$ 4,705,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,737,518</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>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,630,139	\$ -	\$ -	\$ -	\$ 1,630,139
Construction in progress	1,039,521	1,100,231		(519,958)	1,619,794
Total	<u>2,669,660</u>	<u>1,100,231</u>	<u>-</u>	<u>(519,958)</u>	<u>3,249,933</u>
Capital assets, being depreciated:					
Water and plant distribution system	11,809,986	-	-	87,752	11,897,738
Sewer plant and extensions	34,794,598	-	-	-	34,794,598
Stormwater system	3,628,172	-	-	432,206	4,060,378
Equipment	1,286,336	130,964	(33,119)	-	1,384,181
Total	<u>51,519,092</u>	<u>130,964</u>	<u>(33,119)</u>	<u>519,958</u>	<u>52,136,895</u>
Less accumulated depreciation for:					
Water and plant distribution system	10,544,474	488,452	-	-	11,032,926
Sewer plant and extensions	16,731,081	857,862	-	-	17,588,943
Stormwater system	762,442	112,928	-	-	875,370
Equipment	966,879	61,382	(33,119)	-	995,142
Total	<u>29,004,876</u>	<u>1,520,624</u>	<u>(33,119)</u>	<u>-</u>	<u>30,492,381</u>
Total assets, being depreciated, net	<u>22,514,216</u>	<u>(1,389,660)</u>	<u>-</u>	<u>519,958</u>	<u>21,644,514</u>
Business-type activities capital assets, net	<u>\$ 25,183,876</u>	<u>\$ (289,429)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,894,447</u>

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

Governmental activities:

General government	\$ 127,939
Public safety	646,663
Public works	938,117
Housing and development	<u>96,340</u>

Total depreciation expense - governmental activities \$ 1,809,059

Business-type activities:

Water and sewer	<u>\$ 1,520,624</u>
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Total depreciation expense - business-type activities \$ 1,520,624

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, 2018, 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 and Sewer Fund	3.00 - 4.50%	23 years	2032	<u>\$ 9,870,000</u>	<u>\$ 9,635,000</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 2013A and 2013B, and complete the refunding totaled \$330,775. This refunding resulted in an economic gain of \$567,355. Revenue bonds outstanding at July 31, 2018, 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 and Sewer Fund, Series					
2013A	2.35 - 4.00%	20 years	2033	<u>\$ 6,750,000</u>	\$ 6,750,000
	Plus unamortized premium				<u>40,082</u>
	Total 2013A				<u>6,790,082</u>
2013B	2.00 - 2.25%	5 years	2019	<u>2,635,000</u>	75,000
	Plus unamortized premium				<u>260</u>
	Total 2013B				<u>75,260</u>
	Total 2013A and 2013B			<u>\$ 9,385,000</u>	<u>\$ 6,865,342</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:

Year Ending July 31,	Principal	Interest
2019	\$ 745,000	\$ 620,301
2020	770,000	596,082
2021	790,000	573,282
2022	815,000	549,162
2023	835,000	529,261
2024-2028	4,975,000	2,151,159
2029-2033	6,315,000	955,097
2034 and 2035	1,215,000	48,600
Total	\$ 16,460,000	\$ 6,022,944

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 until maturity or the bonds are redeemed. 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. For the fiscal year ended July 31, 2018, the levied tax by the City totaled \$2,536,503 and the total debt service related to the revenue bonds totaled \$246,394. Amounts pledged equal total debt service for each applicable year. Revenue bonds outstanding at July 31, 2018, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Downtown Development Authority	2.49%	10 years	2021	\$ 1,885,000	\$ 950,000

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:

Year Ending July 31,	Principal	Interest
2019	\$ 230,000	\$ 20,791
2020	235,000	15,002
2021	240,000	9,089
2022	245,000	3,050
Total	\$ 950,000	\$ 47,932

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. For the fiscal year ended July 31, 2018, the levied tax by the City totaled \$2,536,503 and the total debt service related to the revenue bonds totaled \$48,787. Amounts pledged equal total debt service for each applicable year. The note is as follows at July 31, 2018:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
4.17%	15 years	2024	\$ 540,000	\$ 237,584

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued). 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. For the fiscal year ended July 31, 2018, the levied tax by the City totaled \$2,536,503 and the total debt service related to the revenue bonds totaled \$12,212. Amounts pledged equal total debt service for each applicable year. The note is as follows at July 31, 2018:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
4.70%	5 years	2019	\$ 143,200	\$ 107,333

During the fiscal year ended July 31, 2018, the City entered into an Installment Sales Agreement debt in the amount of \$2,895,000. The proceeds from the debt agreement were used to purchase land for capital outlay projects. The note is as follows at July 31, 2018:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
3.34%	12 years	2029	\$ 2,895,000	\$ 2,895,000

The annual requirements to pay the notes outstanding are as follows:

<u>Year Ending July 31,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 536,186	\$ 99,487
2020	443,941	98,027
2021	458,666	83,059
2022	474,563	67,584
2023	491,337	51,582
2024-2028	688,224	95,706
2029	147,000	2,455
Total	\$ 3,239,917	\$ 497,900

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued). The City has also incurred debt to the Georgia Environmental Facilities Authority for construction of various water and sewer system projects. This note is a construction line of credit agreement with a rate of 2.03% for \$1,465,000, of which \$801,206 had been drawn as of July 31, 2018. A debt service requirements to maturity schedule is not presented for the construction line of credit as this note payable is in the draw down phase as of July 31, 2018, and repayment will be determined when construction is complete and all draws have been made.

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, 2018, 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	2027	<u>\$ 3,115,000</u>	<u>\$ 2,175,000</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>
2019	\$ 220,000	\$ 46,772
2020	225,000	41,733
2021	230,000	36,580
2022	235,000	31,314
2023	240,000	25,934
2024-2027	<u>1,025,000</u>	<u>47,169</u>
Total	<u>\$ 2,175,000</u>	<u>\$ 229,502</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Capital Leases. During the year ended July 31, 2016, the City entered into a lease-purchase agreement with the Georgia Municipal Association for the purchase of a vehicle in the amount of \$768,055 for the public safety department. The lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and have been recorded at the present value of the future minimum lease payments as of the date of their inception. The vehicle leases are being serviced by Building Fund payments with annual interest rates of 2.54%. During the year ended July 31, 2017, the City entered into a lease-purchase agreement with the Georgia Municipal Association for the purchase of a vehicle in the amount of \$580,700 for the public safety department. The lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and have been recorded at the present value of the future minimum lease payments as of the date of their inception. The vehicle leases are being serviced by Building Fund payments with annual interest rates of 2.06%. During the year ended July 31, 2018, the City entered into three lease-purchase agreements with SunTrust for the purchase of vehicles, equipment and land in the amount of \$650,000, \$1,200,000, and \$515,000. The lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and have been recorded at the present value of the future minimum lease payments as of the date of their inception. These leases are being serviced by Building Fund and SPLOST 2017 Fund payments with annual interest rates of 2.42%, 2.12%, and 1.94% respectively.

The City reported accumulated depreciation and depreciation expense in the respective amounts of \$610,238 and \$218,398 on the above leased assets as of July 31, 2018.

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at July 31, 2018:

Year Ending July 31,		
2019	\$	791,787
2020		691,734
2021		502,917
2022		414,154
2023		287,364
2024-2028		549,128
Total minimum lease payments		3,237,084
Less amount representing interest		(209,485)
Present value of future minimum lease payments		3,027,599
Less current maturities		(585,448)
	\$	2,442,151

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended July 31, 2018, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds	\$ 1,170,000	\$ -	\$ (220,000)	\$ 950,000	\$ 230,000
Certificates of participation	2,390,000	-	(215,000)	2,175,000	220,000
Notes payable	389,925	2,895,000	(45,008)	3,239,917	536,186
Capital leases	1,184,980	2,365,000	(522,381)	3,027,599	585,448
Net pension liability	5,165,442	1,856,016	(2,486,932)	4,534,526	-
Compensated absences	773,018	296,461	(485,358)	584,121	292,047
Governmental activities Long-term liabilities	<u>\$ 11,073,365</u>	<u>\$ 7,412,477</u>	<u>\$ (3,974,679)</u>	<u>\$ 14,511,163</u>	<u>\$ 1,863,681</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 17,195,000	\$ -	\$ (735,000)	\$ 16,460,000	\$ 745,000
Deferred amount:					
Premium	48,618	-	(8,276)	40,342	-
Total bonds payable	17,243,618	-	(743,276)	16,500,342	745,000
Notes payable	801,206	-	-	801,206	-
Net pension liability	1,211,646	435,362	(583,355)	1,063,653	-
Business-type activities Long-term liabilities	<u>\$ 19,256,470</u>	<u>\$ 435,362</u>	<u>\$ (1,326,631)</u>	<u>\$ 18,365,201</u>	<u>\$ 745,000</u>

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

Defeasance of Debt. During prior years, the City defeased certain 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, 2018, the total outstanding amount of bonds considered defeased was \$900,000 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, 2018, is as follows:

Receivable Fund	Payable Fund			Total
	General Fund	Water and Sewer Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 269,977	\$ 23,943	\$ 293,920
SPLOST 2017 Fund	-	-	439,634	439,634
Nonmajor governmental funds	91,840	1,765	84,283	177,888
Total	\$ 91,840	\$ 271,742	\$ 547,860	\$ 911,442

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	Water and Sewer Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 34,961	\$ 455,000	\$ 489,961
SPLOST 2017	-	-	64,748	64,748
Nonmajor governmental funds	736,779	-	1,092,862	1,829,641
Total	\$ 736,779	\$ 34,961	\$ 1,612,610	\$ 2,384,350

Transfers are used to (1) move revenues from the fund that the 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

NOTE 10. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the ten 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, 2018, 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 O.C.G.A. 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. O.C.G.A. 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 pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan Membership

As of January 1, 2018, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	68
Inactive plan members entitled to but not receiving benefits	76
Active plan members	144
	<hr/> <u>288</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. For the year ended July 31, 2018, the City's contribution rate was 16.32% of annual payroll. City contributions to the Plan were \$1,022,541 for the year ended July 31, 2018.

