

**CITY OF FAYETTEVILLE, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JULY 31, 2013**

Prepared By:  
Lorri Lynn Robinson  
Director of Finance

Submitted By:  
Joe Morton  
City Manager



## **INTRODUCTORY SECTION**

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CITY OF FAYETTEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JULY 31, 2013

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**CITY OF FAYETTEVILLE, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JULY 31, 2013**

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# *City of Fayetteville*

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

MAYOR  
Greg Clifton

COUNCIL  
Ed Johnson  
Larry Dell  
Mickey Edwards  
Paul Oddo  
Walt White

CITY MANAGER  
Joe Morton

CITY CLERK  
Anne Barnard

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January 23, 2014

Honorable Greg Clifton, Mayor  
Members of the City Council  
And Citizens of Fayetteville, Georgia

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Fayetteville, Georgia (the "City") for the fiscal year ended July 31, 2013 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable to reader to gain an understanding of the City's financial activities have been included.

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

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

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

As a recipient of federal and state financial assistance, the City of Fayetteville is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City. For fiscal year 2013, 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, 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. In 2008 the final upgrade to the City's wastewater treatment plant was completed, which provides the City with a capacity of five MGD.

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



West of the square, one of Fayetteville's finest historical attractions, the Holliday-Dorsey-Fife house was built in 1855, an antebellum structure with large white columns considered by many to be one of the most refined of the Greek revival houses in Fayette County. The house derives its name from the three main owners that dwelled there: Dr. John Stiles Holliday, who 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 there. A recently constructed entranceway, long-term project for refurbishing and repairing headstones and designing a self-guided, walking tour brochure are many projects underway for preserving Fayetteville's history.

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

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

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

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

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

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

The population of Fayetteville is 16,060; a 3.97% decrease since 2010. The median home cost in Fayetteville is \$172,000. The housing market for Fayetteville increased in fiscal year 2013 as compared to fiscal year 2012. The total permits issued for new housing increased from 12 in 2012 to 139 in 2013. The City remains affordable to residents as the per capita income is \$29,401.

The total number of new commercial permits issued during fiscal year 2013 was three, valued at \$2,717,000, as compared to two permits issued in fiscal year 2012. There were approximately 34 new tenant finishes valued at \$5,948,727 during fiscal year 2013. However, the City's vacant inventory by percentage is 15.53% commercial, 10.00% industrial, and 17.88% office.

The unemployment rate for Fayetteville is 7.7%, compared to the United States average of 7.4%. Sales and office type jobs are the most prominent jobs in Fayetteville, followed by professional and management, business, and financial operation.

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

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

The financial position of the City of Fayetteville has been affected by the recession, which has resulted in reduced revenues, mostly in sales taxes and building permits and fees. During fiscal year 2013, budget measures were continued to reduce the effected revenues and expenditures. Major expenditure reductions involved, but were not limited to, continuation of a hiring freeze except for police officers, no purchasing on new and limited replacement capital items or projects, continuation of an employee voluntary reduction in work hours, no out-of-state training and travel, fuel conservation policy, reorganization and reallocation of some employees between the General Fund departments and the Water and Sewer Fund when current employees terminate service with the City, amendments were approved to the City's deferred retirement program for new hires as of April 2012 for future cost savings, a voluntary early retirement incentive program (VERIP) was approved, and debt restructuring. Seventeen of the eighteen employees eligible chose to take the VERIP. The seventeen employees were staggered with different retirement dates beginning with July 31, 2012 as the first date of retirement and ending with July 2013. Most of the cost savings from the VERIP was recognized in fiscal year 2013. These measures and conservative spending allowed the City to offset the revenue deficit in fiscal year 2013. Transportation projects, including highways and

streets and sidewalks, that were funded via special local option sales tax, grants, and/or impact fees have continued as planned in the capital project fund budgets.

The City continued to maintain adequate fund balances consistent with our reserve fund policy. With continued monitoring of our revenues and expenditures, the City can meet goals and objectives in the public service area; police and fire protection, street and drainage improvements, and infrastructure.

No new personnel were added during fiscal year 2013. As mentioned above, a hiring freeze was implemented in mid fiscal year 2008 and continued through fiscal year 2013, except replacing patrol positions that left employment with the City during fiscal year 2013. A one-time incentive pay was included in the fiscal year 2013 budgets. Personnel services and benefits decreased by (8.9%) from the previous fiscal year 2012. The decrease is due to the VERIP and the reorganization of departments that were affected by the VERIP which included not replacing positions when they become vacant. Funds were budgeted for retention plan, wellness and safety program, workers compensation and retirement plan.

**Major Initiatives.** During fiscal year 2013, replacement public safety vehicles and equipment were purchased in the major operating funds.

The most significant project occurred in the City’s Stormwater program, which was the beginning of construction on the Deep Forest drainage project. Another major project breaking ground is the Westside Sanitary Sewer project in the Water and Sewer Fund.

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

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

The Downtown Development Authority has a major construction in progress project on renovation of the 115 Glynn Street property. This project is near completion and will be completed at the beginning of fiscal year 2014.

**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, 2012. This was the seventeenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

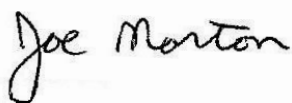
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA Award for Distinguished Budget Presentation for the annual budget for fiscal year 2013. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communication device.

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

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

Respectfully submitted,



Joe Morton  
City Manager



Lorri Lynn Robinson  
Director of Finance and Administrative Services



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, 2012**

Executive Director/CEO

**CITY OF FAYETTEVILLE, GEORGIA**

**LIST OF PRINCIPAL OFFICIALS**

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**MAYOR**

Greg Clifton

**CITY COUNCIL MEMBERS**

Larry Dell, Mayor Pro-Tem

Paul Oddo, Jr.

Mickey Edwards

Edward Johnson

Walt White

**CITY MANAGER**

Joe Morton

**CITY CLERK**

Anne Barnard

**DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES**

Lorri Lynn Robinson

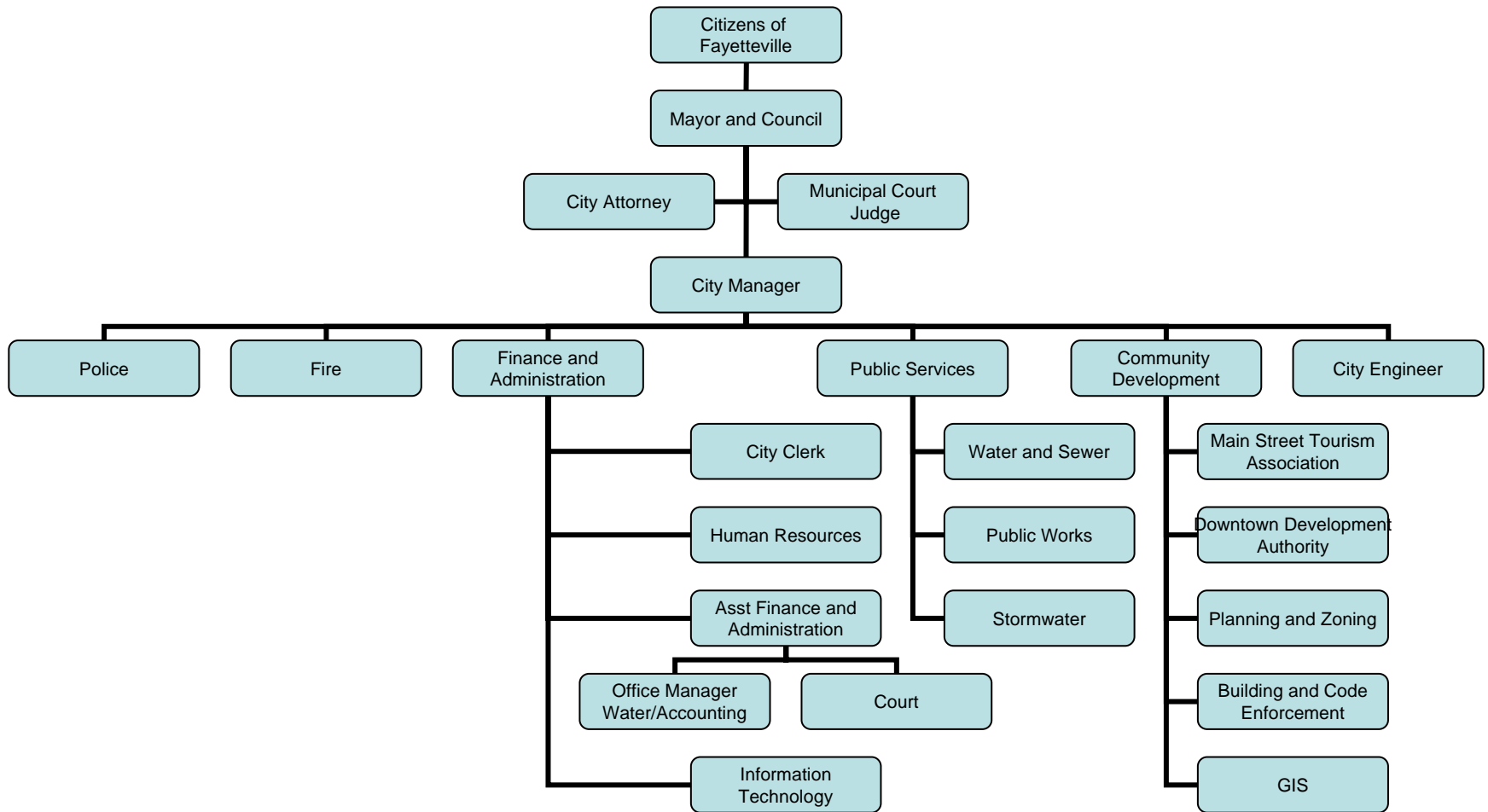
**CITY ATTORNEY**

David Winkle

**CITY AUDITORS**

Mauldin & Jenkins, LLC

# City of Fayetteville Organizational Chart FY 2013



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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### **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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fayetteville, Georgia as of July 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An amendment of GASB Statements No. 14 and 34*, Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of August 1, 2012. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 12) and the Schedule of Funding Progress (on page 57) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fayetteville, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Fayetteville, Georgia. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and is not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2014, on our consideration of the City of Fayetteville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fayetteville, Georgia's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
January 23, 2014

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**CITY OF FAYETTEVILLE, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JULY 31, 2013**

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This management discussion and analysis of the City of Fayetteville, Georgia's financial performance provides an overall review of the City's financial activities for the fiscal year ended July 31, 2013. 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 FY2013 are as follows:

In total, combined net position increased \$2,231,119 which represents a 2.6% increase over FY 2012. This increase can primarily be attributed to the increase in capital contributions received by the City for infrastructure improvements and projects.

- Combined tax revenues accounted for \$8,938,367 or 67.3% of all revenues from governmental activities. Service specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,345,592 or 32.7% of total revenues of \$13,290,333 from governmental activities.
- The City had \$10,817,425 in expenses related to governmental activities; \$4,345,592 of these expenses were offset by charges for services, grants, and contributions. General revenues (primarily taxes) of \$8,944,741 provided for these services plus an increase in the net position of \$2,472,908.
- Total Water and Sewer Fund revenues for fiscal year 2013 were \$5,450,597. Total expenses for fiscal year 2013 were \$5,873,173. Capital contributions were recorded in the amount of \$232,047, including but not limited to donated property and sewer proportionate share. The change in net position after depreciation and non-operating revenues and/or expenses was (\$190,529) for the fiscal year end.
- Revenues from the General Fund were \$9,673,062 for fiscal year 2013, an increase of approximately 0.3% over the prior fiscal year, due to an increase in local option sales tax. General Fund expenditures totaled \$8,479,288 for the fiscal year ending July 31, 2013, a decrease of (6.0%) over last fiscal year.

**Overview of the Financial Statements**

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The purpose of the Statement of Net Position and the Statement of Activities is to answer the question, "How did we do financially during FY2013?" These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial and some non-financial, including the City's property tax base, facility conditions, and other factors.

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

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

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

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

## **Governmental Funds**

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City of Fayetteville has seven Special Revenue Funds: (1) Confiscated Assets Fund, (2) Hotel/Motel Tax Fund, (3) Vehicle Excise Tax Fund (4) Cemetery Fund, (5) Veterans Memorial, (6) Downtown Development Authority Fund, and (7) Main Street Tourism Association Fund.

### Proprietary Funds

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

### Financial Analysis

As was previously stated, the FY 2013 total net position represents an increase of 2.6% over FY 2012. The City is starting to see changes in the economy that have affected some revenue sources: improvement in local option sales tax and other taxes with a decrease in capital grant monies. See Tables 1 (*Statement of Net Position* on page 13 and 2 (*Statement of Activities* on pages 14 and 15) for a schedule of net position and change in net position.

**TABLE 1-NET POSITION**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Activities</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Current and other assets	\$ 8,123,067	\$ 7,357,482	\$ 5,253,282	\$ 5,064,784	\$ 13,376,349	\$ 12,422,266
Capital assets	71,880,604	70,500,016	27,039,107	28,398,323	98,919,711	98,898,339
Total assets	<u>80,003,671</u>	<u>77,857,498</u>	<u>32,292,389</u>	<u>33,463,107</u>	<u>112,296,060</u>	<u>111,320,605</u>
Deferred outflows of resources	<u>127,980</u>	<u>-</u>	<u>349,780</u>	<u>-</u>	<u>477,760</u>	<u>-</u>
Long-term liabilities	5,998,561	6,131,039	18,339,482	18,823,922	24,338,043	24,954,961
Other liabilities	782,151	848,428	414,239	508,948	1,196,390	1,357,376
Total liabilities	<u>6,780,712</u>	<u>6,979,467</u>	<u>18,753,721</u>	<u>19,332,870</u>	<u>25,534,433</u>	<u>26,312,337</u>
Net position:						
Net investment in capital assets	66,251,170	64,705,044	8,699,625	9,882,825	74,950,795	74,587,869
Restricted	1,952,554	1,894,154	2,286,019	2,011,900	4,238,573	3,906,054
Unrestricted	5,147,215	4,278,833	2,902,804	2,235,512	8,050,019	6,514,345
Total net position	<u>\$ 73,350,939</u>	<u>\$ 70,878,031</u>	<u>\$ 13,888,448</u>	<u>\$ 14,130,237</u>	<u>\$ 87,239,387</u>	<u>\$ 85,008,268</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**TABLE 2-CHANGE IN NET POSITION**

	Governmental Activities		Business-type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 1,812,907	\$ 1,829,534	\$ 6,055,311	\$ 6,171,106	\$ 7,868,218	\$ 8,000,640
Operating grants and contributions	528,838	624,114	-	-	528,838	624,114
Capital grants and contributions	2,003,847	251,021	232,047	37,644	2,235,894	288,665
Total program revenues	<u>4,345,592</u>	<u>2,704,669</u>	<u>6,287,358</u>	<u>6,208,750</u>	<u>10,632,950</u>	<u>8,913,419</u>
General revenues:						
Property taxes	2,879,031	2,664,133	-	-	2,879,031	2,664,133
Other taxes	6,059,336	6,036,820	-	-	6,059,336	6,036,820
Unrestricted investment earnings	6,374	10,114	108	2,035	6,482	12,149
Gain on sale of capital assets	-	-	1,554	5,039	1,554	5,039
Total general revenues	<u>8,944,741</u>	<u>8,711,067</u>	<u>1,662</u>	<u>7,074</u>	<u>8,946,403</u>	<u>8,718,141</u>
Total revenues	<u>13,290,333</u>	<u>11,415,736</u>	<u>6,289,020</u>	<u>6,215,824</u>	<u>19,579,353</u>	<u>17,631,560</u>
Expenses						
General government	918,357	1,023,395	-	-	918,357	1,023,395
Judicial	491,867	584,782	-	-	491,867	584,782
Public safety	6,579,434	6,505,689	-	-	6,579,434	6,505,689
Public works	1,618,047	1,707,680	-	-	1,618,047	1,707,680
Culture and recreation	19,672	10	-	-	19,672	10
Housing and development	919,084	1,444,042	-	-	919,084	1,444,042
Interest on long-term debt	270,964	154,685	-	-	270,964	154,685
Water and sewer	-	-	5,602,921	5,838,861	5,602,921	5,838,861
Stormwater	-	-	270,252	354,558	270,252	354,558
Solid waste	-	-	657,636	668,891	657,636	668,891
Total expenses	<u>10,817,425</u>	<u>11,420,283</u>	<u>6,530,809</u>	<u>6,862,310</u>	<u>17,348,234</u>	<u>18,282,593</u>
Change in net position	2,472,908	(4,547)	(241,789)	(646,486)	2,231,119	(651,033)
Net position, beginning of year	<u>70,878,031</u>	<u>71,061,638</u>	<u>14,130,237</u>	<u>15,085,147</u>	<u>85,008,268</u>	<u>86,146,785</u>
Prior period adjustment	-	(179,060)	-	(308,424)	-	(487,484)
Net position, beginning of year, as restated	<u>70,878,031</u>	<u>70,882,578</u>	<u>14,130,237</u>	<u>14,776,723</u>	<u>85,008,268</u>	<u>85,659,301</u>
Net position, end of year	<u>\$ 73,350,939</u>	<u>\$ 70,878,031</u>	<u>\$ 13,888,448</u>	<u>\$ 14,130,237</u>	<u>\$ 87,239,387</u>	<u>\$ 85,008,268</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Governmental Activities

Please note that public safety expenses of \$6,579,434 represent 60.8% of the total governmental expenses. The next most significant program expense is public works, which totals \$1,618,047 or 15.0% of the total. Interest expense of \$270,964 represents only 2.5%. Interest expense was attributable to the Certificates of Participation for the construction of the law enforcement center.