Net Pension Liability of the City

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

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

Inflation	2.75%
Salary increases	2.75% plus service based merit increases
Investment rate of return	7.50%

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – June 30, 2014.

Cost of living adjustments were assumed to be 2.75% although the Plan allowance for annual cost of living adjustment is variable, as established by the City Council, in an amount not to exceed 4%.

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

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

Discount Rate

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the year ended July 31, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at July 31, 2017	\$ 19,264,893	\$ 12,887,805	\$ 6,377,088
Changes for the year:			
Service cost	329,802	-	329,802
Interest	1,457,157	-	1,457,157
Differences between expected and actual experience	129,571	-	129,571
Assumption changes	-	-	-
Contributions - employer	-	1,063,454	(1,063,454)
Contributions - employee	-	51,362	(51,362)
Net investment income	-	1,955,471	(1,955,471)
Benefit payments, including refunds of employee contributions	(925,729)	(925,729)	-
Administrative expense	-	(44,411)	44,411
Other	330,437	-	330,437
Net changes	<u>1,321,238</u>	<u>2,100,147</u>	<u>(778,909)</u>
Balances at July 31, 2018	<u>\$ 20,586,131</u>	<u>\$ 14,987,952</u>	<u>\$ 5,598,179</u>

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	<u>\$ 8,514,555</u>	<u>\$ 5,598,179</u>	<u>\$ 3,187,634</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Continued)

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

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

For the year ended July 31, 2018, the City recognized pension expense of \$1,044,574. At July 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 560,300	\$ -
Changes in assumptions	247,827	-
Net difference between projected and actual earnings on pension plan investments	-	(779,453)
City contributions subsequent to the measurement date	852,118	-
Total	\$ 1,660,245	\$ (779,453)

City contributions subsequent to the measurement date of \$852,118 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending July 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending July 31:		
2019		\$ 259,532
2020		115,787
2021		(156,434)
2022		(190,211)
Total		\$ 28,674

NOTES TO FINANCIAL STATEMENTS

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 years of continuous service. For the fiscal year ended July 31, 2018, the City's contribution to the Plan was \$57,093. The amount contributed by employees was \$169,302.

NOTE 13. RISK MANAGEMENT

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 14. FUND EQUITY

A. Fund Balances:

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

General Fund	
Prepaid items	\$ 443,281
Inventories	7,551
Building Fund	
Prepaid items	22,268
Downtown Development Authority Fund	
Prepaid items	99
Main Street Tourism Association Fund	
Prepaid items	217
Inventories	21,541
Confiscated Assets Fund	
Prepaid items	5,520

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

Confiscated Assets Fund - used to account for public safety-related expenditures funded by drug confiscations.	\$ 111,417
Veterans Memorial Park Fund - used for the design and construction of a Veterans Memorial.	329
Cemetery Fund - accounts for the revenues earned from a trust set up for cemetery improvements.	13,372
Downtown Development Authority Fund - used for housing and development within the City.	852,326
Main Street Tourism Association Fund - used for the promotion of tourism in the City of Fayetteville, Georgia.	145,722
Capital Projects 2 Fund - used to account for capital projects financed with intergovernmental revenues that are in the completion phase.	387,794
Impact Fee Fund - accounts for capital projects activity funded by development impact fees.	1,570,626
Building Fund - accounts for capital projects activity funded by state road maintenance fees.	423,201
SPLOST 2017 - used to account for capital projects financed with intergovernmental revenues.	4,096,234

NOTES TO FINANCIAL STATEMENTS

NOTE 14. FUND EQUITY (CONTINUED)

A. Fund Balances: (Continued)

- **Assigned** – The following fund balances are assigned for:

General Fund

Three-month operating reserve, as provided for in adopted
City policy

\$ 3,500,000

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.

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at July 31, 2018, the City has contractual commitments on uncompleted construction contracts of approximately \$65,478.

NOTE 16. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. The O.C.G.A. Section 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, 2018, the City collected \$277,159 of hotel/motel taxes, and transferred 100% of the lodging tax received during the year ended July 31, 2018 to the Downtown Development Authority Fund, where it was used for the promotion of tourism.

NOTES TO FINANCIAL STATEMENTS

NOTE 17. EXCISE TAXES ON RENTAL MOTOR VEHICLES

Under the provisions of the O.C.G.A. 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, 2018, 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, 2018:

Revenues	\$179,475
Expenditures	\$179,475

NOTE 18. TAX ABATEMENT AGREEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, the City is required to disclose certain information about tax abatements as defined in the Statement. For the purposes of GASB No. 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the City or the citizens of the City. The City has entered into such agreements. The following is a description of the City's abatement program where the City has promised to forgo taxes.

The Fayette County Board of Commissioners authorizes industries which promote the development of trade, commerce, industry and employment opportunities in the City to participate in the Economic Development Program. Abatements of real and personal property taxes are provided to companies based on a criteria calculation which includes targeted industry, capital investment and employment. The abatement may reduce the amount of property taxes paid over ten or twenty years. The agreements may contain claw back provisions which would result in the re-payment of the annual tax abatement for each year the Company fails to meet its jobs/investment commitment. For the fiscal year ended July 31, 2018, the City abated property taxes totaling \$ 151,227.

NOTE 19. BUDGET COMPLIANCE

The General Fund's building and plant department had actual expenditures in excess of appropriations of \$40,897 for the year ended July 31, 2018. This department's over expenditures were funded by greater than anticipated revenues.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE FISCAL YEAR ENDED JULY 31

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability				
Service cost	\$ 329,802	\$ 263,826	\$ 208,146	\$ 157,698
Interest on total pension liability	1,457,157	1,361,621	1,251,294	1,215,070
Differences between expected and actual experience	129,571	479,242	893,993	463,700
Changes of assumptions	-	-	-	(425,920)
Changes in benefit terms	330,437	52,900	-	-
Benefit payments, including refunds of employee contributions	(925,729)	(923,996)	(935,731)	(950,553)
Net change in total pension liability	1,321,238	1,233,593	1,417,702	459,995
Total pension liability - beginning	19,264,893	18,031,300	16,613,598	16,153,603
Total pension liability - ending (a)	\$ 20,586,131	\$ 19,264,893	\$ 18,031,300	\$ 16,613,598
Plan fiduciary net position				
Contributions - employer	\$ 1,063,454	\$ 784,036	\$ 770,628	\$ 735,096
Contributions - employee	51,362	37,550	29,259	10,870
Net investment income	1,955,471	1,308,314	140,161	1,221,044
Benefit payments, including refunds of employee contributions	(925,729)	(923,996)	(935,731)	(950,553)
Administrative expenses	(44,411)	(21,005)	(21,533)	(17,333)
Net change in plan fiduciary net position	2,100,147	1,184,899	(17,216)	999,124
Plan fiduciary net position - beginning	12,887,805	11,702,906	11,720,122	10,720,998
Plan fiduciary net position - ending (b)	\$ 14,987,952	\$ 12,887,805	\$ 11,702,906	\$ 11,720,122
City's net pension liability (a) - (b)	\$ 5,598,179	\$ 6,377,088	\$ 6,328,394	\$ 4,893,476
Plan fiduciary net position as a percentage of the total pension liability	72.8%	66.9%	64.9%	70.5%
Covered payroll	\$ 6,150,907	\$ 5,753,146	\$ 4,388,256	\$ 4,101,931
City's net pension liability as a percentage of covered payroll	91.0%	110.8%	144.2%	119.3%

Notes to the Schedule

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

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF CITY CONTRIBUTIONS

FOR THE FISCAL YEAR ENDED JULY 31

	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,022,541	\$ 910,444	\$ 761,413	\$ 772,471
Contributions in relation to the actuarially determined contribution	1,022,541	910,444	761,413	772,471
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,445,561	\$ 7,540,108	\$ 7,042,464	\$ 6,205,807
Contributions as a percentage of covered payroll	12.1%	12.1%	10.8%	12.4%

Notes to the Schedule

Valuation date	January 1, 2018
Cost method	Projected unit credit
Actuarial asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is
Assumed rate of return on investments	7.50%
Projected salary increases	2.75% plus service based merit increases
Cost of living adjustments	0.00%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

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

NONMAJOR GOVERNMENTAL FUNDS

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.

Capital Projects 2 Fund – This fund is used to account for the accumulation and expenditures of resources for various capital projects which are funded by a percentage of property taxes.