### Business-Type Activities

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

### Cost of Program Services

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

Although program revenues make up 32.7% of the combined revenues, the City is dependent upon tax revenues for governmental activities. The net cost of services amounts to \$6,471,833, which approximates 72.4% of our local tax receipts of \$8,938,367. The remaining balance of tax receipts along with interest earnings of \$6,374 creates an increase in net position of \$2,472,908. This information was taken from the *Statement of Activities* on pages 14 and 15.

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

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
General government	\$ 918,357	\$ 1,023,395	\$ (476,399)	\$ (758,692)
Judicial	491,867	584,782	323,252	473,141
Public safety	6,579,434	6,505,689	(6,280,961)	(6,248,240)
Public works	1,618,047	1,707,680	675,401	1,133,814
Culture and recreation	19,672	10	(19,672)	7,399
Housing and development	919,084	774,059	(422,490)	(785,382)
Interest on long-term debt	270,964	154,685	(270,964)	(165,407)
Total governmental activities	<u>10,817,425</u>	<u>10,750,300</u>	<u>(6,471,833)</u>	<u>(6,343,367)</u>
Business-type activities	<u>6,530,809</u>	<u>6,862,310</u>	<u>(243,451)</u>	<u>(616,610)</u>
Total expenses	<u>\$ 17,348,234</u>	<u>\$ 17,612,610</u>	<u>\$ (6,715,284)</u>	<u>\$ (6,959,977)</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Governmental Fund Balance

At the end of the fiscal year 2013, the combined ending fund balances for the City's Governmental Funds were \$7,276,622. Of the total fund balance, \$7,108,806 is available as working capital for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is designated to indicate that it is not available for new spending because it is committed for the following purposes: reserved as non-spendable \$167,816 (pre-paid items and inventory).

The General Fund's fund balance for the fiscal year ending 2013 was \$4,850,831, which indicates an increase in fund balance over previous year by \$1,172,683. The increase in General Fund's fund balance is due to reduction in personnel through attrition, the voluntary early retirement incentive program (VERIP), and improvement in local option sales tax and other taxes. The fund balance of the City's Impact Fee Fund increased by \$125,458 during the fiscal year to an ending fund balance of \$1,047,294. The SPLOST fund has decreased by (\$39,613) due to a few projects underway, which are currently listed as construction in progress. Information provided in Table 4 is from the *Governmental Funds Balance Sheet* on page 15.

**TABLE 4 – Governmental Fund Balance**

	<u>2013</u>	<u>2012</u>
General Fund	\$ 4,850,831	\$ 3,678,148
SPLOST Fund	750,274	789,887
Other Governmental Funds	<u>1,675,517</u>	<u>1,991,454</u>
Total	<u>\$ 7,276,622</u>	<u>\$ 6,459,489</u>

### Proprietary Net Position

At the end of the fiscal year 2013, the combined net position of the City's Proprietary Funds were \$13,888,448. The most significant event that took place in the Water and Sewer Funds was the increased revenues in sewer proportionate share and connection fees for new construction.

### General Fund Budgeting Highlights

- The City's budget is prepared according to Georgia law. The most significant budget fund is the General Fund.
- For the General Fund, the actual revenues of \$9,673,062 were more than the final budgeted amount of \$9,365,058 by \$308,004. This difference was primarily due to increased improvement in Local Option Sales Tax and other taxes.
- The actual expenditures of \$8,479,288 were less than the final budgeted amount of \$9,039,928 by \$560,640. This difference was primarily due to vacant personnel positions and the Volunteer Early Retirement Incentive Program (VERIP).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### General Fund Budgeting Highlights (Continued)

- The original budget had to be increased by \$327,004 due to the change in revenues. Property Taxes were originally budgeted as \$2,074,893 with actual revenues of \$2,327,505 for a total increase of \$252,612, Other Taxes were originally budgeted as \$3,345,134 with actual revenues of \$3,503,374 for a total increase of \$158,240, Licenses and Permits were originally budgeted as \$225,412 with actual revenues of \$369,157 for an increase of \$143,745, and Fines and Forfeitures were originally budgeted as \$1,150,000 with actual revenues of \$814,541 for a decrease of (\$335,459). With the downturn in the economic conditions and subsequent slow recovery conditions have rendered the historical data and past trends irrelevant, forecasting has become difficult.

### Capital Assets and Debt Administration

At the end of fiscal year 2013, the City had \$98,919,711 invested in capital assets, which is an increase over fiscal year 2012 of \$21,371. Table 5 shows fiscal years 2013 and 2012 balances of the *Capital Assets, net of depreciation* as presented on pages 41 and 42 under Note 7 – Capital Assets.

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

	Governmental Activities		Business-type Activities		Total Activities	
	2013	2012	2013	2012	2013	2012
Land	\$ 4,439,476	\$ 4,439,476	\$ 1,630,139	\$ 1,630,139	\$ 6,069,615	\$ 6,069,615
Historical treasures	91,279	91,279	-	-	91,279	91,279
Construction in progress	2,976,751	1,766,771	454,460	442,568	3,431,211	2,209,339
Buildings	7,326,414	7,589,244	-	-	7,326,414	7,589,244
Land improvements	334,660	374,937	-	-	334,660	374,937
Equipment	642,766	593,803	110,700	141,353	753,466	735,156
Infrastructure	56,069,258	55,644,506	24,843,808	26,184,263	80,913,066	81,828,769
Total	<u>\$ 71,880,604</u>	<u>\$ 70,500,016</u>	<u>\$ 27,039,107</u>	<u>\$ 28,398,323</u>	<u>\$ 98,919,711</u>	<u>\$ 98,898,339</u>

### Debt

The amount of outstanding debt of \$18,260,000 in Water and Sewerage Revenue Bonds is to refinance the cost of a surface water supply, a water treatment and transmission facility, a new gravity sewer line to connect the new Fayette Community Hospital to the sewer collection system and to finance a new Wastewater Plant Expansion. The Water and Sewer Fund refinanced a loan to the Georgia Environmental Facilities Authority of the State of Georgia by issuing 2010 Series Revenue Bonds in the amount of \$9,870,000. The amount of outstanding debt in Governmental Activities is \$3,115,000 in Certificates of Participation (COPS) with Georgia Municipal Association (GMA) to finance the cost of construction and furnishing of the new Law Enforcement Center, \$1,885,000 in revenue bonds which were used to refund the 2001 series bonds and notes payable of \$629,434 used to finance various revitalization projects. Table 6 – *Outstanding Long-Term Liabilities* reflects information provided on pages 43 through 47 under Note 8 – Long-Term Debt.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Notes payable	\$ 629,434	\$ 674,049	\$ -	\$ -
Compensated absences	369,127	449,566	-	-
Certificates of participation:				
Certificates payable	3,115,000	3,210,000	-	-
Discount	-	(32,297)	-	-
Total Certificates of participation	3,115,000	3,177,703	-	-
Bonds payable:				
Revenue bonds	1,885,000	1,885,000	18,260,000	18,840,000
Deferred amounts:				
Premium	-	-	79,482	86,442
On refunding	-	-	-	-
Total bonds payable	1,885,000	1,885,000	18,339,482	18,926,442
Total long-term liabilities	<u>\$ 5,998,561</u>	<u>\$ 6,186,318</u>	<u>\$ 18,339,482</u>	<u>\$ 18,926,442</u>

### Current Issues

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

Today, the population for the City of Fayetteville is estimated to be 16,060. This growth has been reflected in the City's General Fund revenues, which have increased from \$3,840,328 in 1994 to \$9,673,062 in 2013. The economic condition and outlook of the City is beginning to show slight improvement in residential construction, purchasing by City residents, and the loss of jobs and employment in our area has stabilized.

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **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 Lorri Lynn Robinson, Director of Finance and Administrative Services, City of Fayetteville, 240 Glynn Street South, Fayetteville, Georgia 30214, 770-461-6029, or [lrobinson@fayetteville-ga.gov](mailto:lrobinson@fayetteville-ga.gov).

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## **BASIC FINANCIAL STATEMENTS**

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# CITY OF FAYETTEVILLE, GEORGIA

## STATEMENT OF NET POSITION JULY 31, 2013

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 2,726,233	\$ 904,229	\$ 3,630,462
Investments	4,298,674	-	4,298,674
Taxes receivable	535,430	-	535,430
Accounts receivable, net of allowances	190,985	647,274	838,259
Due from other governments	69,562	-	69,562
Internal balances	68,283	(68,283)	-
Inventories	30,032	144,761	174,793
Prepaid expenses	137,784	142,822	280,606
Restricted assets, cash and cash equivalents	66,084	3,482,479	3,548,563
Capital assets, nondepreciable	7,507,506	2,084,599	9,592,105
Capital assets, depreciable, net of accumulated depreciation	64,373,098	24,954,508	89,327,606
Total assets	80,003,671	32,292,389	112,296,060
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	127,980	349,780	477,760
Total deferred outflows of resources	127,980	349,780	477,760
<b>LIABILITIES</b>			
Accounts payable	315,375	152,904	468,279
Accrued liabilities	39,348	261,335	300,683
Unearned revenues	427,428	-	427,428
Liabilities payable from restricted assets	-	600,000	600,000
Compensated absences due within one year	184,564	-	184,564
Compensated absences due in more than one year	184,563	-	184,563
Certificates of participation due within one year	105,000	-	105,000
Certificates of participation due in more than one year	3,010,000	-	3,010,000
Notes payable due within one year	46,331	-	46,331
Notes payable due in more than one year	583,103	-	583,103
Bonds payable due within one year	80,000	-	80,000
Bonds payable due in more than one year	1,805,000	17,739,482	19,544,482
Total liabilities	6,780,712	18,753,721	25,534,433
<b>NET POSITION</b>			
Net investment in capital assets	66,251,170	8,699,625	74,950,795
Restricted for:			
Debt service	-	2,286,019	2,286,019
Law enforcement	129,881	-	129,881
Cemetery improvements	2,747	-	2,747
Veterans memorial	22,358	-	22,358
Other capital projects	1,797,568	-	1,797,568
Unrestricted	5,147,215	2,902,804	8,050,019
Total net position	\$ 73,350,939	\$ 13,888,448	\$ 87,239,387

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, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 918,357	\$ 428,003	\$ -	\$ 13,955
Judicial	491,867	815,119	-	-
Public safety	6,579,434	71,393	225,900	1,180
Public works	1,618,047	109,514	195,267	1,988,667
Culture and recreation	19,672	-	-	-
Housing and development	919,084	388,878	107,671	45
Interest on long-term debt	270,964	-	-	-
Total governmental activities	10,817,425	1,812,907	528,838	2,003,847
Business-type activities:				
Water and sewer	5,602,921	4,951,031	-	232,047
Stormwater	270,252	497,904	-	-
Solid waste	657,636	606,376	-	-
Total business-type activities	6,530,809	6,055,311	-	232,047
Total primary government	\$ 17,348,234	\$ 7,868,218	\$ 528,838	\$ 2,235,894

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Alcoholic beverage excise taxes
- Business and occupation taxes
- Insurance premium taxes
- Other taxes
- Unrestricted investment earnings
- Gain on sale of capital assets
- Total general revenues
- Change in net position

Net position, beginning of year, as restated

Net position, end of year

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

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (476,399)	\$ -	\$ (476,399)
323,252	-	323,252
(6,280,961)	-	(6,280,961)
675,401	-	675,401
(19,672)	-	(19,672)
(422,490)	-	(422,490)
(270,964)	-	(270,964)
<u>(6,471,833)</u>	<u>-</u>	<u>(6,471,833)</u>
-	(419,843)	(419,843)
-	227,652	227,652
-	(51,260)	(51,260)
-	(243,451)	(243,451)
<u>(6,471,833)</u>	<u>(243,451)</u>	<u>(6,715,284)</u>
2,879,031	-	2,879,031
2,369,274	-	2,369,274
1,329,806	-	1,329,806
339,813	-	339,813
846,563	-	846,563
794,382	-	794,382
379,498	-	379,498
6,374	108	6,482
-	1,554	1,554
<u>8,944,741</u>	<u>1,662</u>	<u>8,946,403</u>
2,472,908	(241,789)	2,231,119
<u>70,878,031</u>	<u>14,130,237</u>	<u>85,008,268</u>
<u>\$ 73,350,939</u>	<u>\$ 13,888,448</u>	<u>\$ 87,239,387</u>

**CITY OF FAYETTEVILLE, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JULY 31, 2013**

<b>ASSETS</b>	<b>General Fund</b>	<b>SPLOST Fund</b>	<b>Other Governmental Funds</b>	<b>Totals Governmental Funds</b>
Cash and cash equivalents	\$ 339,494	\$ 701,075	\$ 1,685,664	\$ 2,726,233
Investments	4,298,674	-	-	4,298,674
Taxes receivable	516,039	-	19,391	535,430
Accounts receivable	190,985	-	-	190,985
Due from other governments	1,387	68,175	-	69,562
Due from other funds	165,754	16,422	48,792	230,968
Inventories	14,866	-	15,166	30,032
Prepaid expenditures	121,320	-	16,464	137,784
Restricted assets	-	-	66,084	66,084
<b>Total assets</b>	<b>\$ 5,648,519</b>	<b>\$ 785,672</b>	<b>\$ 1,851,561</b>	<b>\$ 8,285,752</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 268,211	\$ 25,296	\$ 21,868	\$ 315,375
Accrued liabilities	9,483	-	-	9,483
Due to other funds	19,411	10,102	133,172	162,685
Unearned revenue	-	-	21,004	21,004
<b>Total liabilities</b>	<b>297,105</b>	<b>35,398</b>	<b>176,044</b>	<b>508,547</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	500,583	-	-	500,583
<b>Total deferred inflows of resources</b>	<b>500,583</b>	<b>-</b>	<b>-</b>	<b>500,583</b>