CITY OF FAYETTEVILLE, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JULY 31, 2018**

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	\$ -	\$ 115,082	\$ -	\$ 329	\$ 13,372
Taxes receivable	10,148	-	53,112	-	-
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenditures	-	5,520	-	-	-
Inventory	-	-	-	-	-
Restricted assets	-	-	-	-	-
Total assets	\$ 10,148	\$ 120,602	\$ 53,112	\$ 329	\$ 13,372
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 3,665	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	10,148	-	53,112	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	10,148	3,665	53,112	-	-
FUND BALANCES					
Nonspendable	-	5,520	-	-	-
Restricted	-	111,417	-	329	13,372
Total fund balances	-	116,937	-	329	13,372
Total liabilities and fund balances	\$ 10,148	\$ 120,602	\$ 53,112	\$ 329	\$ 13,372

		Capital Projects Funds				
Downtown Development Authority Fund	Main Street Tourism Association Fund	Building Fund	Impact Fee Fund	Capital Projects 2 Fund	Total Nonmajor Governmental Funds	
\$ 798,869	\$ 227,862	\$ 419,621	\$ 1,550,288	\$ 452,723	\$ 3,578,146	
-	-	-	-	-	63,260	
-	-	624	-	-	624	
-	-	-	36,491	33,195	69,686	
10,148	54,877	107,992	4,871	-	177,888	
99	217	22,268	-	-	28,104	
-	21,541	-	-	-	21,541	
56,202	-	610,818	-	-	667,020	
<u>\$ 865,318</u>	<u>\$ 304,497</u>	<u>\$ 1,161,323</u>	<u>\$ 1,591,650</u>	<u>\$ 485,918</u>	<u>\$ 4,606,269</u>	
\$ 5,055	\$ 75,643	\$ 262,716	\$ -	\$ 74,929	\$ 422,008	
1,326	1,548	-	-	-	2,874	
6,512	3,926	453,138	21,024	-	547,860	
-	55,900	-	-	23,195	79,095	
<u>12,893</u>	<u>137,017</u>	<u>715,854</u>	<u>21,024</u>	<u>98,124</u>	<u>1,051,837</u>	
99	21,758	22,268	-	-	49,645	
852,326	145,722	423,201	1,570,626	387,794	3,504,787	
<u>852,425</u>	<u>167,480</u>	<u>445,469</u>	<u>1,570,626</u>	<u>387,794</u>	<u>3,554,432</u>	
<u>\$ 865,318</u>	<u>\$ 304,497</u>	<u>\$ 1,161,323</u>	<u>\$ 1,591,650</u>	<u>\$ 485,918</u>	<u>\$ 4,606,269</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, 2018**

	Special Revenue Funds				
	Vehicle Excise Tax Fund	Confiscated Assets Fund	Hotel/Motel Tax Fund	Veterans Memorial Park Fund	Cemetery Fund
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	179,475	-	277,159	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Impact fees	-	-	-	-	-
Contributions	-	-	-	-	15,244
Interest income	-	-	-	-	-
Rental income	-	-	-	-	-
Other revenues	-	-	-	130	-
Total revenues	179,475	-	277,159	130	15,244
Expenditures:					
Current:					
Public safety	-	15,635	-	-	-
Culture and recreation	-	-	-	30	-
Housing and development	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	15,635	-	30	-
Excess (deficiency) of revenues over (under) expenditures	179,475	(15,635)	277,159	100	15,244
Other financing sources (uses):					
Capital leases	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(179,475)	-	(277,159)	-	(25,000)
Total other financing sources (uses)	(179,475)	-	(277,159)	-	(25,000)
Net change in fund balances	-	(15,635)	-	100	(9,756)
Fund balances, beginning of year	-	132,572	-	229	23,128
Fund balances, end of year	\$ -	\$ 116,937	\$ -	\$ 329	\$ 13,372

Capital Projects Funds					
Downtown Development Authority Fund	Main Street Tourism Association Fund	Building Fund	Impact Fee Fund	Capital Projects 2 Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 743,500	\$ -	\$ -	\$ 743,500
-	-	-	-	-	456,634
-	-	195,402	-	42,324	237,726
-	330,538	-	-	-	330,538
-	-	-	368,585	-	368,585
27,989	88,876	-	-	-	132,109
-	-	1,451	-	-	1,451
-	37,803	-	-	-	37,803
1,605	15,301	-	-	-	17,036
<u>29,594</u>	<u>472,518</u>	<u>940,353</u>	<u>368,585</u>	<u>42,324</u>	<u>2,325,382</u>
-	-	-	-	-	15,635
-	-	-	-	-	30
477,415	959,731	-	-	-	1,437,146
-	-	248,264	-	-	248,264
-	-	1,082,029	-	-	1,082,029
-	-	220,591	-	34,081	254,672
265,008	-	623,009	-	-	888,017
42,385	-	90,611	-	-	132,996
<u>784,808</u>	<u>959,731</u>	<u>2,264,504</u>	<u>-</u>	<u>34,081</u>	<u>4,058,789</u>
<u>(755,214)</u>	<u>(487,213)</u>	<u>(1,324,151)</u>	<u>368,585</u>	<u>8,243</u>	<u>(1,733,407)</u>
-	-	1,165,000	-	-	1,165,000
997,443	297,159	315,039	-	220,000	1,829,641
-	(80,000)	(290,017)	(760,959)	-	(1,612,610)
<u>997,443</u>	<u>217,159</u>	<u>1,190,022</u>	<u>(760,959)</u>	<u>220,000</u>	<u>1,382,031</u>
242,229	(270,054)	(134,129)	(392,374)	228,243	(351,376)
<u>610,196</u>	<u>437,534</u>	<u>579,598</u>	<u>1,963,000</u>	<u>159,551</u>	<u>3,905,808</u>
<u>\$ 852,425</u>	<u>\$ 167,480</u>	<u>\$ 445,469</u>	<u>\$ 1,570,626</u>	<u>\$ 387,794</u>	<u>\$ 3,554,432</u>

CITY OF FAYETTEVILLE, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2018**

	Vehicle Excise Tax Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	\$ 180,000	\$ 179,475	\$ (525)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	<u>180,000</u>	<u>179,475</u>	<u>(525)</u>
Expenditures:			
Current:			
Public safety	-	-	-
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>180,000</u>	<u>179,475</u>	<u>(525)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(180,000)	(179,475)	525
Total other financing sources (uses)	<u>(180,000)</u>	<u>(179,475)</u>	<u>525</u>
Net change in fund balances	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Confiscated Assets Fund

<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
\$ -	\$ -	\$ -
-	-	-
45,500	-	(45,500)
-	-	-
-	-	-
-	-	-
<u>45,500</u>	<u>-</u>	<u>(45,500)</u>
45,500	15,635	29,865
-	-	-
-	-	-
-	-	-
-	-	-
<u>45,500</u>	<u>15,635</u>	<u>29,865</u>
-	(15,635)	(15,635)
-	-	-
-	-	-
-	-	-
-	(15,635)	(15,635)
<u>132,572</u>	<u>132,572</u>	<u>-</u>
<u>\$ 132,572</u>	<u>\$ 116,937</u>	<u>\$ (15,635)</u>

CITY OF FAYETTEVILLE, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2018**

	Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	\$ 279,330	\$ 277,159	\$ (2,171)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	<u>279,330</u>	<u>277,159</u>	<u>(2,171)</u>
Expenditures:			
Current:			
Public safety	-	-	-
Culture and recreation	-	-	-
Housing and development	279,330	-	279,330
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>279,330</u>	<u>-</u>	<u>279,330</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>277,159</u>	<u>277,159</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	(277,159)	(277,159)
Total other financing sources (uses)	<u>-</u>	<u>(277,159)</u>	<u>(277,159)</u>
Net change in fund balances	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Veterans Memorial Park Fund

<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
180	130	(50)
<u>180</u>	<u>130</u>	<u>(50)</u>
-	-	-
1,805	30	1,775
-	-	-
-	-	-
-	-	-
<u>1,805</u>	<u>30</u>	<u>1,775</u>
(1,625)	100	1,725
1,625	-	(1,625)
-	-	-
<u>1,625</u>	<u>-</u>	<u>(1,625)</u>
-	100	100
229	229	-
<u>\$ 229</u>	<u>\$ 329</u>	<u>\$ 100</u>

CITY OF FAYETTEVILLE, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2018**

	Cemetery Fund		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Other taxes	\$ -	\$ -	\$ -
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	15,300	15,244	(56)
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	<u>15,300</u>	<u>15,244</u>	<u>(56)</u>
Expenditures:			
Current:			
Public safety	-	-	-
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>15,300</u>	<u>15,244</u>	<u>(56)</u>
Other financing sources (uses):			
Transfers in	13,000	-	(13,000)
Transfers out	(28,300)	(25,000)	3,300
Total other financing sources (uses)	<u>(15,300)</u>	<u>(25,000)</u>	<u>(9,700)</u>
Net change in fund balances	-	(9,756)	(9,756)
Fund balances, beginning of year	<u>23,128</u>	<u>23,128</u>	<u>-</u>
Fund balances, end of year	<u>\$ 23,128</u>	<u>\$ 13,372</u>	<u>\$ (9,756)</u>

(Continued)