**CITY OF FAYETTEVILLE, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JULY 31, 2013**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>FUND BALANCES</b>				
Fund balances:				
Nonspendable	\$ 136,186	\$ -	\$ 31,630	\$ 167,816
Restricted	-	750,274	1,574,210	2,324,484
Assigned	2,352,026	-	69,677	2,421,703
Unassigned	<u>2,362,619</u>	<u>-</u>	<u>-</u>	<u>2,362,619</u>
Total fund balances	<u>4,850,831</u>	<u>750,274</u>	<u>1,675,517</u>	<u>7,276,622</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,648,519</u>	<u>\$ 785,672</u>	<u>\$ 1,851,561</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.				\$ 71,880,604
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.				94,159
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.				<u>(5,900,446)</u>
Net position of governmental activities				<u>\$ 73,350,939</u>

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

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JULY 31, 2013**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 8,200,153	\$ -	\$ 746,754	\$ 8,946,907
Licenses and permits	369,157	-	-	369,157
Intergovernmental	67,180	1,988,667	115,399	2,171,246
Fines and forfeitures	814,541	-	39,722	854,263
Charges for services	162,238	-	190,374	352,612
Impact fees	-	-	196,424	196,424
Contributions	12,968	-	268,468	281,436
Interest income	6,374	-	45	6,419
Rental income	-	-	29,288	29,288
Other revenues	40,451	31,533	19,137	91,121
Total revenues	<u>9,673,062</u>	<u>2,020,200</u>	<u>1,605,611</u>	<u>13,298,873</u>
<b>Expenditures</b>				
Current:				
General government	871,018	-	-	871,018
Judicial	492,832	-	-	492,832
Public safety	5,846,206	-	17,573	5,863,779
Public works	906,708	-	-	906,708
Culture and recreation	-	-	19,672	19,672
Housing and development	362,524	-	732,805	1,095,329
Capital outlay:				
General government	-	-	49,504	49,504
Public safety	-	-	640,086	640,086
Public works	-	2,076,235	-	2,076,235
Debt service:				
Principal	-	-	259,615	259,615
Interest	-	-	198,312	198,312
Bond issuance cost	-	-	76,048	76,048
Total expenditures	<u>8,479,288</u>	<u>2,076,235</u>	<u>1,993,615</u>	<u>12,549,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,193,774</u>	<u>(56,035)</u>	<u>(388,004)</u>	<u>749,735</u>

**(Continued)**



**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JULY 31, 2013**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other financing sources (uses):</b>				
Issuance of debt	\$ -	\$ -	\$ 3,115,000	\$ 3,115,000
Payment to certificates of participation escrow agent	-	-	(3,055,278)	(3,055,278)
Proceeds from sale of assets	7,676	-	-	7,676
Transfers in	36,233	16,422	407,174	459,829
Transfers out	<u>(65,000)</u>	<u>-</u>	<u>(394,829)</u>	<u>(459,829)</u>
Total other financing sources (uses)	<u>(21,091)</u>	<u>16,422</u>	<u>72,067</u>	<u>67,398</u>
 Net change in fund balances	1,172,683	(39,613)	(315,937)	817,133
 <b>Fund balances, beginning of year, as restated</b>	<u>3,678,148</u>	<u>789,887</u>	<u>1,991,454</u>	<u>6,459,489</u>
 <b>Fund balances, end of year</b>	<u><u>\$ 4,850,831</u></u>	<u><u>\$ 750,274</u></u>	<u><u>\$ 1,675,517</u></u>	<u><u>\$ 7,276,622</u></u>

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, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JULY 31, 2013

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

Net change in fund balances - total governmental funds	\$	817,133
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.		1,380,588
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(8,540)
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.		199,893
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>83,834</u>
Changes in net position - governmental activities	\$	<u>2,472,908</u>

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

**CITY OF FAYETTEVILLE, GEORGIA  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2013**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 2,074,893	\$ 2,074,893	\$ 2,327,505	\$ 252,612
Sales taxes	2,373,211	2,373,211	2,369,274	(3,937)
Other taxes	3,345,134	3,345,134	3,503,374	158,240
Licenses and permits	225,412	225,412	369,157	143,745
Intergovernmental	66,000	66,000	67,180	1,180
Fines and forfeitures	1,150,000	1,075,000	814,541	(260,459)
Charges for services	58,050	152,050	162,238	10,188
Contributions	5,500	5,500	12,968	7,468
Interest income	7,140	7,140	6,374	(766)
Other revenues	40,718	40,718	40,451	(267)
Total revenues	9,346,058	9,365,058	9,673,062	308,004
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Mayor and council	125,160	125,160	112,714	12,446
Clerk of council	45,123	25,315	26,206	(891)
City manager	79,461	75,001	72,543	2,458
Elections	6,024	7,150	12,346	(5,196)
Financial administration	416,228	371,931	341,297	30,634
Law	100,440	100,440	91,094	9,346
Data processing	81,975	81,975	85,133	(3,158)
Human resources	49,830	49,830	35,023	14,807
Building and plant	103,327	103,327	94,662	8,665
Total general government	1,007,568	940,129	871,018	69,111
<b>Judicial:</b>				
Municipal court	680,711	680,711	492,832	187,879
<b>Public safety:</b>				
Police administration	401,517	388,583	369,531	19,052
Investigations	860,818	813,802	740,723	73,079
Patrol	1,959,839	1,959,839	2,035,018	(75,179)
Police stations and buildings	85,607	85,607	95,547	(9,940)
Support services	354,149	398,778	314,489	84,289
Fire administration	239,037	239,037	228,073	10,964
Fire fighting	1,814,082	1,814,082	1,767,315	46,767
Fire prevention	172,132	172,132	142,991	29,141
Fire station 91 and headquarters	50,314	50,314	46,264	4,050
Fire station 92	21,829	21,829	22,551	(722)
E911	117,649	117,649	83,704	33,945
Total public safety	6,076,973	6,061,652	5,846,206	215,446

**(Continued)**

**CITY OF FAYETTEVILLE, GEORGIA  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2013**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Public works:</b>				
Public works administration	\$ 131,727	\$ 109,643	\$ 101,692	\$ 7,951
Highways and streets	826,285	852,045	805,016	47,029
Total public works	<u>958,012</u>	<u>961,688</u>	<u>906,708</u>	<u>54,980</u>
<b>Housing and development:</b>				
Inspection	205,556	205,556	186,094	19,462
Planning and zoning	139,748	187,030	172,521	14,509
Engineering and development	44,817	3,162	3,909	(747)
Main Street	-	-	-	-
Total housing and development	<u>390,121</u>	<u>395,748</u>	<u>362,524</u>	<u>33,224</u>
Total expenditures	<u>9,113,385</u>	<u>9,039,928</u>	<u>8,479,288</u>	<u>560,640</u>
Excess of revenues over expenditures	<u>232,673</u>	<u>325,130</u>	<u>1,193,774</u>	<u>868,644</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	12,000	12,000	7,676	(4,324)
Transfers in	1,044	31,044	36,233	5,189
Transfers out	<u>(240,717)</u>	<u>(368,174)</u>	<u>(65,000)</u>	<u>303,174</u>
Total other financing sources (uses)	<u>(227,673)</u>	<u>(325,130)</u>	<u>(21,091)</u>	<u>304,039</u>
Net change in fund balances	5,000	-	1,172,683	1,172,683
<b>Fund balances, beginning of year</b>	<u>3,678,148</u>	<u>3,678,148</u>	<u>3,678,148</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 3,683,148</u>	<u>\$ 3,678,148</u>	<u>\$ 4,850,831</u>	<u>\$ 1,172,683</u>

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

# CITY OF FAYETTEVILLE, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS JULY 31, 2013

ASSETS	<u>Major Enterprise Fund Water and Sewer Fund</u>	<u>Nonmajor Enterprise Fund Solid Waste Fund</u>	<u>Totals</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 895,402	\$ 8,827	\$ 904,229
Accounts receivable, net of allowances	647,274	-	647,274
Due from other funds	70,737	51,105	121,842
Inventories	144,761	-	144,761
Prepaid expenses	142,822	-	142,822
Restricted assets, cash and cash equivalents	3,482,479	-	3,482,479
Total current assets	5,383,475	59,932	5,443,407
<b>NONCURRENT ASSETS</b>			
Capital assets:			
Capital assets, non-depreciable	2,084,599	-	2,084,599
Capital assets, depreciable, net of accumulated depreciation	24,954,508	-	24,954,508
Total capital assets	27,039,107	-	27,039,107
Total noncurrent assets	27,039,107	-	27,039,107
Total assets	32,422,582	59,932	32,482,514
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	349,780	-	349,780
Total deferred outflows of resources	349,780	-	349,780
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	99,742	53,162	152,904
Accrued liabilities	63,016	-	63,016
Due to other funds	174,222	15,903	190,125
Current portion of revenue bonds payable from restricted assets	600,000	-	600,000
Accrued interest	198,319	-	198,319
Total current liabilities	1,135,299	69,065	1,204,364
<b>NONCURRENT LIABILITIES</b>			
Revenue bonds payable, net of current portion	17,739,482	-	17,739,482
Total noncurrent liabilities	17,739,482	-	17,739,482
Total liabilities	18,874,781	69,065	18,943,846

(Continued)

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JULY 31, 2013**

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	<u>Major Enterprise Fund</u>	<u>Nonmajor Enterprise Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Totals</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 8,699,625	\$ -	\$ 8,699,625
Restricted for debt service	2,286,019	-	2,286,019
Unrestricted	2,911,937	(9,133)	2,902,804
Total net position	<u>\$ 13,897,581</u>	<u>\$ (9,133)</u>	<u>\$ 13,888,448</u>

**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, 2013**

	<u>Major Enterprise Fund Water and Sewer Fund</u>	<u>Nonmajor Enterprise Fund Solid Waste Fund</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services:			
Water sales pledged as security for revenue bonds	\$ 2,441,415	\$ -	\$ 2,441,415
Sewer sales pledged as security for revenue bonds	2,490,802	-	2,490,802
Stormwater sales pledged as security for revenue bonds	497,904	-	497,904
Sanitation charges	-	606,376	606,376
Other fees and charges	18,814	-	18,814
Total operating revenues	<u>5,448,935</u>	<u>606,376</u>	<u>6,055,311</u>
<b>OPERATING EXPENSES</b>			
Personal services and employee benefits	1,545,137	-	1,545,137
Contracted services	664,329	657,636	1,321,965
Supplies	1,372,722	-	1,372,722
Depreciation	1,431,912	-	1,431,912
Total operating expenses	<u>5,014,100</u>	<u>657,636</u>	<u>5,671,736</u>
Operating income (loss)	<u>434,835</u>	<u>(51,260)</u>	<u>383,575</u>
<b>NONOPERATING INCOME (EXPENSES)</b>			
Gain on disposal of assets	1,554	-	1,554
Interest income	108	-	108
Interest expense	(859,073)	-	(859,073)
Total nonoperating income (expenses)	<u>(857,411)</u>	<u>-</u>	<u>(857,411)</u>
Loss before contributions	(422,576)	(51,260)	(473,836)
<b>CAPITAL CONTRIBUTIONS</b>			
Change in net position	232,047	-	232,047
Change in net position	(190,529)	(51,260)	(241,789)
<b>NET POSITION, beginning of year, as restated</b>	<u>14,088,110</u>	<u>42,127</u>	<u>14,130,237</u>
<b>NET POSITION, end of year</b>	<u>\$ 13,897,581</u>	<u>\$ (9,133)</u>	<u>\$ 13,888,448</u>

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

**CITY OF FAYETTEVILLE, GEORGIA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JULY 31, 2013**

	<b>Major Enterprise Fund Water and Sewer Fund</b>	<b>Nonmajor Enterprise Fund Solid Waste Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 5,597,565	\$ 608,315	\$ 6,205,880
Payments to suppliers and service providers	(1,991,417)	(659,135)	(2,650,552)
Payments to employees	(1,638,477)	-	(1,638,477)
Net cash provided by (used in) by operating activities	<u>1,967,671</u>	<u>(50,820)</u>	<u>1,916,851</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of property and equipment	(72,696)	-	(72,696)
Proceeds from sale of property and equipment	1,554	-	1,554
Principal paid on bonds	(580,000)	-	(580,000)
Interest paid	(810,944)	-	(810,944)
Capital contributions	232,047	-	232,047
Net cash used in capital and related financing activities	<u>(1,230,039)</u>	<u>-</u>	<u>(1,230,039)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	108	-	108
Net cash provided by investing activities	<u>108</u>	<u>-</u>	<u>108</u>
Increase (decrease) in cash and cash equivalents	737,740	(50,820)	686,920
<b>Cash and cash equivalents:</b>			
Beginning of year (including \$2,444,149) in restricted cash in the Water and Sewer Fund)	<u>3,640,141</u>	<u>59,647</u>	<u>3,699,788</u>
End of year (including \$3,482,479 in restricted cash in the Water and Sewer Fund)	<u>\$ 4,377,881</u>	<u>\$ 8,827</u>	<u>\$ 4,386,708</u>
Classified as:			
Cash and cash equivalents	\$ 895,402	\$ 8,827	\$ 904,229
Restricted assets, cash and cash equivalents	<u>3,482,479</u>	<u>-</u>	<u>3,482,479</u>
	<u>\$ 4,377,881</u>	<u>\$ 8,827</u>	<u>\$ 4,386,708</u>

(Continued)

# CITY OF FAYETTEVILLE, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2013

	<u>Major Enterprise Fund Water and Sewer Fund</u>	<u>Nonmajor Enterprise Fund Solid Waste Fund</u>	<u>Totals</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 434,835	\$ (51,260)	\$ 383,575
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,431,912	-	1,431,912
Decrease in accounts receivable	148,630	-	148,630
Decrease in inventories	44,374	-	44,374
Decrease in due from other funds	38,964	1,939	40,903
Decrease in prepaid expenses	7,493	-	7,493
Decrease in accrued liabilities	(41,683)	-	(41,683)
Decrease in accounts payable	(45,197)	(1,754)	(46,951)
Increase (decrease) in due to other funds	(51,657)	255	(51,402)
	<u>\$ 1,967,671</u>	<u>\$ (50,820)</u>	<u>\$ 1,916,851</u>
Net cash provided by (used in) operating activities	<u>\$ 1,967,671</u>	<u>\$ (50,820)</u>	<u>\$ 1,916,851</u>

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

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# CITY OF FAYETTEVILLE, GEORGIA

## NOTES TO FINANCIAL STATEMENTS

JULY 31, 2013

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

The City operates under a Council/Manager form of government. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Fayetteville, Georgia (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, and as amended by Statements No. 34 and 61, the financial statements of the component units are blended in the government-wide financial statements.

The City of Fayetteville Downtown Development Authority (the Downtown Development Authority) was organized to develop and promote commerce, industry and general welfare within the City. The City appoints the Downtown Development Authority's board members, provides the majority of funding for the Downtown Development Authority's operating budget, and has contractually obligated itself to use its taxing powers to guarantee repayment of principal and interest on certain revenue bonds issued by the Downtown Development Authority. The Downtown Development Authority is reviewed and audited along with the primary government financial statements in accordance with the GASB statements noted above, however, separate financial statements are not prepared.

The City has historically presented the Downtown Development Authority as a discretely presented component unit. In implementing Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus (An Amendment to GASB No.'s 14 and 34)*, the City determined that the Downtown Development Authority met the specific criteria for reporting as a blended component unit. As such, a restatement of the non-major governmental funds fund balance and governmental activities net position were required and are discussed further in footnote 18.

The Fayetteville Main Street Tourism Association, Inc. (the Main Street Tourism Association) was organized to serve the needs and interests of tourism within the City of Fayetteville, and in particular, tourism within the Main Street District of Fayetteville. The City appoints the Main Street Tourism Association's board members and has the ability to impose its will on the operations of the Main Street Tourism Association. The Main Street Tourism Association is reviewed and audited along with the primary government financial statements in accordance with the GASB statements noted above, however, separate financial statements are not prepared.