Downtown Development Authority Fund		
Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
29,069	27,989	(1,080)
-	-	-
1,680	1,605	(75)
<u>30,749</u>	<u>29,594</u>	<u>(1,155)</u>
-	-	-
-	-	-
926,477	477,415	449,062
265,599	265,008	591
43,000	42,385	615
<u>1,235,076</u>	<u>784,808</u>	<u>450,268</u>
<u>(1,204,327)</u>	<u>(755,214)</u>	<u>449,113</u>
1,000,189	997,443	(2,746)
-	-	-
<u>1,000,189</u>	<u>997,443</u>	<u>(2,746)</u>
(204,138)	242,229	446,367
<u>610,196</u>	<u>610,196</u>	<u>-</u>
<u>\$ 406,058</u>	<u>\$ 852,425</u>	<u>\$ 446,367</u>

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CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2018

	Main Street Tourism Association Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	\$ -	\$ -	\$ -
Charges for services	356,203	330,538	(25,665)
Fines and forfeitures	-	-	-
Contributions	86,960	88,876	1,916
Rental income	41,300	37,803	(3,497)
Other revenues	19,627	15,301	(4,326)
Total revenues	504,090	472,518	(31,572)
Expenditures:			
Current:			
Public safety	-	-	-
Culture and recreation	-	-	-
Housing and development	1,099,129	959,731	139,398
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	1,099,129	959,731	139,398
Excess (deficiency) of revenues over (under) expenditures	(595,039)	(487,213)	107,826
Other financing sources (uses):			
Transfers in	301,330	297,159	(4,171)
Transfers out	(80,000)	(80,000)	-
Total other financing sources (uses)	221,330	217,159	(4,171)
Net change in fund balances	(373,709)	(270,054)	103,655
Fund balances, beginning of year	437,534	437,534	-
Fund balances, end of year	\$ 63,825	\$ 167,480	\$ 103,655

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2018

	Building Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property taxes	\$ 743,503	\$ 743,500	\$ (3)
Intergovernmental	195,500	195,402	(98)
Impact fees	-	-	-
Interest income	1,475	1,451	(24)
Total revenues	940,478	940,353	(125)
Expenditures:			
Capital outlay:			
General government	256,900	248,264	8,636
Public safety	1,278,203	1,082,029	196,174
Public works	220,676	220,591	85
Debt service:			
Principal	630,660	623,009	7,651
Interest	93,489	90,611	2,878
Total expenditures	2,479,928	2,264,504	215,424
Excess (deficiency) of revenues over (under) expenditures	(1,539,450)	(1,324,151)	215,299
Other financing sources (uses):			
Capital leases	1,496,983	1,165,000	(331,983)
Issuance of debt	-	-	-
Transfers in	332,485	315,039	(17,446)
Transfers out	(225,269)	(290,017)	(64,748)
Total other financing sources (uses)	1,604,199	1,190,022	(414,177)
Net change in fund balances	64,749	(134,129)	(198,878)
Fund balances, beginning of year	579,598	579,598	-
Fund balances, end of year	\$ 644,347	\$ 445,469	\$ (198,878)

(Continued)

Impact Fee Fund		
Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -
-	-	-
495,000	368,585	(126,415)
-	-	-
<u>495,000</u>	<u>368,585</u>	<u>(126,415)</u>
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
495,000	368,585	(126,415)
-	-	-
-	-	-
-	-	-
<u>(811,935)</u>	<u>(760,959)</u>	<u>50,976</u>
<u>(811,935)</u>	<u>(760,959)</u>	<u>50,976</u>
(316,935)	(392,374)	(75,439)
1,963,000	1,963,000	-
<u>\$ 1,646,065</u>	<u>\$ 1,570,626</u>	<u>\$ (75,439)</u>

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2018

	Capital Projects 2 Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	66,200	42,324	(23,876)
Impact fees	-	-	-
Interest income	-	-	-
Total revenues	66,200	42,324	(23,876)
Expenditures:			
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public works	286,200	34,081	252,119
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	286,200	34,081	252,119
Excess (deficiency) of revenues over (under) expenditures	(220,000)	8,243	228,243
Other financing sources (uses):			
Capital leases	-	-	-
Issuance of debt	-	-	-
Transfers in	220,000	220,000	-
Transfers out	-	-	-
Total other financing sources (uses)	220,000	220,000	-
Net change in fund balances	-	228,243	228,243
Fund balances, beginning of year	159,551	159,551	-
Fund balances, end of year	\$ 159,551	\$ 387,794	\$ 228,243

Special Purpose Local Option Sales Tax 2017 Fund		
Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -
25,009,872	3,831,195	(21,178,677)
-	-	-
1,640	1,637	(3)
<u>25,011,512</u>	<u>3,832,832</u>	<u>(21,178,680)</u>
-	-	-
-	-	-
25,011,512	4,079,052	20,932,460
4,000,000	114,372	3,885,628
79,343	12,418	66,925
<u>29,090,855</u>	<u>4,205,842</u>	<u>24,885,013</u>
<u>(4,079,343)</u>	<u>(373,010)</u>	<u>3,706,333</u>
1,200,000	1,200,000	-
2,879,343	2,895,000	15,657
-	64,748	64,748
-	-	-
<u>4,079,343</u>	<u>4,159,748</u>	<u>80,405</u>
-	3,786,738	3,786,738
309,496	309,496	-
<u>\$ 309,496</u>	<u>\$ 4,096,234</u>	<u>\$ 3,786,738</u>

CITY OF FAYETTEVILLE, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JULY 31, 2018**

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Fire Safety Equipment/Vehicles	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 1,356,224	\$ 1,356,224
Police Safety Equipment/Vehicles	1,109,000	1,109,000	-	238,856	238,856
Fire Building and Land: Station 93	1,000,000	1,000,000	-	3,000	3,000
Road, Street, and Bridge Projects	7,000,872	7,000,872	-	37,058	37,058
Water, Sewer, Stormwater Projects	9,500,000	9,500,000	-	-	-
Recreational and Park Projects	<u>3,400,000</u>	<u>3,400,000</u>	<u>-</u>	<u>2,570,704</u>	<u>2,570,704</u>
Totals	<u>\$ 25,009,872</u>	<u>\$ 25,009,872</u>	<u>\$ -</u>	<u>\$ 4,205,842</u>	<u>\$ 4,205,842</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	79 – 84
<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>	
Revenue Capacity	85– 102
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	103 – 108
<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>	
Demographic and Economic Information	109 and 110
<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>	
Operating Information	111 – 114
<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.

CITY OF FAYETTEVILLE, GEORGIA

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	\$ 60,089,837	\$ 60,622,894	\$ 64,398,879	\$ 64,305,483
Restricted	1,954,676	2,036,624	2,714,174	1,837,952
Unrestricted	5,586,322	5,239,070	2,763,931	2,763,931
Total governmental activities net position	<u>\$ 67,630,835</u>	<u>\$ 67,898,588</u>	<u>\$ 69,876,984</u>	<u>\$ 68,907,366</u>
Business-Type Activities				
Net investment in capital assets	\$ 13,532,153	\$ 11,607,708	\$ 10,733,529	\$ 10,733,529
Restricted	134,721	1,350,819	1,507,269	1,507,269
Unrestricted	2,422,675	2,730,595	2,844,349	2,844,349
Total business-type activities net position	<u>\$ 16,089,549</u>	<u>\$ 15,689,122</u>	<u>\$ 15,085,147</u>	<u>\$ 15,085,147</u>
Primary Government				
Net investment in capital assets	\$ 72,548,047	\$ 72,230,602	\$ 75,132,408	\$ 75,039,012
Restricted	2,658,578	3,387,443	4,221,443	3,345,221
Unrestricted	7,904,644	7,969,665	5,608,280	5,608,280
Total primary government net position	<u>\$ 83,111,269</u>	<u>\$ 83,587,710</u>	<u>\$ 84,962,131</u>	<u>\$ 83,992,513</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 66,251,170	\$ 67,435,901	\$ 68,600,004	\$ 70,522,573	\$ 72,963,871	\$ 73,396,508
1,952,554	2,098,212	2,902,027	3,825,714	3,866,029	3,116,993
5,147,215	6,067,942	2,804,841	2,261,422	2,404,766	4,979,714
<u>\$ 73,350,939</u>	<u>\$ 75,602,055</u>	<u>\$ 74,306,872</u>	<u>\$ 76,609,709</u>	<u>\$ 79,234,666</u>	<u>\$ 81,493,215</u>
\$ 8,699,625	\$ 8,502,525	\$ 7,962,881	\$ 7,916,518	\$ 7,233,909	\$ 7,627,778
2,286,019	2,723,599	2,987,802	2,998,621	3,004,607	3,031,959
2,902,804	2,436,768	1,986,662	2,610,938	3,416,347	3,332,116
<u>\$ 13,888,448</u>	<u>\$ 13,662,892</u>	<u>\$ 12,937,345</u>	<u>\$ 13,526,077</u>	<u>\$ 13,654,863</u>	<u>\$ 13,991,853</u>
\$ 74,950,795	\$ 75,938,426	\$ 76,562,885	\$ 78,439,091	\$ 80,197,780	\$ 81,024,286
4,238,573	4,821,811	5,889,829	6,824,335	6,870,636	6,148,952
8,050,019	8,504,710	4,791,503	4,872,360	5,821,113	8,311,830
<u>\$ 87,239,387</u>	<u>\$ 89,264,947</u>	<u>\$ 87,244,217</u>	<u>\$ 90,135,786</u>	<u>\$ 92,889,529</u>	<u>\$ 95,485,068</u>