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Reporting Entity (Continued)

The City has historically presented the Main Street Tourism Association as a discretely presented component unit. In implementing Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus (An Amendment to GASB No.'s 14 and 34)*, the City determined that the Main Street Tourism Association met the specific criteria for reporting as a blended component unit. As such, a restatement of the total non-major governmental funds fund balance and governmental activities net position were required and are discussed further in footnote 18.

#### 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 nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary fund:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and the other functions of the government. Elimination of these charges would distort the direct costs reported for the various functions concerned.

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

#### D. Cash and Deposits

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

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

#### E. Receivables and Payables

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



## NOTES TO FINANCIAL STATEMENTS

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

#### F. Inventories

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

#### G. Prepaid Expenditures/Expenses

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

#### H. Restricted Assets

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

#### I. Capital Assets

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### J. Compensated Absences

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

#### K. Long-Term Obligations

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

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

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

The City implemented 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*, as of August 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

#### M. Fund Equity

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### M. Fund Equity (Continued)

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

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

- Committed
- Assigned
- Unassigned

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

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

#### N. Use of Estimates

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

## NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$5,900,446 difference are as follows:

Accrued interest payable	\$ (29,865)
Compensated absences payable	(369,127)
Notes payable	(629,434)
Revenue bonds	(1,885,000)
Certificates of participation	(3,115,000)
Deferred refunding loss	<u>127,980</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (5,900,446)</u></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 \$1,380,588 difference are as follows:

Capital outlay	\$ 2,659,350
Depreciation expense	<u>(1,278,762)</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><u>\$ 1,380,588</u></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 \$199,893 difference are as follows:

Debt issued:		
Certificates of participation	\$	(3,115,000)
Principal repayments:		
Certificates of participation		215,000
Note payable		44,615
Payment to escrow agent for certificates of participation refinance		<u>3,055,278</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>199,893</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 \$83,834 difference are as follows:

Compensated absences	\$	80,438
Accrued interest		9,704
Amortization of deferred refunding loss		<u>(6,308)</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>83,834</u>

### NOTE 3. BUDGET COMPLIANCE AND DEFICIT 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### Budgetary Data (Continued)

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, 2013, there were no outstanding encumbrances.

**Excess Expenditures over Appropriations.** For the year ended July 31, 2013, expenditures exceeded budget, as follows:

Department	Excess
General Fund:	
General government - clerk of council	\$ 891
General government - elections	5,196
General government - data processing	3,158
Public safety - patrol	75,179
Public safety - police stations and buildings	9,940
Public safety - fire station 92	722
Housing and development - engineering and development	747

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

**Deficit Net Position.** For the year ended July 31, 2013, the Solid Waste Fund had a deficit net position of (\$9,133). This deficit is expected to be reduced through future reduced operating costs.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. DEPOSITS AND INVESTMENTS

**Credit risk.** State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of July 31, 2013, the City's investment in Georgia Fund 1 was rated AA+ by Standard & Poor's.

At July 31, 2013, the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Georgia Fund 1	55 day weighted average	\$ 3,538,483
Certificate of Deposit	August 2013	760,191
		<u>\$ 4,298,674</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.

**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, 2013, all of the deposits for the City and component units were fully collateralized in accordance with the state statutes.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES

Receivables at July 31, 2013 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<b>General</b>	<b>Water and Sewer</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Receivables:				
Taxes	\$ 516,039	\$ -	\$ 19,391	\$ 535,430
Accounts	228,133	722,836	-	950,969
Gross receivables	744,172	722,836	19,391	1,486,399
Less allowance for uncollectibles	37,148	75,562	-	112,710
Net total receivables	\$ 707,024	\$ 647,274	\$ 19,391	\$ 1,373,689

### NOTE 6. PROPERTY TAXES

The City receives its property tax revenue from Fayette County, which assesses, levies, and collects the taxes, including real and personal property, mobile homes, and motor vehicles. Tax bills were levied to taxpayers on September 1, 2012 and were due and payable on November 15, 2012. All unpaid taxes became delinquent as of November 16, 2012. Property taxes attached as an enforceable lien on property as of November 16, 2012. 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, 2013 is as follows:

#### A. Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 4,439,476	\$ -	\$ -	\$ -	\$ 4,439,476
Historical treasures	91,279	-	-	-	91,279
Construction in Progress	1,766,771	2,206,521	-	(996,541)	2,976,751
Total	<u>6,297,526</u>	<u>2,206,521</u>	<u>-</u>	<u>(996,541)</u>	<u>7,507,506</u>
Capital assets, being depreciated:					
Buildings	10,452,729	-	-	-	10,452,729
Land Improvements	528,857	-	-	-	528,857
Infrastructure	64,758,901	186,519	-	996,541	65,941,961
Equipment	4,170,334	266,310	(136,004)	-	4,300,640
Total	<u>79,910,821</u>	<u>452,829</u>	<u>(136,004)</u>	<u>996,541</u>	<u>81,224,187</u>
Less accumulated depreciation for:					
Buildings	2,863,485	262,830	-	-	3,126,315
Land Improvements	153,920	40,277	-	-	194,197
Infrastructure	9,114,395	758,308	-	-	9,872,703
Equipment	3,576,531	217,347	(136,004)	-	3,657,874
Total	<u>15,708,331</u>	<u>1,278,762</u>	<u>(136,004)</u>	<u>-</u>	<u>16,851,089</u>
Total assets, being depreciated, net	<u>64,202,490</u>	<u>(825,933)</u>	<u>-</u>	<u>996,541</u>	<u>64,373,098</u>
Governmental activities capital assets, net	<u>\$ 70,500,016</u>	<u>\$ 1,380,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,880,604</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,630,139	\$ -	\$ -	\$ -	\$ 1,630,139
Construction in Progress	442,568	11,892	-	-	454,460
Total	<u>2,072,707</u>	<u>11,892</u>	<u>-</u>	<u>-</u>	<u>2,084,599</u>
Capital assets, being depreciated:					
Water and plant distribution system	11,809,986	-	-	-	11,809,986
Sewer plant and extensions	32,154,836	60,804	-	-	32,215,640
Stormwater system	3,254,198	-	-	-	3,254,198
Equipment	1,217,554	-	(8,854)	-	1,208,700
Total	<u>48,436,574</u>	<u>60,804</u>	<u>(8,854)</u>	<u>-</u>	<u>48,488,524</u>
Less accumulated depreciation for:					
Water and plant distribution system	8,166,313	519,976	-	-	8,686,289
Sewer plant and extensions	12,523,450	797,793	-	-	13,321,243
Stormwater system	344,994	83,490	-	-	428,484
Equipment	1,076,201	30,653	(8,854)	-	1,098,000
Total	<u>22,110,958</u>	<u>1,431,912</u>	<u>(8,854)</u>	<u>-</u>	<u>23,534,016</u>
Total assets, being depreciated, net	<u>26,325,616</u>	<u>(1,371,108)</u>	<u>-</u>	<u>-</u>	<u>24,954,508</u>
Business-type activities capital assets, net	<u>\$ 28,398,323</u>	<u>\$ (1,359,216)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,039,107</u>

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

<b>Governmental activities:</b>	
General government	\$ 66,339
Public safety	360,409
Public works	752,553
Housing and development	99,461
Total depreciation expense - governmental activities	<u>\$ 1,278,762</u>
<b>Business-type activities:</b>	
Water and sewer	\$ 1,431,912
Total depreciation expense - business-type activities	<u>\$ 1,431,912</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT

**Revenue Bonds.** During the year ended July 31, 2004, the City issued revenue bonds in the amount of \$14,205,000. The bond proceeds were used to refund the series 1996 revenue bonds. Revenue bonds outstanding at July 31, 2013, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Water & Sewer Fund	2.00 - 5.00%	21 years	2024	<u>\$ 14,205,000</u>	\$ 8,390,000
	Plus unamortized premium				<u>79,482</u>
					<u>\$ 8,469,482</u>

During the year ended July 31, 2010, the City issued revenue bonds in the amount of \$9,870,000. The bond proceeds were used to pay off a note payable to the Georgia Environmental Facilities Authority and to refund a portion of the series 2003 revenue bonds. Revenue bonds outstanding at July 31, 2013, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Water & Sewer Fund	3.00 - 4.50%	23 years	2032	<u>\$ 9,870,000</u>	<u>\$ 9,870,000</u>

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

<u>Year Ending July 31,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 600,000	\$ 778,923
2015	625,000	757,266
2016	650,000	734,148
2017	675,000	709,369
2018	700,000	682,854
2019-2023	3,950,000	2,926,964
2024-2028	5,095,000	1,857,341
2029-2033	<u>5,965,000</u>	<u>642,097</u>
Total	<u>\$ 18,260,000</u>	<u>\$ 9,088,962</u>

## NOTES TO FINANCIAL STATEMENTS

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

**Revenue Bonds (Continued).** The Downtown Development Authority issued revenue bonds during the year ended July 31, 2012 in the amount of \$1,885,000. The purpose of the bonds is to advance refund the remaining series 2001 bonds issued during the year ended July 31, 2002. The principal and interest on the bonds is payable from and secured by certain payments made to the Downtown Development Authority by the City pursuant to a contract between the Downtown Development Authority and the City. To fulfill its obligations under the contract, the City has agreed that it will, to the extent necessary, levy an annual tax on all taxable property located within the boundaries of the City, at such rate or rates, limited to 3 mills, as may be necessary to make the payments to the Downtown Development Authority for its services as called for by the contract. Revenue bonds outstanding at July 31, 2013, are as follows:

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

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

<u>Year Ending July 31,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 80,000	\$ 45,941
2015	205,000	42,392
2016	215,000	37,163
2017	215,000	31,810
2018	220,000	26,394
2019-2022	<u>950,000</u>	<u>47,933</u>
Total	<u>\$ 1,885,000</u>	<u>\$ 231,633</u>

## NOTES TO FINANCIAL STATEMENTS

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

**Notes Payable.** The Downtown Development Authority has incurred debt to a financial institution to be used on specifically identified Main Street projects. In connection with this debt, a contract has been entered into between the Downtown Development Authority and the City of Fayetteville whereby the City is to levy an annual tax on all taxable property located within the boundaries of the City in order to produce revenues sufficient to pay the debt service on the Downtown Development Authority debt. In the event that payments of this tax by the City to the Downtown Development Authority each year are not sufficient to pay the debt service payment on the debt, the City will be liable for any difference. The note is as follows at July 31, 2013:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
4.17%	15 years	2023	<u>\$ 540,000</u>	<u>\$ 411,434</u>

The Downtown Development Authority has also incurred debt to a nonprofit corporation to be used for the renovation of a specifically identified historic building. This debt is secured by a first mortgage, as well as an assignment of all leases and rents on the identified property. The Downtown Development Authority must also contribute approximately \$350,000 in acquisition and renovation costs to the property under the terms of the loan agreement. The note is as follows as of July 31, 2013:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
3.00%	10 years	2021	<u>\$ 250,000</u>	<u>\$ 218,000</u>

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

<u>Year Ending July 31,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 46,331	\$ 23,174
2015	48,115	21,340
2016	49,969	19,536
2017	51,896	17,609
2018	53,898	15,607
2019-2023	355,330	39,839
2024	23,895	498
Total	<u>\$ 629,434</u>	<u>\$ 137,603</u>

## NOTES TO FINANCIAL STATEMENTS

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

**Certificates of Participation.** During the year ended July 31, 2005, the City entered into lease-purchase agreements with the Georgia Municipal Association for the construction of a new law enforcement center issuing certificates of participation in the amount of \$4,575,000. The City refinanced the previously issued certificates of participation during the year ended July 31, 2013. Certificates of participation outstanding at July 31, 2013 are as follows:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
2.27%	13 years	2026	<u>\$ 3,115,000</u>	<u>\$ 3,115,000</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>
2014	\$ 105,000	\$ 71,325
2015	205,000	65,855
2016	205,000	61,212
2017	210,000	56,512
2018	215,000	51,699
2019-2023	1,150,000	182,333
2024	<u>1,025,000</u>	<u>47,169</u>
Total	<u>\$ 3,115,000</u>	<u>\$ 536,105</u>

## NOTES TO FINANCIAL STATEMENTS

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

Long-term liability activity for the year ended July 31, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Notes payable	\$ 674,049	\$ -	\$ (44,615)	\$ 629,434	\$ 46,331
Compensated absences	449,566	339,256	(419,695)	369,127	184,564
Revenue bonds	1,885,000	-	-	1,885,000	80,000
Certificates of participation:					
Certificates payable	3,210,000	3,115,000	(3,210,000)	3,115,000	105,000
Discount	(32,297)	-	32,297	-	-
Total certificates of participation	<u>3,177,703</u>	<u>3,115,000</u>	<u>(3,177,703)</u>	<u>3,115,000</u>	<u>105,000</u>
Governmental activity Long-term liabilities	<u>\$ 6,186,318</u>	<u>\$ 3,454,256</u>	<u>\$ (3,642,013)</u>	<u>\$ 5,998,561</u>	<u>\$ 335,895</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds	\$ 18,840,000	\$ -	\$ (580,000)	\$ 18,260,000	\$ 600,000
Deferred amount:					
Premium	86,442	-	(6,960)	79,482	-
Total bonds payable	<u>18,926,442</u>	<u>-</u>	<u>(586,960)</u>	<u>18,339,482</u>	<u>600,000</u>
Business-type activity Long-term liabilities	<u>\$ 18,926,442</u>	<u>\$ -</u>	<u>\$ (586,960)</u>	<u>\$ 18,339,482</u>	<u>\$ 600,000</u>

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

**Defeasance of Debt.** During prior years, the City defeased certain water and sewer bonds and Downtown Development Authority bonds by placing part of the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On July 31, 2013, the total outstanding amount of bonds considered defeased was \$4,047,400 for the water and sewer bonds and \$1,775,000 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, 2013 is as follows:

Receivable Fund	Payable Fund					Total
	General Fund	SPLOST Fund	Water and Sewer Fund	Nonmajor Business-Type Fund	Nonmajor Governmental Fund	
General Fund	\$ -	\$ 10,102	\$ 123,068	\$ -	\$ 32,584	\$ 165,754
SPLOST Fund	-	-	-	-	16,422	16,422
Water and Sewer Fund	3,584	-	-	15,903	51,250	70,737
Nonmajor governmental funds	15,827	-	49	-	32,916	48,792
Nonmajor business-type funds	-	-	51,105	-	-	51,105
<b>Total</b>	<b>\$ 19,411</b>	<b>\$ 10,102</b>	<b>\$ 174,222</b>	<b>\$ 15,903</b>	<b>\$ 133,172</b>	<b>\$ 352,810</b>

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

Interfund transfers:

Transfers In	Transfers Out		
	Nonmajor General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 36,233	\$ 36,233
SPLOST Fund	-	16,422	16,422
Nonmajor governmental funds	65,000	342,174	407,174
<b>Total</b>	<b>\$ 65,000</b>	<b>\$ 394,829</b>	<b>\$ 459,829</b>

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the ten (10) county Atlanta area, is a member of the Atlanta Regional Commission (RC) and is required to pay annual dues thereto. During its fiscal year ended July 31, 2013, the City's membership dues were paid by Fayette County, Georgia. The City did not pay any annual dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

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

### NOTE 11. DEFINED BENEFIT PENSION PLAN

#### Plan Description

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

#### Funding Policy

The funding policy for the City of Fayetteville Retirement Plan is to contribute an actuarially determined amount equal to the recommended contribution each year. The City makes all contributions to the City of Fayetteville Retirement Plan. The City is required to contribute at an actuarially determined rate; the current rate is 13.21% of annual covered payroll.

## NOTES TO FINANCIAL STATEMENTS

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

#### Annual Pension Cost

For the year ended July 31, 2013, the City's annual pension cost was \$657,569 for the City of Fayetteville Retirement Plan. The City's annual recommended contribution for the pension plan year beginning January 1, 2013, (the most recent actuarial valuation date) was \$661,218. The difference between the City's actual contribution and the required contribution is due to the five month variance between the City's fiscal year and the contribution period. The recommended contribution was determined as part of the January 1, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases for inflation of 3.0% per year and for merit or seniority of .5% per year, and (c) no postretirement benefit increases or cost of living adjustments. The period for amortizing the initial unfunded actuarial accrued liability varies for the bases, with a net effective amortization period of four years using the level dollar method of amortization. These amortization periods are closed for this plan year.

#### Asset Valuation Method

For the year ended July 31, 2013, the City's actuary used the following method to value the plan assets: the sum of the actuarial value at the beginning of the year and cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year.

#### Trend Information

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

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

## NOTES TO FINANCIAL STATEMENTS

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

As of the most recent valuation date, January 1, 2013, the funded status of the City of Fayetteville Retirement Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
01/01/13	\$ 10,582,852	\$ 12,987,451	\$ 2,404,599	81.5 %	4,907,614	49.0 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2013.

### 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 five (5) years of continuous service. For the fiscal year ending July 31, 2013, the City's contribution to the Plan was \$37,782. The amount contributed by employees was \$182,496.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 13. RISK MANAGEMENT

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

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

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

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

### NOTE 14. FUND EQUITY

#### A. Fund Balances:

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

<b><u>General Fund</u></b>	
Prepaid items	\$ 121,320
Inventories	14,866
<b><u>Downtown Development Authority Fund</u></b>	
Prepaid items	393
<b><u>Main Street Tourism Association Fund</u></b>	
Prepaid items	16,071
Inventories	15,166

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. FUND EQUITY (CONTINUED)

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

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

##### Special Revenue Funds

**Confiscated Assets Fund** - used to account for public safety-related expenditures funded by drug confiscations. \$ 129,881

**Veterans Memorial Park Fund** - used for the design and construction of a Veterans Memorial. 22,358

**Cemetery Fund** - accounts for the revenues earned from a trust set up for cemetery improvements. 2,747

**Downtown Development Authority Fund** - used for housing and development within the City. 304,049

**Main Street Tourism Association Fund** - used for the promotion of tourism in the City of Fayetteville, Georgia. 67,881

##### Capital Projects Funds

**SPLOST Fund** - used to account for capital projects financed with SPLOST. 750,274

**Impact Fee Fund** - accounts for capital projects activity funded by development impact fees. 1,047,294

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

##### General Fund

Three-month operating reserve, as provided for in adopted City policy 2,352,026

##### Capital Projects Funds

**Building Fund** - accounts for various public improvements funded by a percentage of property taxes. 69,677

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 15. COMMITMENTS AND CONTINGENCIES

#### Litigation:

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

#### Grant Contingencies:

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

### NOTE 16. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. For the fiscal year ended July 31, 2013, the City collected \$110,978 of hotel/motel taxes, and transferred 100% of the lodging tax received during the year ended July 31, 2013 to the Downtown Development Authority Fund, where it was used for the promotion of tourism.

### NOTE 17. EXCISE TAXES ON RENTAL MOTOR VEHICLES

Under the provisions of the Official Code of Georgia Annotated Section 48-13-93, the City has imposed and collected an excise tax on rental motor vehicles. The Code section requires the City to expend taxes collected for the purpose of promoting tourism, conventions, trade shows, etc., and promoting the City and business therein. During the year ended July 31, 2013, 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, 2013:

Revenues	\$75,710
Expenditures	\$75,710

## NOTES TO FINANCIAL STATEMENTS

### NOTE 18. RESTATEMENTS

The City has determined that a restatement to beginning fund balance of the nonmajor governmental funds was required to recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 61, through which the Downtown Development Authority Fund and Main Street Tourism Association Fund were converted to blended component units from discretely presented component units as of August 1, 2012. This adjustment resulted in changes to beginning fund balance of the nonmajor governmental funds as follows:

	<u>Nonmajor Governmental Funds</u>
Fund balance, beginning of year - Primary Government, as previously reported	\$ 1,334,150
Fund balance, beginning of year - Main Street Tourism Association	23,769
Compensated absences, beginning of year - Main Street Tourism Association	13,565
Fund balance, beginning of year - Downtown Development Authority	619,970
Fund balance, beginning of year, as restated	<u>\$ 1,991,454</u>

The City has determined that a restatement to beginning net position of the Governmental Activities was required to recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statements No. 61 (as documented in the preceding paragraph) and No. 65 through which bond issuance costs are written off as of August 1, 2012. This adjustment resulted in changes to beginning net position of Governmental Activities as follows:

	<u>Governmental Activities</u>
Net position, beginning of year - Primary Government, as previously reported	\$ 69,867,536
Net position, beginning of year - Main Street Tourism Association	23,769
Net position, beginning of year - Downtown Development Authority	1,165,786
Recognition of bond issuance costs in accordance with GASB 65	(179,060)
Net position, beginning of year, as restated	<u>\$ 70,878,031</u>



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 18. RESTATEMENTS (CONTINUED)

The City has determined that a restatement to beginning net position of the Water and Sewer Fund and Business-Type Activities was required to recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, through which bond issuance costs are written off as of August 1, 2012. This adjustment resulted in changes to beginning net position of the Water and Sewer Fund as follows:

	<b>Water and Sewer Fund</b>
Net position, as previously reported	\$ 14,396,534
Recognition of bond issuance costs in accordance with GASB 65	(308,424)
Net position, as restated	\$ 14,088,110

The above restatement also resulted in an adjustment to beginning net position of Business-type Activities as follows:

	<b>Business-Type Activities</b>
Net position, as previously reported	\$ 14,438,661
Recognition of bond issuance costs in accordance with GASB 65	(308,424)
Net position, as restated	\$ 14,130,237

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF FAYETTEVILLE, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</b>
09/01/05	\$ 4,988,033	\$ 6,418,052	\$ 1,430,019	77.7 %	\$ 4,783,301	29.9 %
09/01/06	5,732,501	6,684,957	952,456	85.8	4,893,624	19.5
09/01/07	6,558,197	7,823,385	1,265,188	83.8	5,593,930	22.6
09/01/08	7,361,955	8,628,483	1,266,528	85.3	5,402,223	23.4
10/01/09	7,642,618	9,807,458	2,164,840	77.9	5,678,923	38.1
01/01/10	8,178,368	9,966,537	1,788,169	82.1	5,745,395	31.1
01/01/11	8,920,853	10,094,207	1,173,354	88.4	5,612,831	20.9
01/01/12	9,741,353	10,614,882	873,529	91.8	5,811,581	15.0
01/01/13	10,582,852	12,987,451	2,404,599	81.5	4,907,614	49.0

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

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

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# NONMAJOR GOVERNMENTAL FUNDS

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## Special Revenue Funds

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

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

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

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

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

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

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

## Capital Project Funds

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

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

**CITY OF FAYETTEVILLE, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JULY 31, 2013**

	<b>Special Revenue Funds</b>				
	<b>Vehicle Excise Tax Fund</b>	<b>Confiscated Assets Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>Veterans Memorial Park Fund</b>	<b>Cemetery Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 129,881	\$ -	\$ 20,378	\$ 15,129
Taxes receivable	8,596	-	10,795	-	-
Due from other funds	-	-	-	2,000	4,040
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Restricted assets	-	-	-	-	-
<b>Total assets</b>	<b>\$ 8,596</b>	<b>\$ 129,881</b>	<b>\$ 10,795</b>	<b>\$ 22,378</b>	<b>\$ 19,169</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	8,596	-	10,795	20	16,422
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>8,596</b>	<b>-</b>	<b>10,795</b>	<b>20</b>	<b>16,422</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	129,881	-	22,358	2,747
Assigned	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>129,881</b>	<b>-</b>	<b>22,358</b>	<b>2,747</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,596</b>	<b>\$ 129,881</b>	<b>\$ 10,795</b>	<b>\$ 22,378</b>	<b>\$ 19,169</b>



		<b>Capital Projects Funds</b>			
<b>Downtown Development Authority Fund</b>	<b>Main Street Tourism Association Fund</b>	<b>Building Fund</b>	<b>Impact Fee Fund</b>	<b>Total Nonmajor Governmental Funds</b>	
\$ 248,068	\$ 100,901	\$ 72,910	\$ 1,098,397	\$ 1,685,664	
-	-	-	-	19,391	
11,929	12,243	8,838	9,742	48,792	
393	16,071	-	-	16,464	
-	15,166	-	-	15,166	
56,202	-	9,882	-	66,084	
<u>\$ 316,592</u>	<u>\$ 144,381</u>	<u>\$ 91,630</u>	<u>\$ 1,108,139</u>	<u>\$ 1,851,561</u>	
\$ 6,600	\$ 9,835	\$ 5,433	\$ -	\$ 21,868	
5,550	14,424	16,520	60,845	133,172	
-	21,004	-	-	21,004	
<u>12,150</u>	<u>45,263</u>	<u>21,953</u>	<u>60,845</u>	<u>176,044</u>	
393	31,237	-	-	31,630	
304,049	67,881	-	1,047,294	1,574,210	
-	-	69,677	-	69,677	
<u>304,442</u>	<u>99,118</u>	<u>69,677</u>	<u>1,047,294</u>	<u>1,675,517</u>	
<u>\$ 316,592</u>	<u>\$ 144,381</u>	<u>\$ 91,630</u>	<u>\$ 1,108,139</u>	<u>\$ 1,851,561</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, 2013**

	<b>Special Revenue Funds</b>				
	<b>Vehicle Excise Tax Fund</b>	<b>Confiscated Assets Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>Veterans Memorial Park Fund</b>	<b>Cemetery Fund</b>
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	75,710	-	110,978	-	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	39,722	-	-	-
Charges for services	-	-	-	-	-
Impact fees	-	-	-	-	-
Contributions	-	-	-	-	8,747
Interest income	-	-	-	-	-
Rental income	-	-	-	-	-
Other revenues	-	-	-	13,955	-
Total revenues	<u>75,710</u>	<u>39,722</u>	<u>110,978</u>	<u>13,955</u>	<u>8,747</u>
<b>Expenditures:</b>					
Current:					
Public safety	-	17,573	-	-	-
Culture and recreation	-	-	-	19,672	-
Housing and development	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance cost	-	-	-	-	-
Total expenditures	<u>-</u>	<u>17,573</u>	<u>-</u>	<u>19,672</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>75,710</u>	<u>22,149</u>	<u>110,978</u>	<u>(5,717)</u>	<u>8,747</u>
<b>Other financing sources (uses):</b>					
Issuance of debt	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	-	-	-	20,000	-
Transfers out	(75,710)	-	(110,978)	-	(16,422)
Total other financing sources (uses)	<u>(75,710)</u>	<u>-</u>	<u>(110,978)</u>	<u>20,000</u>	<u>(16,422)</u>
Net change in fund balances	-	22,149	-	14,283	(7,675)
<b>Fund balances, beginning of year, as restated</b>	<u>-</u>	<u>107,732</u>	<u>-</u>	<u>8,075</u>	<u>10,422</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 129,881</u>	<u>\$ -</u>	<u>\$ 22,358</u>	<u>\$ 2,747</u>

Downtown Development Authority Fund	Main Street Tourism Association Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
		Building Fund	Impact Fee Fund	
\$ -	\$ -	\$ 560,066	\$ -	\$ 560,066
-	-	-	-	186,688
-	-	115,399	-	115,399
-	-	-	-	39,722
-	190,374	-	-	190,374
-	-	-	196,424	196,424
5,613	67,588	186,520	-	268,468
45	-	-	-	45
-	29,288	-	-	29,288
-	5,182	-	-	19,137
<u>5,658</u>	<u>292,432</u>	<u>861,985</u>	<u>196,424</u>	<u>1,605,611</u>
-	-	-	-	17,573
-	-	-	-	19,672
326,179	406,626	-	-	732,805
-	-	49,504	-	49,504
-	-	640,086	-	640,086
44,615	-	215,000	-	259,615
71,826	-	126,486	-	198,312
-	-	76,048	-	76,048
<u>442,620</u>	<u>406,626</u>	<u>1,107,124</u>	<u>-</u>	<u>1,993,615</u>
(436,962)	(114,194)	(245,139)	196,424	(388,004)
-	-	3,115,000	-	3,115,000
-	-	(3,055,278)	-	(3,055,278)
171,434	175,978	39,762	-	407,174
(50,000)	-	(70,753)	(70,966)	(394,829)
<u>121,434</u>	<u>175,978</u>	<u>28,731</u>	<u>(70,966)</u>	<u>72,067</u>
(315,528)	61,784	(216,408)	125,458	(315,937)
<u>619,970</u>	<u>37,334</u>	<u>286,085</u>	<u>921,836</u>	<u>1,991,454</u>
<u>\$ 304,442</u>	<u>\$ 99,118</u>	<u>\$ 69,677</u>	<u>\$ 1,047,294</u>	<u>\$ 1,675,517</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2013**

	Vehicle Excise Tax Fund		
	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>			
Other taxes	\$ 81,000	\$ 75,710	\$ (5,290)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	<u>81,000</u>	<u>75,710</u>	<u>(5,290)</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	81,000	-	81,000
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance cost	-	-	-
Total expenditures	<u>81,000</u>	<u>-</u>	<u>81,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>75,710</u>	<u>75,710</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	(75,710)	(75,710)
Total other financing sources (uses)	<u>-</u>	<u>(75,710)</u>	<u>(75,710)</u>
Net change in fund balances	-	-	-
<b>Fund balances, beginning of year, as restated</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Confiscated Assets Fund**

<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
\$ -	\$ -	\$ -
-	-	-
45,000	39,722	(5,278)
-	-	-
500	-	(500)
-	-	-
-	-	-
<u>45,500</u>	<u>39,722</u>	<u>(5,778)</u>
45,500	17,573	27,927
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>45,500</u>	<u>17,573</u>	<u>27,927</u>
-	22,149	22,149
-	-	-
-	-	-
-	-	-
-	22,149	22,149
107,732	107,732	-
<u>\$ 107,732</u>	<u>\$ 129,881</u>	<u>\$ 22,149</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2013**

	Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>			
Other taxes	\$ 110,000	\$ 110,978	\$ 978
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	<u>110,000</u>	<u>110,978</u>	<u>978</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	110,000	-	110,000
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance cost	-	-	-
Total expenditures	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>110,978</u>	<u>110,978</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	-	-
Transfers out	-	(110,978)	(110,978)
Total other financing sources (uses)	<u>-</u>	<u>(110,978)</u>	<u>(110,978)</u>
Net change in fund balances	-	-	-
<b>Fund balances, beginning of year, as restated</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Veterans Memorial Park Fund**

Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	13,955	13,955
-	13,955	13,955
-	-	-
-	-	-
20,000	19,672	328
-	-	-
-	-	-
-	-	-
20,000	19,672	328
(20,000)	(5,717)	14,283
-	20,000	20,000
-	-	-
-	20,000	20,000
(20,000)	14,283	34,283
8,075	8,075	-
\$ (11,925)	\$ 22,358	\$ 34,283

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2013**

	<b>Cemetery Fund</b>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>			
Other taxes	\$ -	\$ -	\$ -
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	6,000	8,747	2,747
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	<u>6,000</u>	<u>8,747</u>	<u>2,747</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance cost	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,000</u>	<u>8,747</u>	<u>2,747</u>
<b>Other financing sources (uses):</b>			
Transfers in	10,422	-	(10,422)
Transfers out	(16,422)	(16,422)	-
Total other financing sources (uses)	<u>(6,000)</u>	<u>(16,422)</u>	<u>(10,422)</u>
Net change in fund balances	-	(7,675)	(7,675)
<b>Fund balances, beginning of year, as restated</b>	<u>10,422</u>	<u>10,422</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 10,422</u>	<u>\$ 2,747</u>	<u>\$ (7,675)</u>