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$ 1,158,496	\$ 1,084,097	\$ 1,020,074	\$ 1,023,395
Judicial	896,534	820,922	719,103	584,782
Public safety	6,847,442	6,676,928	6,589,191	6,505,689
Public works	1,883,585	1,765,659	1,629,730	1,707,680
Culture and recreation	-	-	1,321 (13)	10
Housing and development	1,034,348	946,682	820,882	774,059
Interest on long-term debt	186,816	177,001	165,407	154,685
Total governmental activities expenses	<u>12,007,221</u>	<u>11,471,289</u>	<u>10,945,708</u>	<u>10,750,300</u>
Business-type activities:				
Water and sewer	5,490,099	5,460,020	5,736,799	5,838,861
Stormwater	273,320 (7)	294,409 (7)	423,132	354,558
Solid waste	716,104	616,359	628,225	668,891
Total business-type activities	<u>6,479,523</u>	<u>6,370,788</u>	<u>6,788,156</u>	<u>6,862,310</u>
Total primary government	<u>\$ 18,486,744</u>	<u>\$ 17,842,077</u>	<u>\$ 17,733,864</u>	<u>\$ 17,612,610</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 469,854	\$ 271,628	\$ 261,382	\$ 278,237
Judicial	1,620,845	1,748,018	1,192,244	1,090,808
Public safety	449,589	81,738	73,026	85,134
Public works	74,522 (3)	- (3)	(208) (3)	109,514
Culture and recreation	-	-	-	-
Housing and development	122,168 (4)	38,190 (4)	35,500 (4)	59,916
Operating grants and contributions	448,281 (10)	365,152 (10)	283,528 (10)	156,016
Capital grants and contributions	1,001,476	1,107,764	1,107,764	2,756,869
Total governmental activities program revenues	<u>4,186,735</u>	<u>3,612,490</u>	<u>2,953,236</u>	<u>4,536,494</u>
Business-type activities:				
Charges for services:				
Water and sewer	4,905,681	4,810,109	4,956,688	5,058,146
Stormwater	493,799	494,976	494,238	482,941
Solid waste	718,570	632,549	631,930	630,019
Capital grants and contributions	452,785 (5)	32,686 (5)	88,690	37,644
Total business-type activities program revenues	<u>6,570,835</u>	<u>5,970,320</u>	<u>6,171,546</u>	<u>6,208,750</u>
Total primary government program revenues	<u>\$ 10,757,570</u>	<u>\$ 9,582,810</u>	<u>\$ 9,124,782</u>	<u>\$ 10,745,244</u>

(Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 918,357	\$ 938,311	\$ 1,090,268	\$ 1,499,529	\$ 1,897,428	\$ 3,580,927
491,867	562,483	591,966	649,968	588,769	605,967
6,579,434	6,556,219	7,218,353	8,307,210	8,804,976	7,904,689
1,618,047	2,095,224	1,305,120	1,784,682	1,782,748	3,082,460
19,672	19,877	4,024	1,756	30	30
919,084	1,042,536	1,205,233	1,445,102	1,807,358	2,085,329
270,964	158,192	143,584	151,836	157,269	158,004
<u>10,817,425</u>	<u>11,372,842</u>	<u>11,558,548</u>	<u>13,840,083</u>	<u>15,038,578</u>	<u>17,417,406</u>
5,602,921	5,867,412	5,616,165	5,652,208	6,088,714	5,992,402
270,252	302,784	407,049	413,917	365,125	383,749
657,636	655,272	662,473	631,887	656,959	665,625
<u>6,530,809</u>	<u>6,825,468</u>	<u>6,685,687</u>	<u>6,698,012</u>	<u>7,110,798</u>	<u>7,041,776</u>
<u>\$ 17,348,234</u>	<u>\$ 18,198,310</u>	<u>\$ 18,244,235</u>	<u>\$ 20,538,095</u>	<u>\$ 22,149,376</u>	<u>\$ 24,459,182</u>
\$ 428,003	\$ 381,491	\$ 491,211	\$ 738,418	\$ 668,408	\$ 612,132
815,119	1,076,456	941,816	1,149,394	907,630	944,822
71,393	99,443	78,677	56,856	69,557	56,850
109,514	-	-	-	-	-
-	-	-	-	-	-
388,878	731,387	511,033	1,009,230	676,936	699,253
528,838	560,303	712,268	609,313	574,307	647,997
251,021	2,003,847	1,327,532	1,804,969	3,007,935	4,069,051
<u>2,592,766</u>	<u>4,852,927</u>	<u>4,062,537</u>	<u>5,368,180</u>	<u>5,904,773</u>	<u>7,030,105</u>
4,951,031	5,164,682	5,175,387	5,523,564	5,709,452	5,748,538
497,904	509,426	741,777	763,764	759,289	773,664
606,376	623,294	658,728	674,937	637,610	698,881
232,047	297,696	300,975	309,040	124,147	184,970
<u>6,287,358</u>	<u>6,595,098</u>	<u>6,876,867</u>	<u>7,271,305</u>	<u>7,230,498</u>	<u>7,406,053</u>
<u>\$ 8,880,124</u>	<u>\$ 11,448,025</u>	<u>\$ 10,939,404</u>	<u>\$ 12,639,485</u>	<u>\$ 13,135,271</u>	<u>\$ 14,436,158</u>

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2009	2010	2011	2012
Net (expense)/revenue				
Governmental activities	\$ (7,820,486)	\$ (7,858,799)	\$ (7,992,472)	\$ (6,213,806)
Business-type activities	91,312	(400,468)	(616,610)	(653,560)
Total primary government net expense	<u>\$ (7,729,174)</u>	<u>\$ (8,259,267)</u>	<u>\$ (8,609,082)</u>	<u>\$ (6,867,366)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 2,764,455	\$ 2,670,285	\$ 2,651,885	\$ 2,664,133
Sales taxes	2,147,990	2,259,642	2,215,415	2,374,473
Other taxes	3,381,128	3,171,974	3,409,190	3,662,347
Unrestricted investment earnings	40,789 (6)	13,315 (6)	11,940 (6)	9,253
Gain on sale of capital assets	-	11,336	33,333	-
Transfers	-	-	-	-
Total governmental activities	<u>8,334,362</u>	<u>8,126,552</u>	<u>8,321,763</u>	<u>8,710,206</u>
Business-type activities:				
Unrestricted investment earnings	3,927 (6)	41 (6)	2,443	2,035
Gain on sale of capital assets	-	-	10,192	5,039
Transfers	-	-	-	-
Total business-type activities	<u>3,927</u>	<u>41</u>	<u>12,635</u>	<u>7,074</u>
Total primary government	<u>\$ 8,338,289</u>	<u>\$ 8,126,593</u>	<u>\$ 8,334,398</u>	<u>\$ 8,717,280</u>
Change in Net Position				
Governmental activities	\$ 513,876	\$ 267,753	\$ 329,291	\$ 2,496,400
Business-type activities	95,239	(400,427)	(603,975)	(646,486)
Total primary government	<u>\$ 609,115</u>	<u>\$ (132,674)</u>	<u>\$ (274,684)</u>	<u>\$ 1,849,914</u>

(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.

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

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

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (8,224,659)	\$ (6,519,915)	\$ (7,496,011)	\$ (8,471,903)	\$ (9,133,805)	\$ (10,387,301)
(243,451)	(230,370)	191,180	573,293	119,700	364,277
<u>\$ (8,468,110)</u>	<u>\$ (6,750,285)</u>	<u>\$ (7,304,831)</u>	<u>\$ (7,898,610)</u>	<u>\$ (9,014,105)</u>	<u>\$ (10,023,024)</u>
\$ 2,879,031	\$ 3,094,181	\$ 3,134,679	\$ 3,224,290	\$ 3,377,638	\$ 4,238,436
2,369,274	2,561,460	2,799,116	3,049,230	3,627,566	3,799,392
3,690,062	3,787,465	4,150,689	4,467,235	4,721,419	4,528,300
6,374	5,893	8,217	16,929	32,139	44,761
-	-	17,582	-	-	-
-	-	-	-	-	34,961
<u>8,944,741</u>	<u>9,448,999</u>	<u>10,110,283</u>	<u>10,757,684</u>	<u>11,758,762</u>	<u>12,645,850</u>
108	52	306	931	852	5,848
1,554	4,762	-	31,564	8,234	1,826
-	-	-	-	-	(34,961)
<u>1,662</u>	<u>4,814</u>	<u>306</u>	<u>32,495</u>	<u>9,086</u>	<u>(27,287)</u>
<u>\$ 8,946,403</u>	<u>\$ 9,453,813</u>	<u>\$ 10,110,589</u>	<u>\$ 10,790,179</u>	<u>\$ 11,767,848</u>	<u>\$ 12,618,563</u>
\$ 720,082	\$ 2,929,084	\$ 2,614,272	\$ 2,285,781	\$ 2,624,957	\$ 2,258,549
(241,789)	(225,556)	191,486	605,788	128,786	336,990
<u>\$ 478,293</u>	<u>\$ 2,703,528</u>	<u>\$ 2,805,758</u>	<u>\$ 2,891,569</u>	<u>\$ 2,753,743</u>	<u>\$ 2,595,539</u>

(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)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Insurance Premium Tax
2009	\$ 2,764,455	\$ 2,147,990 (1)	\$ 1,267,033	\$ 320,781	\$ 623,934
2010	2,670,285	2,259,642	1,150,101	309,881	618,080
2011	2,651,885	2,215,415	1,324,949	318,257	600,117
2012	2,664,133	2,374,473	1,374,943	332,731	747,887
2013	2,879,031	2,369,274	1,329,806	339,813	794,382
2014	3,094,181	2,561,460	1,321,912	349,688	822,506
2015	3,163,272	2,799,116	1,398,004	406,527	868,188
2016	3,224,290	3,049,230	1,404,682	339,911	927,516
2017	3,377,638	3,627,566	1,418,440	366,163	1,006,241
2018	4,238,436	3,799,392	1,426,555	369,553	1,072,946

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

Business and Occupation Tax	Other Taxes	Total
\$ 855,782	\$ 313,598	\$ 8,293,573
817,237	276,675	8,101,901
814,309	351,558	8,276,490
825,213	381,573	8,700,953
846,563	379,498	8,938,367
872,431	420,928	9,443,106
925,729	552,241	10,113,077
997,986	797,140	10,740,755
1,132,578	797,997	11,726,623
1,154,115	505,131	12,566,128

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Reserved	\$ 251,234	\$ 193,539	\$ -	\$ -
Unreserved	2,896,626	2,904,019	-	-
Nonspendable	-	-	145,621 (2)	252,215
Assigned	-	-	2,358,940 (2)	2,381,335
Unassigned	-	-	545,370 (2)	1,044,598
Total General Fund	<u>\$ 3,147,860</u>	<u>\$ 3,097,558</u>	<u>\$ -</u>	<u>\$ 3,678,148</u>
All Other Governmental Funds				
Reserved	\$ 14,847 (1)	\$ - (1)	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	409,933	302,866	-	-
Capital project funds	4,205,072	4,126,822	-	-
Nonspendable, reported in:				
Special revenue funds	-	-	-	-
Restricted, reported in:				
Special revenue funds	-	-	319,171 (2)	126,229
Capital project funds	-	-	2,395,003 (2)	1,711,723
Assigned, reported in:				
Capital project funds	-	-	25,417 (2)	286,085
Unassigned, reported in:				
Capital project funds	-	-	-	-
Total all other governmental funds	<u>\$ 4,629,852</u>	<u>\$ 4,429,688</u>	<u>\$ 2,739,591</u>	<u>\$ 2,124,037</u>

(1) Prepaid expenditures.

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
136,186	134,854	130,449	210,087	256,694	450,832
2,352,026	2,061,010	2,885,387	3,092,983	3,385,000	3,500,000
2,362,619	4,337,610	3,556,522	2,400,709	3,064,984	847,789
<u>\$ 4,850,831</u>	<u>\$ 6,533,474</u>	<u>\$ 6,572,358</u>	<u>\$ 5,703,779</u>	<u>\$ 6,706,678</u>	<u>\$ 4,798,621</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
31,630	37,843	43,887	21,469	39,779	49,645
526,916	554,604	753,080	935,860	1,185,684	1,123,166
1,797,568	1,543,608	2,148,947	2,889,854	2,680,345	2,381,621
69,677	-	-	-	-	-
-	(183,013)	267,046	-	-	-
<u>\$ 2,425,791</u>	<u>\$ 1,953,042</u>	<u>\$ 3,212,960</u>	<u>\$ 3,847,183</u>	<u>\$ 3,905,808</u>	<u>\$ 3,554,432</u>

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Taxes	\$ 8,252,754 (10)	\$ 8,076,848	\$ 8,319,973	\$ 8,704,436
Licenses and permits	261,485 (5)	217,086 (5)	217,496	229,816
Intergovernmental	1,187,335 (10)	1,450,723 (14)	745,573 (14)	393,202
Fines and forfeitures	2,040,086 (11)	1,798,758	1,236,945	1,143,693
Charges for services	112,990	41,443	34,528	148,823
Main Street	-	-	-	-
Impact fees	121,768 (5)	37,890 (5)	35,229	57,836
Contributions	12,079	18,146	21,472	12,806
Interest income	40,789 (8)	17,262 (8)	14,311	10,282
Other revenues	200,649 (12)	44,497	37,746	43,441
Total revenues	<u>12,229,935</u>	<u>11,702,653</u>	<u>10,663,273</u>	<u>10,744,335</u>
Expenditures				
General government	1,026,932	1,019,212	959,036	929,487
Judicial	895,312	828,909	718,830	580,976
Public safety	6,429,522	6,304,775	6,167,299	6,354,094
Public works	1,087,963	1,007,576	912,264	928,008
Culture and recreation	-	-	1,321 (16)	10
Housing and development	851,542	743,571	640,226	625,145
Capital outlay	573,427 (13)	1,526,584 (15)	2,543,618 (15)	739,582
Debt service				
Principal	456,149	378,721	338,899	429,955
Interest	173,579	165,971	154,232	144,508
Issuance costs	-	-	-	-
Total expenditures	<u>11,494,426</u>	<u>11,975,319</u>	<u>12,435,725</u>	<u>10,731,765</u>
Excess of revenues over (under) expenditures	<u>735,509</u>	<u>(272,666)</u>	<u>(1,772,452)</u>	<u>12,570</u>
Other financing sources (uses)				
Capital leases	-	-	-	-
Issuance of debt	-	-	-	-
Discount on certificates of participation	-	-	-	-
Proceeds from sale of assets	3,022	22,200	34,728	93
Payment to escrow agent	-	-	-	-
Transfers in	112,490	400,811	912,284	489,601
Transfers out	(112,490)	(400,811)	(912,284)	(489,601)
Total other financing sources (uses)	<u>3,022</u>	<u>22,200</u>	<u>34,728</u>	<u>93</u>
Net change in fund balances	<u>\$ 738,531</u>	<u>\$ (250,466)</u>	<u>\$ (1,737,724)</u>	<u>\$ 12,663</u>
Debt service as a percentage of noncapital expenditures	6.0%	4.7%	4.4%	6.9%

(5) The decrease in impact fees and permits is due to the continual decline in new construction during fiscal years 2009 and 2010.

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

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

(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.

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 8,946,907	\$ 9,439,385	\$ 10,113,077	\$ 10,748,014	\$ 11,734,645	\$ 12,550,082	
369,157	321,693	391,641	605,257	530,484	493,649	
2,171,246	1,537,932	1,676,503	2,219,017	3,407,632	4,447,552	
854,263	1,072,854	917,448	1,103,205	874,142	901,655	
352,612	312,492	401,364	427,977	430,616	462,155	
29,288	31,710	35,071	35,414	36,275	37,803	
196,424	526,850	262,447	767,735	403,916	368,585	
281,436	307,452	322,768	155,057	109,985	214,657	
6,419	5,893	8,217	16,929	32,139	44,761	
91,121	63,976	55,295	54,518	111,723	104,049	
<u>13,298,873</u>	<u>13,620,237</u>	<u>14,183,831</u>	<u>16,133,123</u>	<u>17,671,557</u>	<u>19,624,948</u>	
871,018	900,303	1,038,603	1,396,104	1,892,285	3,322,770	
492,832	563,783	597,843	654,217	581,762	610,101	
5,863,779	5,802,578	6,778,141	7,454,179	7,824,112	8,959,295	
906,708	914,808	870,572	921,742	1,011,184	1,217,720	
19,672	19,877	4,024	1,756	30	30	
1,095,329	1,130,669	1,089,323	1,328,880	2,239,375	2,495,415	
2,765,825	2,859,150	2,230,877	3,859,669	3,962,113	5,664,017	
259,615	232,102	561,212	638,119	943,811	1,002,389	
198,312	144,888	141,391	138,362	134,793	145,414	
76,048	-	-	-	-	-	
<u>12,549,138</u>	<u>12,568,158</u>	<u>13,311,986</u>	<u>16,393,028</u>	<u>18,589,465</u>	<u>23,417,151</u>	
749,735	1,052,079	871,845	(259,905)	(917,908)	(3,792,203)	
-	-	388,760	768,055	580,700	2,365,000	
3,115,000	143,200	-	-	-	-	
-	-	-	-	-	-	
7,676	14,615	32,197	16,529	932,137	24,547	
(3,055,278)	-	-	-	-	2,895,000	
459,829	807,129	1,835,032	2,722,254	1,509,690	2,384,350	
(459,829)	(807,129)	(1,835,032)	(2,705,198)	(1,509,690)	(2,349,389)	
<u>67,398</u>	<u>157,815</u>	<u>420,957</u>	<u>801,640</u>	<u>1,512,837</u>	<u>5,319,508</u>	
<u>\$ 817,133</u>	<u>\$ 1,209,894</u>	<u>\$ 1,292,802</u>	<u>\$ 541,735</u>	<u>\$ 594,929</u>	<u>\$ 1,527,305</u>	
3.9%	3.8%	6.4%	5.6%	6.1%	6.8%	

(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)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Insurance Premium Tax
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
2015	3,163,272	2,799,116	1,398,004	406,527	868,188
2016	3,231,549	3,049,230	1,404,682	410,703	927,516
2017	3,385,660	3,627,566	1,418,440	430,024	1,006,241
2018	3,765,756	3,799,392	1,426,555	441,758	1,072,946

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

Business and Occupation Tax	Other Taxes	Total
\$ 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
925,729	552,241	10,113,077
997,986	726,348	10,748,014
1,132,578	734,136	11,734,645
1,154,115	889,560	12,550,082