<b>Downtown Development Authority Fund</b>		
<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
\$ -	\$ -	\$ -
-	-	-
-	-	-
312,999	5,613	(307,386)
967	45	(922)
-	-	-
-	-	-
<u>313,966</u>	<u>5,658</u>	<u>(308,308)</u>
-	-	-
-	-	-
-	-	-
344,287	326,179	18,108
44,615	44,615	-
72,322	71,826	496
-	-	-
<u>461,224</u>	<u>442,620</u>	<u>18,604</u>
<u>(147,258)</u>	<u>(436,962)</u>	<u>(289,704)</u>
158,261	171,434	13,173
(50,000)	(50,000)	-
<u>108,261</u>	<u>121,434</u>	<u>13,173</u>
(38,997)	(315,528)	(276,531)
<u>619,970</u>	<u>619,970</u>	<u>-</u>
<u>\$ 580,973</u>	<u>\$ 304,442</u>	<u>\$ (276,531)</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2013**

	<b>Main Street Tourism Association Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues:</b>			
Other taxes	\$ -	\$ -	\$ -
Charges for services	168,448	190,374	21,926
Fines and forfeitures	-	-	-
Contributions	73,508	67,588	(5,920)
Interest income	-	-	-
Rental income	23,370	29,288	5,918
Other revenues	3,000	5,182	2,182
Total revenues	<u>268,326</u>	<u>292,432</u>	<u>24,106</u>
<b>Expenditures:</b>			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	413,644	406,626	7,018
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance cost	-	-	-
Total expenditures	<u>413,644</u>	<u>406,626</u>	<u>7,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(145,318)</u>	<u>(114,194)</u>	<u>31,124</u>
<b>Other financing sources (uses):</b>			
Transfers in	159,627	175,978	16,351
Transfers out	-	-	-
Total other financing sources (uses)	<u>159,627</u>	<u>175,978</u>	<u>16,351</u>
Net change in fund balances	14,309	61,784	47,475
<b>Fund balances, beginning of year, as restated</b>	<u>37,334</u>	<u>37,334</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 51,643</u>	<u>\$ 99,118</u>	<u>\$ 47,475</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2013**

	<b>Building Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues:</b>			
Property taxes	\$ 565,508	\$ 560,066	\$ (5,442)
Intergovernmental	287,257	115,399	(171,858)
Impact fees	-	-	-
Contributions	-	186,520	186,520
Interest income	144	-	(144)
Total revenues	<u>852,909</u>	<u>861,985</u>	<u>9,076</u>
<b>Expenditures:</b>			
Capital outlay:			
General government	50,000	49,504	496
Public works	645,362	640,086	5,276
Housing and development	94,227	-	94,227
Debt service:			
Principal	3,254,500	215,000	3,039,500
Interest	134,913	126,486	8,427
Bond issuance costs	80,500	76,048	4,452
Total expenditures	<u>4,259,502</u>	<u>1,107,124</u>	<u>3,152,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,406,593)</u>	<u>(245,139)</u>	<u>3,161,454</u>
<b>Other financing sources (uses):</b>			
Issuance of debt	3,115,000	3,115,000	-
Payment to refunded bond escrow agent	-	(3,055,278)	(3,055,278)
Transfers in	45,000	39,762	(5,238)
Transfers out	-	(70,753)	(70,753)
Total other financing sources (uses)	<u>3,160,000</u>	<u>28,731</u>	<u>(3,131,269)</u>
Net change in fund balances	(246,593)	(216,408)	30,185
<b>Fund balances, beginning of year</b>	<u>286,085</u>	<u>286,085</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 39,492</u>	<u>\$ 69,677</u>	<u>\$ 30,185</u>

<b>Impact Fee Fund</b>		
<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
\$ -	\$ -	\$ -
-	-	-
207,500	196,424	(11,076)
-	-	-
2,000	-	(2,000)
<u>209,500</u>	<u>196,424</u>	<u>(13,076)</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>209,500</u>	<u>196,424</u>	<u>(13,076)</u>
-	-	-
-	-	-
-	-	-
<u>(168,821)</u>	<u>(70,966)</u>	<u>97,855</u>
<u>(168,821)</u>	<u>(70,966)</u>	<u>97,855</u>
40,679	125,458	84,779
<u>921,836</u>	<u>921,836</u>	<u>-</u>
<u>\$ 962,515</u>	<u>\$ 1,047,294</u>	<u>\$ 84,779</u>

(Continued)

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JULY 31, 2013**

	<b>Special Purpose Local Option Sales Tax Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues:</b>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	8,290,399	1,988,667	(6,301,732)
Impact fees	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Other revenues	-	31,533	31,533
Total revenues	<u>8,290,399</u>	<u>2,020,200</u>	<u>(6,270,199)</u>
<b>Expenditures:</b>			
Capital outlay:			
General government	-	-	-
Public works	9,163,029	2,076,235	7,086,794
Housing and development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Bond issuance costs	-	-	-
Total expenditures	<u>9,163,029</u>	<u>2,076,235</u>	<u>7,086,794</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(872,630)</u>	<u>(56,035)</u>	<u>816,595</u>
<b>Other financing sources (uses):</b>			
Issuance of debt	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	82,743	16,422	(66,321)
Transfers out	-	-	-
Total other financing sources (uses)	<u>82,743</u>	<u>16,422</u>	<u>(66,321)</u>
Net change in fund balances	(789,887)	(39,613)	750,274
<b>Fund balances, beginning of year</b>	<u>789,887</u>	<u>789,887</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 750,274</u>	<u>\$ 750,274</u>

# CITY OF FAYETTEVILLE, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JULY 31, 2013

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Intersections	\$ 291,000	\$ 335,000	\$ 133,384	\$ -	\$ 133,384
Roadways	2,196,494	2,289,374	1,526,549	127,650	1,654,199
Streetscapes/paths	<u>1,759,833</u>	<u>1,622,953</u>	<u>1,401,393</u>	<u>300,515</u>	<u>1,701,908</u>
Totals	<u>\$ 4,247,327</u>	<u>\$ 4,247,327</u>	<u>\$ 3,061,326</u>	<u>\$ 428,165</u>	<u>\$ 3,489,491</u>

**NOTE:** Included in the total expenditures of the SPLOST fund for the year ended July 31, 2013 are expenditures funded by intergovernmental revenue of \$1,631,648 and a transfer from the Cemetery Fund in the amount of \$16,422. These amounts are excluded from the above schedule.

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## **STATISTICAL SECTION**

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# STATISTICAL SECTION

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

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<b>Financial Trends</b> .....	<b>73 - 86</b>
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b> .....	<b>87 - 96</b>
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b> .....	<b>97 - 102</b>
<i>These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b> .....	<b>103 and 104</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
<b>Operating Information</b> .....	<b>105 - 108</b>
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

# CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 7,882,963	\$ 10,294,750	\$ 57,100,929 (1)	\$ 60,009,707
Restricted	3,068,384	87,098	849,422	1,214,750
Unrestricted	558,402	4,259,448	5,187,583	5,768,939
Total governmental activities net position	<u>\$ 11,509,749</u>	<u>\$ 14,641,296</u>	<u>\$ 63,137,934</u>	<u>\$ 66,993,396</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 7,901,010	\$ 9,606,017	\$ 11,267,649	\$ 12,776,513
Restricted	8,270,414	7,253,854	4,005,622	1,923,585
Unrestricted	(3,818,597)	(3,204,854)	(555,976)	1,061,924
Total business-type activities net position	<u>\$ 12,352,827</u>	<u>\$ 13,655,017</u>	<u>\$ 14,717,295</u>	<u>\$ 15,762,022</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 15,783,973	\$ 19,900,767	\$ 68,368,578	\$ 72,786,220
Restricted	11,338,798	7,340,952	4,855,044	3,138,335
Unrestricted	(3,260,195)	1,054,594	4,631,607	6,830,863
Total primary government net position	<u>\$ 23,862,576</u>	<u>\$ 28,296,313</u>	<u>\$ 77,855,229</u>	<u>\$ 82,755,418</u>

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 60,352,897	\$ 60,089,837	\$ 60,622,894	\$ 64,398,879	\$ 64,305,483	\$ 66,251,170
1,566,870	1,954,676	2,036,624	2,714,174	1,837,952	1,952,554
5,197,192	5,586,322	5,239,070	2,763,931	2,763,931	5,147,215
<u>\$ 67,116,959</u>	<u>\$ 67,630,835</u>	<u>\$ 67,898,588</u>	<u>\$ 69,876,984</u>	<u>\$ 68,907,366</u>	<u>\$ 73,350,939</u>
\$ 12,195,150	\$ 13,532,153	\$ 11,607,708	\$ 10,733,529	\$ 10,733,529	\$ 8,699,625
1,091,708	134,721	1,350,819	1,507,269	1,507,269	2,286,019
2,707,452	2,422,675	2,730,595	2,844,349	2,844,349	2,902,804
<u>\$ 15,994,310</u>	<u>\$ 16,089,549</u>	<u>\$ 15,689,122</u>	<u>\$ 15,085,147</u>	<u>\$ 15,085,147</u>	<u>\$ 13,888,448</u>
\$ 72,548,047	\$ 73,621,990	\$ 72,230,602	\$ 75,132,408	\$ 75,039,012	\$ 74,950,795
2,658,578	2,089,397	3,387,443	4,221,443	3,345,221	4,238,573
7,904,644	8,008,997	7,969,665	5,608,280	5,608,280	8,050,019
<u>\$ 83,111,269</u>	<u>\$ 83,720,384</u>	<u>\$ 83,587,710</u>	<u>\$ 84,962,131</u>	<u>\$ 83,992,513</u>	<u>\$ 87,239,387</u>

# CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,160,759	\$ 1,115,440	\$ 1,095,054	\$ 1,349,586
Judicial	478,385	589,178	647,666	849,251
Public safety	5,062,070	5,496,987	5,735,782	6,144,495
Public works	954,545	957,095	1,605,451 (4)	1,751,093
Culture and recreation	-	-	3,424	39,053
Housing and development	1,185,628	1,290,549	1,046,976	1,100,831
Interest on long-term debt	131,923	211,500	207,795	205,627
Total governmental activities expenses	<u>8,973,310</u>	<u>9,660,749</u>	<u>10,342,148</u>	<u>11,439,936</u>
Business-type activities:				
Water and sewer	4,322,669	5,040,537	5,307,856	5,403,258
Stormwater	241,349 (2)	90,529	101,641	142,592
Solid waste	555,902	507,009	610,478	697,810
Total business-type activities	<u>5,119,920</u>	<u>5,638,075</u>	<u>6,019,975</u>	<u>6,243,660</u>
Total primary government	<u>\$ 14,093,230</u>	<u>\$ 15,298,824</u>	<u>\$ 16,362,123</u>	<u>\$ 17,683,596</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 555,174	\$ 543,057	\$ 651,798	\$ 423,077
Judicial	838,928	1,093,293	1,247,609	1,679,139
Public safety	40,703	469,591	278,211	35,609
Public works	611,386	391,703	701,641	- (5)
Culture and recreation	70,127	30,817	42,523	-
Housing and development	59,384	58,369	-	710,715 (5)
Operating grants and contributions	82,320	261,203	121,874	112,863
Capital grants and contributions	2,827,656 (1)	2,417,294	5,245,516 (3)	2,932,053
Total governmental activities program revenues	<u>5,085,678</u>	<u>5,265,327</u>	<u>8,289,172</u>	<u>5,893,456</u>
Business-type activities:				
Charges for services:				
Water and sewer	3,760,435	3,741,066	4,147,603	4,526,852
Stormwater	219,296 (2)	450,192	466,776	474,224
Solid waste	564,450	514,424	617,366	697,958
Capital grants and contributions	1,353,804	2,057,053	1,531,513	1,319,076
Total business-type activities program revenues	<u>5,897,985</u>	<u>6,762,735</u>	<u>6,763,258</u>	<u>7,018,110</u>
Total primary government program revenues	<u>\$ 10,983,663</u>	<u>\$ 12,028,062</u>	<u>\$ 15,052,430</u>	<u>\$ 12,911,566</u>

(Continued)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	1,217,486	\$ 1,158,496	\$ 1,084,097	\$ 1,020,074	\$ 1,023,395	\$ 918,357
	860,758	896,534	820,922	719,103	584,782	491,867
	6,520,196	6,847,442	6,676,928	6,589,191	6,505,689	6,579,434
	2,786,357 (6)	1,883,585	1,765,659	1,629,730	1,707,680	1,618,047
	-	-	-	1,321 (17)	10	19,672
	1,134,852	1,034,348	946,682	820,882	774,059	919,084
	196,039	186,816	177,001	165,407	154,685	270,964
	<u>12,715,688</u>	<u>12,007,221</u>	<u>11,471,289</u>	<u>10,945,708</u>	<u>10,750,300</u>	<u>10,817,425</u>
	5,500,306	5,490,099	5,460,020	5,736,799	5,838,861	5,602,921
	112,889	273,320 (11)	294,409	423,132	354,558	270,252
	727,089	716,104	616,359 (15)	628,225	668,891	657,636
	<u>6,340,284</u>	<u>6,479,523</u>	<u>6,370,788</u>	<u>6,788,156</u>	<u>6,862,310</u>	<u>6,530,809</u>
\$	<u>19,055,972</u>	<u>\$ 18,486,744</u>	<u>\$ 17,842,077</u>	<u>\$ 17,733,864</u>	<u>\$ 17,612,610</u>	<u>\$ 17,348,234</u>
\$	348,843	\$ 469,854	\$ 271,628 (16)	\$ 261,382	\$ 278,237	\$ 428,003
	1,188,335	1,620,845	1,748,018	1,192,244	1,090,808	815,119
	127,415	449,589	81,738	73,026	85,134	71,393
	115,816 (7)	74,522 (7)	-	(208)	109,514	109,514
	-	-	-	-	-	-
	384,464 (8)	122,168 (8)	38,190 (8)	35,500	59,916	388,878
	126,400	448,281 (14)	365,152 (14)	283,528	156,016	528,838
	<u>1,194,669</u>	<u>1,001,476</u>	<u>1,107,764</u>	<u>2,756,869</u>	<u>251,021</u>	<u>2,003,847</u>
	<u>3,485,942</u>	<u>4,186,735</u>	<u>3,612,490</u>	<u>4,602,341</u>	<u>2,030,646</u>	<u>4,345,592</u>
	4,624,121	4,905,681 (12)	4,810,109	4,956,688	5,058,146	4,951,031
	489,195	493,799	494,976	494,238	482,941	497,904
	726,883	718,570	632,549 (15)	631,930	630,019	606,376
	650,687 (9)	452,785 (9)	32,686 (9)	88,690	37,644	232,047
	<u>6,490,886</u>	<u>6,570,835</u>	<u>5,970,320</u>	<u>6,171,546</u>	<u>6,208,750</u>	<u>6,287,358</u>
\$	<u>9,976,828</u>	<u>\$ 10,757,570</u>	<u>\$ 9,582,810</u>	<u>\$ 10,773,887</u>	<u>\$ 8,239,396</u>	<u>\$ 10,632,950</u>

# CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2004	2005	2006	2007
Net (expense)/revenue				
Governmental activities	\$ (3,887,632)	\$ (4,395,422)	\$ (2,052,976)	\$ (5,546,480)
Business-type activities	778,065	1,124,660	743,283	774,450
Total primary government net expense	<u>\$ (3,109,567)</u>	<u>\$ (3,270,762)</u>	<u>\$ (1,309,693)</u>	<u>\$ (4,772,030)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 1,856,492	\$ 2,111,885	\$ 2,287,451	\$ 2,489,094
Sales taxes	2,235,325	2,384,936	3,210,939	3,294,819
Other taxes	2,715,674	2,860,975	3,115,776	3,286,540
Unrestricted investment earnings	44,827	102,383	205,016	331,489
Gain on sale of capital assets	24,728	41,791	13,558	-
Transfers	(15,432)	24,999	-	-
Total governmental activities	<u>6,861,614</u>	<u>7,526,969</u>	<u>8,832,740</u>	<u>9,401,942</u>
Business-type activities:				
Unrestricted investment earnings	71,502	202,529	318,995	270,277
Gain on sale of capital assets	-	-	-	-
Transfers	15,432	(24,999)	-	-
Total business-type activities	<u>86,934</u>	<u>177,530</u>	<u>318,995</u>	<u>270,277</u>
Total primary government	<u>\$ 6,948,548</u>	<u>\$ 7,704,499</u>	<u>\$ 9,151,735</u>	<u>\$ 9,672,219</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 2,973,982	\$ 3,131,547	\$ 6,779,764	\$ 3,855,462
Business-type activities	864,999	1,302,190	1,062,278	1,044,727
Total primary government	<u>\$ 3,838,981</u>	<u>\$ 4,433,737</u>	<u>\$ 7,842,042</u>	<u>\$ 4,900,189</u>

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



<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ (9,229,746)	\$ (7,820,486)	\$ (7,858,799)	\$ (6,343,367)	\$ (8,719,654)	\$ (6,471,833)
150,602	91,312	(400,468)	(616,610)	(653,560)	(243,451)
<u>\$ (9,079,144)</u>	<u>\$ (7,729,174)</u>	<u>(8,259,267)</u>	<u>\$ (6,959,977)</u>	<u>\$ (9,373,214)</u>	<u>\$ (6,715,284)</u>
\$ 2,670,751	\$ 2,764,455	\$ 2,670,285	\$ 2,651,885	\$ 2,664,133	\$ 2,879,031
3,127,513	2,147,990 (13)	2,259,642	2,215,415	2,374,473	2,369,274
3,326,490	3,381,128	3,171,974	3,409,190	3,662,347	3,690,062
182,744 (10)	40,789 (10)	13,315 (10)	11,940	9,253	6,374
45,811	-	11,336	33,333	-	-
-	-	-	-	-	-
<u>9,353,309</u>	<u>8,334,362</u>	<u>8,126,552</u>	<u>8,321,763</u>	<u>8,710,206</u>	<u>8,944,741</u>
81,686 (10)	3,927 (10)	41 (10)	2,443	2,035	108
-	-	-	10,192	5,039	1,554
-	-	-	-	-	-
<u>81,686</u>	<u>3,927</u>	<u>41</u>	<u>12,635</u>	<u>7,074</u>	<u>1,662</u>
<u>\$ 9,434,995</u>	<u>\$ 8,338,289</u>	<u>\$ 8,126,593</u>	<u>\$ 8,334,398</u>	<u>\$ 8,717,280</u>	<u>\$ 8,946,403</u>
\$ 123,563	\$ 513,876	\$ 267,753	\$ 1,978,396	\$ (9,448)	\$ 2,472,908
232,288	95,239	(400,427)	(603,975)	(646,486)	(241,789)
<u>\$ 355,851</u>	<u>\$ 609,115</u>	<u>\$ (132,674)</u>	<u>\$ 1,374,421</u>	<u>\$ (655,934)</u>	<u>\$ 2,231,119</u>

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

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

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

(12) Increase in sewer rates.

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

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

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

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

(17) Veterans Memorial Park Fund opened.

**CITY OF FAYETTEVILLE, GEORGIA**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Insurance Premium Tax</b>	<b>Business and Occupation Tax</b>
2004	\$ 1,856,492	\$ 2,235,325	\$ 839,639	\$ 316,115	\$ 478,864	\$ 761,193
2005	2,111,885	2,384,936	955,592	358,800	518,958	760,525
2006	2,287,451	3,210,939 (1)	1,032,289	323,977	558,331	857,935
2007	2,489,094	3,294,819	1,075,645	323,232	584,154	912,002
2008	2,670,751	3,127,513	1,134,982	315,813	609,337	903,792
2009	2,764,455	2,147,990 (2)	1,267,033	320,781	623,934	855,782
2010	2,670,285	2,259,642	1,150,101	309,881	618,080	817,237
2011	2,651,885	2,215,415	1,324,949	318,257	600,117	814,309
2012	2,664,133	2,374,473	1,374,943	332,731	747,887	825,213
2013	2,879,031	2,369,274	1,329,806	339,813	794,382	846,563

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

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

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<u>Other Taxes</u>	<u>Total</u>
\$ 319,863	\$ 6,807,491
267,100	7,357,796
343,244	8,614,166
391,507	9,070,453
362,566	9,124,754
313,598	8,293,573
276,675	8,101,901
351,558	8,276,490
381,573	8,700,953
379,498	8,938,367

**CITY OF FAYETTEVILLE, GEORGIA**

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Reserved	\$ 191,238	\$ 201,701	\$ 221,603	\$ 294,565
Unreserved	2,663,047	2,173,967	2,741,170	3,168,063
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 2,854,285</u>	<u>\$ 2,375,668</u>	<u>\$ 2,962,773</u>	<u>\$ 3,462,628</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	115,103	80,476	83,864	75,970
Capital project funds	3,742,412 (1)	2,047,978	3,215,686 (2)	3,733,553
Nonspendable, reported in:				
Special revenue funds	-	-	-	-
Restricted, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Assigned, reported in:				
Capital project funds	-	-	-	-
Total all other governmental funds	<u>\$ 3,857,515</u>	<u>\$ 2,128,454</u>	<u>\$ 3,299,550</u>	<u>\$ 3,809,523</u>

- (1) The increase of fund balance is due to the financing of the Law Enforcement Center through Certificates of Participation (COPS).
- (2) The increase of fund balance is due to the collection of special purpose local option sales taxes that began at the end of fiscal year 2005.
- (3) Prepaid expenditures.
- (4) The City adopted and implemented GASB 54 during fiscal year 2011.

<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 233,337	\$ 251,234	\$ 193,539	\$ -	\$ -	\$ -
2,903,291	2,896,626	2,904,019	-	-	-
-	-	-	145,621 (4)	252,215	136,186
-	-	-	2,358,940 (4)	2,381,335	2,352,026
-	-	-	545,370 (4)	1,044,598	2,362,619
<u>\$ 3,136,628</u>	<u>\$ 3,147,860</u>	<u>\$ 3,097,558</u>	<u>\$ 3,049,931</u>	<u>\$ 3,678,148</u>	<u>\$ 4,850,831</u>
\$ -	\$ 14,847 (3)	\$ -	\$ -	\$ -	\$ -
136,193	409,933	302,866	-	-	-
3,766,360	4,205,072	4,126,822	-	-	-
-	-	-	-	-	31,630
-	-	-	319,171 (4)	126,229	526,916
-	-	-	2,395,003 (4)	1,711,723	1,797,568
-	-	-	25,417 (4)	286,085	69,677
<u>\$ 3,902,553</u>	<u>\$ 4,629,852</u>	<u>\$ 4,429,688</u>	<u>\$ 2,739,591</u>	<u>\$ 2,124,037</u>	<u>\$ 2,425,791</u>

# CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Revenues</b>				
Taxes	\$ 6,828,255	\$ 7,337,120	\$ 8,623,312	\$ 9,067,548
Licenses and permits	387,670	479,681	533,974	404,811
Intergovernmental	483,421	96,542	132,601	82,039
Fines and forfeitures	850,897	1,100,542	1,247,609	1,685,084
Charges for services	119,287	14,065	64,132	34,833
Main Street	58,634	58,369	-	(4) -
Impact fees	701,270	922,321	1,063,092	710,715 (6)
Contributions	7,888	278,301	77,874	58,608
Interest income	44,827	102,383	205,016	331,489
Other revenues	59,036	32,927	12,975	13,097
<b>Total revenues</b>	<b>9,541,185</b>	<b>10,422,251</b>	<b>11,960,585</b>	<b>12,388,224</b>
<b>Expenditures</b>				
General government	1,072,138	1,029,781	1,025,695	1,122,977
Judicial	477,543	585,993	642,889	825,873
Public safety	5,277,726	5,645,529	5,335,737	5,807,045
Public works	922,451	928,637	1,014,991	1,101,204
Culture and recreation	-	-	-	-
Housing and development	914,415	849,263	828,463	846,697
Capital outlay	2,354,857 (1)	3,378,871	886,963 (5)	1,320,032
Debt service				
Principal	322,110	292,780	490,586	468,652
Interest	82,296	210,876	195,437	192,204
Issuance costs	202,696 (2)	-	-	-
<b>Total expenditures</b>	<b>11,626,232</b>	<b>12,921,730</b>	<b>10,420,761</b>	<b>11,684,684</b>
Excess of revenues over (under) expenditures	(2,085,047)	(2,499,479)	1,539,824	703,540
<b>Other financing sources (uses)</b>				
Capital leases	763,384	205,942	204,819	284,664
Issuance of certificates of participation	4,575,000 (2)	-	-	-
Discount on certificates of participation	(56,989)	-	-	-
Proceeds from sale of assets	31,811	60,860	13,558	21,624
Payment to escrow agent	-	-	-	-
Transfers in	280,024	574,468	500,467	574,958
Transfers out	(295,456)	(549,469)	(500,467)	(574,958)
<b>Total other financing sources (uses)</b>	<b>5,297,774</b>	<b>291,801</b>	<b>218,377</b>	<b>306,288</b>
<b>Net change in fund balances</b>	<b>\$ 3,212,727</b>	<b>\$ (2,207,678)</b>	<b>\$ 1,758,201</b>	<b>\$ 1,009,828</b>

Debt service as a percentage of noncapital expenditures

	6.8%	5.4%	7.2%	6.3%
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- (1) Fiscal year 2004 and 2005 capital outlay increase is due to the construction of the new Law Enforcement Center (LEC).
- (2) In fiscal year 2004, the City of Fayetteville issued Certificates of Participation (COPS) to finance the new LEC.
- (3) The increase in debt service interest expenditure is due to the COPS issue.
- (4) The Main Street function has been moved from the General Fund to the Main Street Tourism Association.
- (5) Capital outlay has decreased due to the completion of the Law Enforcement Center.
- (6) The decrease in impact fees is due to the decline in new construction during fiscal year 2007.
- (7) The decrease in impact fees and permits is due to the continual decline in new construction 2009 and 2010.
- (8) The City received a federal grant for Downtown Pedestrian Improvements.
- (9) During fiscal year 2008, the City experienced an increase in jail population, therefore reducing the collection of fines.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	9,102,276	\$ 8,252,754	(12 \$ 8,076,848	\$ 8,319,973	\$ 8,704,436	\$ 8,946,907
	300,705 (7)	261,485 (7)	217,086 (7)	217,496	229,816	369,157
	801,844 (8)	1,187,335 (12)	1,450,723 (16)	745,573 (16)	393,202	2,171,246
	1,292,402 (9)	2,040,086 (13)	1,798,758	1,236,945	1,143,693	854,263
	146,998	112,990	41,443	34,528	148,823	352,612
	-	-	-	-	-	29,288
	384,064 (7)	121,768 (7)	37,890 (7)	35,229	57,836	196,424
	20,460	12,079	18,146	21,472	12,806	281,436
	182,744 (10)	40,789 (10)	17,262 (10)	14,311	10,282	6,419
	51,597	200,649 (14)	44,497	37,746	43,441	91,121
	<u>12,283,090</u>	<u>12,229,935</u>	<u>11,702,653</u>	<u>10,663,273</u>	<u>10,744,335</u>	<u>13,298,873</u>
	1,172,837	1,026,932	1,019,212	959,036	929,487	871,018
	862,715	895,312	828,909	718,830	580,976	492,832
	5,965,835	6,429,522	6,304,775	6,167,299	6,354,094	5,863,779
	1,176,544	1,087,963	1,007,576	912,264	928,008	906,708
	-	-	-	1,321 (18)	10	19,672
	850,737	851,542	743,571	640,226	625,145	1,095,329
	2,246,574 (11)	573,427 (15)	1,526,584 (17)	2,543,618 (17)	739,582	2,765,825
	474,107	456,149	378,721	338,899	429,955	259,615
	185,217	173,579	165,971	154,232	144,508	198,312
	-	-	-	-	-	76,048
	<u>12,934,566</u>	<u>11,494,426</u>	<u>11,975,319</u>	<u>12,435,725</u>	<u>10,731,765</u>	<u>12,549,138</u>
	<u>(651,476)</u>	<u>735,509</u>	<u>(272,666)</u>	<u>(1,772,452)</u>	<u>12,570</u>	<u>749,735</u>
	367,209	-	-	-	-	-
	-	-	-	-	-	3,115,000
	-	-	-	-	-	-
	51,297	3,022	22,200	34,728	93	7,676
	-	-	-	-	-	(3,055,278)
	531,041	112,490	400,811	912,284	489,601	459,829
	(531,041)	(112,490)	(400,811)	(912,284)	(489,601)	(459,829)
	<u>418,506</u>	<u>3,022</u>	<u>22,200</u>	<u>34,728</u>	<u>93</u>	<u>67,398</u>
\$	<u>(232,970)</u>	<u>\$ 738,531</u>	<u>\$ (250,466)</u>	<u>\$ (1,737,724)</u>	<u>\$ 12,663</u>	<u>\$ 817,133</u>
	5.5%	5.7%	5.1%	4.9%	5.7%	5.4%

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

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

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

(13) Increase in fine fees and confiscated assets.

(14) Collection adjustment of tower rental.

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

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

(17) Cost associated with transportation and sidewalk projects.

(18) Veterans Memorial Park Fund opened.