CITY OF FAYETTEVILLE, GEORGIA

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

Fiscal Year	Assessed Value					Motor Vehicle
	Residential	Commercial	Industrial	Agricultural	Utility	
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
2015	354,864,079	286,136,874	9,096,352	1,270,564	10,678,994	39,708,310
2016	395,758,690	308,710,848	11,173,566	1,321,672	10,399,688	29,407,350
2017	430,419,970	316,416,754	13,705,564	4,014,688	10,246,597	21,564,490
2018	487,377,962	355,953,893	17,768,348	5,027,388	10,785,661	16,073,620

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>
\$ 873,427	\$ 1,809,096	\$ 934,072,893	2.990	\$ 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	2.988	2,108,574,900	40%
1,042,744	2,541,634	794,019,821	3.240	1,985,049,553	40%
616,446	2,227,595	703,784,189	3.441	1,759,460,473	40%
553,943	2,190,189	697,568,043	3.882	1,743,920,108	40%
1,394,317	5,464,068	697,685,422	3.870	1,744,213,555	40%
936,012	6,112,866	751,594,960	3.874	1,878,987,400	40%
1,047,602	7,712,300	789,703,365	3.874	1,974,258,413	40%
916,306	8,383,268	885,519,910	3.874	2,213,799,775	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	
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
2015	0.10	6.27	21.45	2.76	1.11	3.87	31.69
2016	0.05	5.84	21.35	3.02	0.86	3.87	31.11
2017	0.00	5.59	21.10	3.07	0.81	3.87	30.56
2018	0.00	5.18	20.85	2.91	0.69	3.87	29.90

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 2018			Fiscal Year 2009		
	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	9.68%	\$ 34,669,200	1	3.71%
DDRTC Fayette Pavilion III & IV	31,985,140	2	4.75%	21,159,456	2	2.27%
Piedmont Fayette Medical & Office Bldg	15,301,139	3	2.27%	7,507,084	3	0.80%
Piedmont Hospital Inc	14,675,905	4	2.18%	7,142,628	4	0.76%
Chartwell Cobblestone, LLC	14,525,730	5	2.16%	5,092,000	9	0.55%
Banks Crossing Associates LLC & BC Plaza	14,149,980	6	2.10%	5,648,400	6	0.60%
TNT SRT Summit Point LLC	13,963,450	7	2.08%	6,273,044	5	0.67%
Norbelle LLC & Lasalle Investment	11,169,480	8	1.66%	5,498,748	7	0.59%
Centro NP Banks Station LLC	10,399,000	9	1.55%	5,042,800	10	0.54%
Brent Scarborough & Company, Inc.	9,876,768	10	1.47%			
BellSouth Telecommunication				5,169,117	8	0.55%
Total	<u>\$ 201,149,342</u>		<u>29.90%</u>	<u>\$ 103,202,477</u>		<u>11.04%</u>

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
2009	\$ 2,556,835	\$ 2,379,452	93.1 %	\$ 37,999	\$ 2,417,451	94.5 %
2010	2,642,618	2,456,059	92.9	51,526	2,507,585	94.9
2011	2,614,719	2,471,256	94.5	119,790	2,591,046	99.1
2012	2,595,776	2,431,436	93.7	89,897	2,521,333	97.1
2013	2,732,222	2,449,988	89.7	56,276	2,506,264	91.7
2014	2,732,090	2,650,781	97.0	45,045	2,695,826	98.7
2015	2,799,996	2,701,065	96.5	-	2,701,065	96.5
2016	2,827,868	2,822,251	99.8	-	2,822,251	99.8
2017	3,030,113	3,026,471	99.9	-	3,026,471	99.9
2018	3,299,117	3,280,003	99.4	-	3,280,003	99.4

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)

Type of Customer	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential (1)	321.75	300.96	289.10	308.97	271.12	273.35	274.86	282.87	267.72	268.27
Commercial (1)	44.51	91.13	95.51	93.85	98.84	85.05	85.49	88.56	86.37	81.25
Senior (1)	82.33	58.79	69.20	58.26	67.76	71.34	68.74	70.65	65.17	67.04
Other (1)	15.23	11.17	16.50	14.26	11.72	9.45	9.18	13.85	4.35	2.73
Total usage	<u>463.82</u>	<u>462.05</u>	<u>470.31</u>	<u>475.34</u>	<u>449.44</u>	<u>439.19</u>	<u>438.27</u>	<u>455.93</u>	<u>423.61</u>	<u>419.29</u>
Total direct rate per 1,000 gallons (2)	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.97	\$ 3.04	\$ 3.11	\$ 3.18	\$ 3.26

(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
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
2015	15.19	3.04	27.86	3.04	12.92	3.04
2016	15.55	3.11	28.53	3.11	13.23	3.11
2017	15.92	3.18	29.21	3.18	13.55	3.18
2018	16.30	3.26	29.91	3.26	13.88	3.26

SOURCE:

City of Fayetteville, Georgia ordinances.

Sewer (Residential)		Sewer (Commercial)		Sewer (Senior)	
Monthly Base Rate	Rate per 1000 Gallons	Monthly Base Rate	Rate per 1000 Gallons	Monthly Base Rate	Rate per 1000 Gallons
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
17.05	3.05	29.90	3.05	14.48	3.05
17.46	3.12	30.62	3.12	14.83	3.12
17.88	3.19	31.35	3.19	15.19	3.19
18.31	3.27	32.10	3.27	15.55	3.27

CITY OF FAYETTEVILLE, GEORGIA

TEN LARGEST WATER CUSTOMERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Fiscal Year 2018			Fiscal Year 2009		
	Total Water Revenue	Rank	Percentage of Total Water Revenue	Total Water Revenue	Rank	Percentage of Total Water Revenue
Banks Station	\$ -		-	\$ 26,379	1	1.07%
HCCC, Inc.	-		-	11,862	8	0.48%
Marksman Landscaping	-		-	5,447	10	0.22%
Fayette County Jail Complex	22,068	4	0.90%	12,892	7	0.52%
Swanbrook	19,245	5	0.78%	16,008	3	0.65%
Bay Branch Condo	22,196	3	0.90%	16,875	2	0.68%
Board of Commissioners	17,960	7	0.73%	14,040	6	0.57%
Cobblestone of Fayette	-		0.00%	14,424	5	0.58%
Summit Retail	24,306	2	0.99%	14,651	4	0.59%
3 Minute Express Car Wash	18,829	6	0.77%	-		-
Fayetteville Towne Center	-		-	9,231	9	0.37%
Magnolia Park Daycare (VANE)	13,913	10	0.57%	-		-
CHMG Accts Payable	14,513	9	0.59%	-		-
Meridian @ Lafayette Apts	31,543	1	1.28%	-		-
CA New Plan Acquisition	17,838	8	0.73%	-		-
Subtotal (10 Largest)	202,411		8.24%	141,809		5.74%
Balance from Other Customers	2,253,696		91.76%	2,329,458		94.26%
Total	<u>\$ 2,456,107</u>		<u>100.00%</u>	<u>\$ 2,471,267</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 2018			Fiscal Year 2009		
	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue
Piedmont Healthcare	\$ 140,066	1	6.15%	\$ 174,745	1	7.07%
Inland Group	52,345		2.30%	99,543	2	4.03%
Banks Station	-		-	46,994	3	1.90%
Fayette County Jail Complex	22,186	6	0.97%	11,391	9	0.46%
Marksman Landscaping	-		0.00%	-		0.00%
Bay Branch Condo	23,861	5	1.05%	17,779	4	0.72%
Swanbrook	22,138	7	0.97%	17,604	5	0.71%
Board of Commissioners	19,121	8	-	13,308	8	0.54%
Cobblestone Fayette	-		-	15,249	6	0.62%
3 Minute Express Car Wash	18,913	9	0.83%	-		-
Summit Retail	24,888	4	1.09%	14,702	7	0.59%
CA New Plan Acquisition	18,898	10	0.83%	-		-
Meridian @ Lafayette Apt	30,035	3	-	-		-
Lafayette Nursing Home	-		-	-		-
Fayetteville Towne Center	-		-	8,599	10	0.35%
Subtotal (10 Largest)	372,451		16.35%	419,914		16.63%
Balance from Other Customers	1,905,588		83.65%	2,105,014		83.37%
Total	<u>\$ 2,278,039</u>		<u>100.00%</u>	<u>\$ 2,524,928</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	
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
2015	2,805,000	1,600,000	292,919	670,161	5,368,080
2016	2,600,000	1,385,000	898,659	614,357	5,498,016
2017	2,390,000	1,170,000	1,184,980	389,925	5,134,905
2018	2,175,000	950,000	3,027,599	3,239,917	9,392,516

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.

Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
Revenue Bonds	Notes Payable	Total			
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
18,687,366	-	18,687,366	24,055,446	4.79	1,438
17,970,996	-	17,970,996	23,469,012	4.38	1,381
17,243,618	801,206	18,044,824	23,179,729	4.24	1,388
16,500,342	801,206	17,301,548	26,694,064	4.45	1,565

CITY OF FAYETTEVILLE, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JULY 31, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Fayette County School District	\$ 71,213,687	10 %	\$ 7,121,369
Fayette County Public Facilities Authority	30,703,208	10 %	3,070,321
Total overlapping debt			10,191,690
City of Fayetteville direct debt			9,392,516
Total direct and overlapping debt			\$ 19,584,206

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

	2009	2010	2011	2012
Debt limit	\$ 93,588,199	\$ 92,813,761	\$ 84,490,929	\$ 79,656,146
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 93,588,199	\$ 92,813,761	\$ 84,490,929	\$ 79,656,146
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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 70,601,178	\$ 69,975,823	\$ 70,314,949	\$ 75,770,783	\$ 79,741,567	\$ 89,390,318
-	-	-	-	-	-
<u>\$ 70,601,178</u>	<u>\$ 69,975,823</u>	<u>\$ 70,314,949</u>	<u>\$ 75,770,783</u>	<u>\$ 79,741,567</u>	<u>\$ 89,390,318</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 885,519,910
Add back: exempt real property	<u>8,383,268</u>
Total assessed value	893,903,178
Debt limit (10% of assessed value)	89,390,318
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	<u>-</u>
Legal debt margin	<u>\$ 89,390,318</u>

CITY OF FAYETTEVILLE, GEORGIA

PLEDGED-REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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
2015	5,917,164	3,802,058	2,115,106	645,000	673,645	1.60
2016	6,287,328	3,986,165	2,301,163	700,000	658,719	1.69
2017	6,468,741	4,378,653	2,090,088	715,000	644,869	1.54
2018	6,522,202	4,175,132	2,347,070	735,000	629,769	1.72

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (1)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
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
2015	16,725	502,302	30,033	40.2	20,054	4.9
2016	16,990	536,119	31,555	41.3	20,078	4.4
2017	16,705	547,289	32,762	41.7	20,238	5.2
2018	17,056	600,320	35,197	41.8	20,104	5.2

SOURCES:

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

CITY OF FAYETTEVILLE, GEORGIA

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2018			Fiscal Year 2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fayette County Board of Education	-	-	-	585	3	5.40%
Fayette Hospital (Piedmont)	1,424	1	20.07%	1,187	1	10.97%
Brent Scarborough & Company, Inc.	250	5	3.52%	-	-	-
Wal-mart Stores, Inc	319	3	4.50%	328	4	3.03%
Kroger	196	6	2.76%	215	6	1.99%
Publix	287	4	4.04%	207	7	1.91%
Lowe's	128	10	1.80%	-	-	-
Kindred Transitional Care/Rehabilitation	-	-	-	176	9	1.63%
Concrete Supply Company	161	8	2.27%	-	-	-
Fayette County Government	741	2	10.44%	700	2	6.47%
Fayette Medical	-	-	-	230	5	2.12%
Target	-	-	-	180	8	1.66%
Long Horn Steakhouse	155	9	2.19%	-	-	-
City of Fayetteville	171	7	2.41%	142	10	1.31%
Total	3,832		54.00%	3,950		36.49%

SOURCE:

City of Fayetteville, Georgia records.

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CITY OF FAYETTEVILLE, GEORGIA

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

Function	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	10	14	14	13	13	13	15	18	21	23
Judicial	2	2	2	2	2	2	3	3	3	2
Public safety										
Police	48	45	45	44	46	42	45	48	55	54
Fire	36	36	36	35	35	37	31	33	39	51
Public works	13	12	12	11	11	10	11	9	12	13
Housing and development	6	5	5	6	6	3	6	8	7	10
Main Street Tourism	2	2	2	2	2	2	2	1	3	4
Water and Sewer										
Water	10	10	10	10	7	10	10	10	11	14
Wastewater	11	10	10	7	6	2	3	3	3	3
Total	<u>138</u>	<u>136</u>	<u>136</u>	<u>130</u>	<u>128</u>	<u>121</u>	<u>126</u>	<u>133</u>	<u>154</u>	<u>174</u>

SOURCE:

City of Fayetteville, Georgia records

CITY OF FAYETTEVILLE, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST TEN CALENDAR YEARS

Function	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Mayor And Council							
Citizen contacts	7,000	5,000	5,000	4,600	4,600	4,600	4,598
Council meetings	24	26	26	25	25	24	27
Correspondence generated	150	100	100	80	65	70	75
Finance and Administration							
A/P checks processed	4,066	4,282	4,200	3,739	3,943	4,013	4,678
Business licenses processed	2,250	2,092	2,100	2,217	2,183	2,409	2,500
Utility bills generated	101,877	101,010	101,051	99,936	101,105	103,446	103,049
Information Technology							
Number of work orders received	528	600	600	600	600	665	600
Hits on City website per year	115,882	125,000	150,000	150,000	150,000	152,436	400,990
Municipal Court							
Citations processed	7,742	8,704	8,000	6,518	5,585	6,693	5,727
Cases adjudicated	7,900	9,131	9,000	5,301	4,845	5,096	5,909
Average inmates per month	12	14	12	9	5	5	3
Police							
Number of arrests	1,392	1,521	1,431	1,382	1,145	940	1,330
Number of traffic accidents	1,621	1,084	1,351	1,317	1,388	1,326	1,149
Citations/warnings issued	11,624	10,969	10,398	10,161	8,449	6,450	7,262
Fire							
Emergency calls	2,691	2,737	2,800	3,110	2,850	2,518	2,689
Hydrants maintained	1,289	1,300	1,315	1,261	1,280	642	1,287
Inspections completed	1,436	1,391	1,400	1,381	1,450	1,908	1,364
Public Works							
Miles resurfaced	1.3	1.5	1.5	1.3	1.5	0.0	0.0
Miles of cracks sealed	1.0	1.0	1.0	1.0	1.0	0.0	0.0
Miles of right of way mowed	455	465	465	352	390	386	410
Housing And Development							
Building permit inspections	3,087	2,294	2,300	2,300	2,398	3,286	2,303
Development plan applications	9	0	8	7	11	4	10
Erosion control inspections	1,060	461	460	427	460	409	193
Water And Sewer							
Water - gallons processed (X 1,000)	359,764	427,071	322,906	300,269	224,093	224,013	215,760
Wastewater - gallons processed (X 1,000)	561,675	630,894	637,203	543,576	548,332	713,125	743,425
New meter installations	11	13	15	14	139	71	51

SOURCE:

City of Fayetteville, Georgia records.

<u>2016</u>	<u>2017</u>	<u>2018</u>
4,600	4,780	4,659
25	24	24
76	70	74
3,515	3,513	6,243
2,459	2,379	2,718
103,405	98,404	98,451
600	1,700	2,011
430,850	577,917	500,108
7,954	5,209	5,372
7,610	253	7,371
2	3	3
1,430	1,102	1,183
1,556	1,634	1,567
7,901	6,990	7,637
2,889	3,237	3,203
1,287	1,304	1,336
1,280	1,969	2,045
0.0	0.0	3.0
1.0	1.0	1.0
470	490	495
2,727	3,613	4,524
12	0	15
237	383	356
210,840	265,000	212,304
905,662	825,538	846,761
62	37	45

CITY OF FAYETTEVILLE, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
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	2	2	2	2	2	2	2	2	2	2
Police										
Station	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	3	3	3	4	4	4	4	5	6	8
Public Works										
Parks	5	5	5	5	5	5	5	5	5	5
Highways/streets	63.30	63.30	63.30	63.30	63.30	63.30	63.30	66.30	66.30	64.30
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	3	3	3	3	3	3	3	3	3	3
Component Units										
Buildings	4	4	4	4	4	4	4	4	4	6
Museum Collection	1	1	1	1	1	1	1	1	1	1
Water And Sewer										
Buildings	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Lift stations	24	24	24	24	24	24	24	26	26	26
Miles of sewer lines	126	126	126	126	126	126	126	129	130	131
Miles of water lines	108	108	108	108	108	108	108	108	109	109
Manholes	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,848	2,863	2,870
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

CITY OF FAYETTEVILLE, GEORGIA

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

Calendar Year	Fayette County		System Well/Water Plant		Total Usage	Percent Change
	Volume	Percent	Volume	Percent		
2009	115,328	22.9 %	387,705	77.1 %	503,033	(7.6) %
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
2015	263,918	55.0	215,760	45.0	479,678	(2.1)
2016	287,590	57.7	210,840	42.3	498,430	1.8
2017	301,247	58.7	212,304	41.3	513,551	3.0
2018	251,776	50.3	248,446	49.7	500,222	(2.6)

Source: City of Fayetteville, Georgia records.

CITY OF FAYETTEVILLE, GEORGIA

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

<u>Calendar Year</u>	<u>Average Daily Flow MGD</u>	<u>Average Weekly Peak Flow MGD</u>
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
2015	2.04	1.98
2016	2.34	N/A
2017	2.28	N/A
2018	2.34	N/A

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

<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>
2009	6,585	(0.8) %	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
2015	6,856	1.3	7,122	103.9
2016	6,891	0.5	7,170	104.0
2017	6,820	(1.0)	7,212	105.7
2018	7,023	3.0	7,472	106.4

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"	7,800	N	-	24,642	32,442
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 \$30.97 per month. The average residential sewer bill is approximately \$33.03 per month.

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COMPLIANCE SECTION



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

**To the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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.

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 25, 2019

CITY OF FAYETTEVILLE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JULY 31, 2018

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiencies identified not considered
to be material weaknesses?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

There was not an audit of major federal award programs due to the amount expended on federal programs being less than \$750,000.

CITY OF FAYETTEVILLE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JULY 31, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF FAYETTEVILLE, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JULY 31, 2017

STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.