**CITY OF FAYETTEVILLE, GEORGIA**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Insurance Premium Tax</b>
2004	\$ 1,877,256	\$ 2,235,325	\$ 839,639	\$ 316,115	\$ 478,864
2005	2,091,209	2,384,936	955,592	358,800	518,958
2006	2,296,597	3,210,939 (1)	1,032,289	354,818	558,331
2007	2,486,189	3,294,819	1,075,645	349,428	584,154
2008	2,648,273	3,127,513	1,134,982	341,816	609,337
2009	2,723,636	2,147,990 (2)	1,267,033	349,069	623,934
2010	2,645,232	2,259,642	1,150,101	339,515	618,080
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

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

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



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<b>Business and Occupation Tax</b>	<b>Other Taxes</b>	<b>Total</b>
\$ 761,193	\$ 319,863	\$ 6,828,255
760,525	267,100	7,337,120
857,935	312,403	8,623,312
912,002	365,311	9,067,548
903,792	336,563	9,102,276
855,782	285,310	8,252,754
817,237	247,041	8,076,848
814,309	319,230	8,319,973
825,213	341,199	8,704,436
846,563	335,285	8,946,907

# 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	
2004	310,515,295	254,935,371	8,977,075	3,030,349	7,801,976	36,278,270
2005	337,492,765	309,075,403	10,431,109	1,361,596	7,531,135	37,328,240
2006	380,193,347	318,175,668	10,168,393	678,036	7,466,898	37,336,640
2007	431,942,747	341,533,006	10,755,712	214,976	7,683,612	39,031,150
2008	470,285,294	365,896,540	11,109,738	154,976	8,193,162	42,481,910
2009	480,596,431	385,936,262	10,779,452	154,976	7,926,971	49,614,470
2010	472,686,132	383,151,099	11,317,909	154,976	8,790,447	51,646,580
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

**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>
374,095	1,019,891	620,892,540	3.033	1,552,231,350	40%
373,502	1,350,081	702,243,669	3.033	1,755,609,173	40%
532,228	1,272,459	753,278,751	3.033	1,883,196,878	40%
959,228	2,042,492	830,077,939	2.990	2,075,194,848	40%
1,278,367	1,328,760	898,071,227	2.990	2,245,178,068	40%
873,427	1,809,096	934,072,893	2.988	2,335,182,233	40%
390,463	1,379,107	926,758,499	2.988	2,316,896,248	40%
351,732	1,479,328	843,429,960	3.240	2,108,574,900	40%
1,042,744	2,541,634	794,019,821	3.441	1,985,049,553	40%
616,446	2,227,595	703,784,189	3.882	1,759,460,473	40%

# 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	
2004	0.25	6.82	22.70	2.28	0.75	3.03	32.80
2005	0.25	6.38	22.68	2.28	0.75	3.03	32.34
2006	0.25	6.08	18.75	2.28	0.75	3.03	28.11
2007	0.25	5.98	22.15	2.24	0.75	2.99	31.37
2008	0.25	5.95	23.92	2.24	0.75	2.99	33.11
2009	0.25	5.95	23.42	2.24	0.75	2.99	32.61
2010	0.25	5.95	23.42	2.24	0.75	2.99	32.61
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

**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 2013			Fiscal Year 2004		
	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	\$ 65,102,940	1	9.25%	\$ -		-
DDRTC Fayette Pavilion III & IV	36,302,990	2	5.16%	-		-
Piedmont Fayette Medical & Office Bldg	14,675,905	3	2.09%	4,777,828	2	0.77%
Piedmont Hospital Inc	13,963,450	4	1.98%	-		-
Chartwell Cobblestone, LLC	13,407,350	5	1.91%	-		-
Banks Crossing Associates LLC & BC Plaza	13,285,140	6	1.89%	3,863,600	8	0.62%
Norbelle LLC & Lasalle Investment	11,169,480	7	1.59%	-		-
Centro NP Banks Station LLC	10,457,670	8	1.49%	-		-
TNP SRT Summit Point LLC	10,399,000	9	1.48%	-		-
Brent Scarbrough & Company, Inc.	9,876,768	10	1.40%	-		-
Inland South Fayette	-		-	55,413,200	1	8.92%
BellSouth Telecommunication	-		-	4,714,604	3	0.76%
Fayetteville Towne Center	-		-	4,702,776	4	0.76%
Uptown Square	-		-	4,573,656	5	0.74%
Yorktown Building Holding Co	-		-	4,089,112	6	0.66%
FAI LTD	-		-	3,880,000	7	0.62%
Lowe's Home Centers, Inc.	-		-	3,781,200	9	0.61%
Parkway Fayette, LP	-		-	3,260,200	10	0.53%
<b>Total</b>	<b><u>\$ 198,640,693</u></b>		<b><u>28.22%</u></b>	<b><u>\$ 93,056,176</u></b>		<b><u>14.99%</u></b>

**SOURCE:**

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

# CITY OF FAYETTEVILLE, GEORGIA

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 1,885,197	\$ 1,835,197	97.3 %	\$ 45,783	\$ 1,880,980	99.8 %
2005	2,016,641	1,852,886	91.9	31,764	1,884,650	93.5
2006	2,170,958	2,051,676	94.5	37,762	2,089,438	96.2
2007	2,364,823	2,239,406	94.7	28,502	2,267,908	95.9
2008	2,556,835	2,379,452	93.1	38,608	2,418,060	94.6
2009	2,642,618	2,456,059	92.9	37,999	2,494,058	94.4
2010	2,614,719	2,471,256	94.5	51,526	2,522,782	96.5
2011	2,595,776	2,431,436	93.7	119,790	2,551,226	98.3
2012	2,732,222	2,449,988	89.7	89,897	2,539,885	93.0
2013	2,732,090	2,650,781	97.0	56,276	2,707,057	99.1

**SOURCE:**

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

**CITY OF FAYETTEVILLE, GEORGIA**

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

<b>Type of Customer</b>	<b>Fiscal Year</b>									
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Residential (1)	398.30	391.96	403.51	383.18	335.84	321.75	300.96	289.10	308.97	271.12
Commercial (1)	53.83	53.06	54.00	113.27	112.95	44.51	91.13	95.51	93.85	98.84
Senior (1)	65.39	64.40	70.20	40.70	39.61	82.33	58.79	69.20	58.26	67.76
Other (1)	15.46	15.48	16.04	11.76	11.94	15.23	11.17	16.50	14.26	11.72
<b>Total usage</b>	<b>532.98</b>	<b>524.90</b>	<b>543.75</b>	<b>548.91</b>	<b>500.34</b>	<b>463.82</b>	<b>462.05</b>	<b>470.31</b>	<b>475.34</b>	<b>449.44</b>
Total direct rate per 1,000 gallons (2)	\$ 2.40	\$ 2.40	\$ 2.40	\$ 2.65	\$ 2.65	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.90

(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
2004	12.00	2.40	22.00	2.40	9.00	2.40
2005	12.00	2.40	22.00	2.40	9.00	2.40
2006	13.20	2.65	24.20	2.65	11.22	2.65
2007	13.20	2.65	24.20	2.65	11.22	2.65
2008	14.50	2.90	26.60	2.90	12.33	2.90
2009	14.50	2.90	26.60	2.90	12.33	2.90
2010	14.50	2.90	26.60	2.90	12.33	2.90
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

**SOURCE:**

City of Fayetteville, Georgia ordinances.



<b>Sewer (Residential)</b>		<b>Sewer (Commercial)</b>		<b>Sewer (Senior)</b>	
<b>Monthly</b>	<b>Rate per</b>	<b>Monthly</b>	<b>Rate per</b>	<b>Monthly</b>	<b>Rate per</b>
<b>Base Rate</b>	<b>1000 Gallons</b>	<b>Base Rate</b>	<b>1000 Gallons</b>	<b>Base Rate</b>	<b>1000 Gallons</b>
10.00	1.65	20.00	1.65	9.00	1.65
10.00	1.65	20.00	1.65	9.00	1.65
12.00	2.00	23.00	2.00	10.20	2.00
12.00	2.00	23.00	2.00	10.20	2.00
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
16.28	2.91	28.54	2.81	13.84	2.91

# CITY OF FAYETTEVILLE, GEORGIA

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

Taxpayer	Fiscal Year 2013			Fiscal Year 2003		
	Total Water Revenue	Rank	Percentage of Total Water Revenue	Total Water Revenue	Rank	Percentage of Total Water Revenue
Banks Station	\$ 28,473	1	1.24%	\$ 25,338	1	1.38%
Fayette County Jail Complex	24,855	2	1.08%	-		-
Summit Retail	20,062	3	0.87%	-		-
Fayette County BOE	18,283	4	0.80%	-		-
Cobblestone of Fayette	16,086	5	0.70%	5,885	10	0.32%
Board of Commissioners	15,758	6	0.69%	11,782	3	0.64%
Marksman Landscaping	12,135	7	0.53%	6,416	8	0.35%
HCCC, Inc.	10,664	8	0.46%	7,927	6	0.43%
Swanbrook	7,136	9	0.31%	16,061	2	0.88%
Bay Branch Condo	6,520	10	0.28%	6,437	7	-
Fayetteville Towne Center	-		-	7,938	5	0.43%
Walker Concrete	-		-	9,087	4	0.50%
Holiday Inn Express	-		-	6,063	9	0.33%
Subtotal (10 Largest)	159,972		6.96%	102,934		5.62%
Balance from Other Customers	2,139,038		93.04%	1,729,926		94.38%
Total	<u>\$ 2,299,010</u>		<u>100.00%</u>	<u>\$ 1,832,860</u>		<u>100.00%</u>

**SOURCE:**

City of Fayetteville, Georgia Water/Sewer Department records.

Note: Information for 2004 was not readily available.

# CITY OF FAYETTEVILLE, GEORGIA

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

Taxpayer	Fiscal Year 2013			Fiscal Year 2003		
	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue
Fayette Community Hospital	\$ 119,774	1	5.21%	\$ -		-
Inland Group	56,506	2	2.46%	-		-
Banks Station	27,759	3	1.21%	19,756	1	1.29%
Fayette County Jail Complex	26,832	4	1.17%	-		0.00%
Marksman Landscaping	25,402	5	1.10%	5,022	6	0.33%
Cobblestone Fayette	18,837	6	0.82%	4,552	7	0.30%
Fayette County BOE	17,833	7	0.78%	-		-
Board of Commissioners	16,817	8	0.73%	10,674	3	0.70%
Swanbrook	16,206	9	0.70%	12,972	2	0.85%
HCCC, Inc	14,936	10	0.65%	5,826	5	0.38%
Bay Branch Condo	-		-	4,444	8	0.29%
Fayetteville Towne Center	-		-	6,275	4	0.41%
Holiday Inn Express	-		-	4,236	9	0.28%
Magnolia Park Daycare	-		-	3,313	10	0.22%
Subtotal (10 Largest)	340,902		14.83%	77,070		5.04%
Balance from Other Customers	1,958,110		85.17%	1,451,138		94.96%
Total	<u>\$ 2,299,012</u>		<u>100.00%</u>	<u>\$ 1,528,208</u>		<u>100.00%</u>

**SOURCE:**

City of Fayetteville, Georgia Water/Sewer Department records.

Note: Information for 2004 was not readily available.

# 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	
2004	\$ 4,575,000	\$ -	\$ 902,215	\$ -	\$ 5,477,215
2005	4,575,000	-	815,377	-	5,390,377
2006	4,395,000	-	709,610	-	5,104,610
2007	4,210,000	-	710,622	-	4,920,622
2008	4,020,000	-	793,724	-	4,813,724
2009	3,825,000	-	532,575	-	4,357,575
2010	3,625,000	-	353,854	-	3,978,854
2011	3,420,000	-	219,955	-	3,639,955
2012	3,210,000	-	-	-	3,210,000
2013	3,115,000	1,885,000 (2)	-	629,434 (2)	5,629,434

**NOTES:**

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

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

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

<b>Business-type Activities</b>			<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
<b>Revenue Bonds</b>	<b>Notes Payable</b>	<b>Total</b>			
\$ 14,205,000	\$ 2,382,219	\$ 16,587,219	\$ 22,064,434	4.16 %	1,600
13,710,000	2,202,916	15,912,916	21,303,293	4.37	1,480
13,120,000	3,215,038	16,335,038	21,439,648	4.15	1,426
12,510,000	7,824,049	20,334,049	25,254,671	4.63	1,639
11,890,000	9,519,481	21,409,481	26,223,205	4.73	1,734
11,250,000	8,316,684	19,566,684	23,924,259	4.94	1,581
19,955,000	-	19,955,000	23,933,854	5.38	1,586
19,405,000	-	19,405,000	23,044,955	5.44	1,445
18,840,000	-	18,840,000	22,050,000	4.93	1,368
18,260,000	-	18,260,000	23,889,434	4.95	1,488

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# CITY OF FAYETTEVILLE, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF JULY 31, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Fayette County School District	\$ 65,407,739	10 %	\$ 6,540,774
Fayette County Public Facilities Authority	38,190,000	10 %	3,819,000
Total overlapping debt			10,359,774
City of Fayetteville direct debt			5,629,434
Total direct and overlapping debt			\$ 15,989,208

**SOURCES:**

Fayette County School District and Fayette County Public Facilities Authority.

**NOTE:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fayetteville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

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

# CITY OF FAYETTEVILLE, GEORGIA

## LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

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	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 62,191,243	\$ 70,359,375	\$ 75,455,121	\$ 83,212,043
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 62,191,243</u>	<u>\$ 70,359,375</u>	<u>\$ 75,455,121</u>	<u>\$ 83,212,043</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

**NOTE:**

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



<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 89,939,999	\$ 93,588,199	\$ 92,813,761	\$ 84,490,929	\$ 79,656,146	\$ 70,601,178
-	-	-	-	-	-
<u>\$ 89,939,999</u>	<u>\$ 93,588,199</u>	<u>\$ 92,813,761</u>	<u>\$ 84,490,929</u>	<u>\$ 79,656,146</u>	<u>\$ 70,601,178</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Assessed value	\$ 703,784,189
Add back: exempt real property	<u>2,227,595</u>
Total assessed value	706,011,784
Debt limit (10% of assessed value)	70,601,178
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of General obligation debt	<u>-</u>
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 70,601,178</u>

# CITY OF FAYETTEVILLE, GEORGIA

## PLEGGED-REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2004	\$ 3,979,731	\$ 2,883,941	\$ 1,095,790	\$ 350,000	\$ 415,386	1.43
2005	4,191,258	3,353,886	837,372	495,000	531,196	0.82
2006	4,614,379	3,503,080	1,111,299	590,000	517,431	1.00
2007	5,001,076	3,715,636	1,285,440	610,000	506,889	1.15
2008	5,113,316	3,760,191	1,353,125	620,000	494,279	1.21
2009	5,399,480	3,675,834	1,723,646	640,000	480,089	1.54
2010	5,305,085	3,337,598	1,967,487	655,000	506,369	1.69
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

**NOTES:**

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

Utility service charges include tap fees, but exclude interest.

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

# CITY OF FAYETTEVILLE, GEORGIA

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

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<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (1)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2004	13,792	\$ 530,882	\$ 38,492	36.1	21,624	2.7
2005	14,395	487,976	33,899	36.1	22,338	4.6
2006	15,033	517,240	34,407	36.1	22,291	4.0
2007	15,408	545,320	35,392	36.1	22,190	3.8
2008	15,126	554,670	36,670	36.1	21,597	4.7
2009	15,136	484,322	31,998	36.1	21,899	8.8
2010	15,093	445,002	29,484	36.1	20,756	8.6
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

**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 TEN YEARS AGO

Employer	Fiscal Year 2013			Fiscal Year 2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fayette County Board of Education	3,500	1	34.38%	805	1	5.28%
Fayette Hospital	1,240	2	12.18%	771	2	5.06%
Fayette County Board of Commissioners	770	3	7.56%	450	3	2.95%
Wal-Mart Stores, Inc.	335	4	3.29%	120	6	0.79%
Brent Scarbrough & Company	250	5	2.46%	110	9	0.72%
Kroger	236	6	2.32%	125	5	0.82%
Publix	225	7	2.21%	-		-
Lafayette Nursing Home	177	8	1.74%	120	7	0.79%
Dwarf House of Fayetteville	134	9	1.32%	-		-
Lowe's	132	10	1.30%	-		-
City of Fayetteville	-		-	115	8	0.75%
Home Depot	-		-	150	4	0.98%
Leslie Contracting	-		-	105	10	0.69%
<b>Total</b>	<b>6,999</b>		<b>68.76%</b>	<b>2,871</b>		<b>18.83%</b>

**SOURCE:**

City of Fayetteville, Georgia records.

# CITY OF FAYETTEVILLE, GEORGIA

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

Function	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government	15	15	15	13	13	10	14	14	13	11
Judicial	3	3	2	2	2	2	2	2	2	2
Public safety										
Police	48	48	48	49	54	48	45	45	44	40
Fire	27	27	27	26	30	36	36	36	35	28
Public works	12	12	14	14	14	13	12	12	11	10
Housing and development	11	12	10	9	9	6	5	5	6	4
Main Street Tourism	2	2	2	2	2	2	2	2	2	2
Water and Sewer										
Water	18	18	18	12	12	10	10	10	10	7
Wastewater	<u>7</u>	<u>7</u>	<u>7</u>	<u>14</u>	<u>14</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>7</u>	<u>6</u>
Total	<u>143</u>	<u>144</u>	<u>143</u>	<u>141</u>	<u>150</u>	<u>138</u>	<u>136</u>	<u>136</u>	<u>130</u>	<u>110</u>

**SOURCE:**

City of Fayetteville, Georgia records

# CITY OF FAYETTEVILLE, GEORGIA

## OPERATING INDICATORS BY FUNCTION LAST TEN CALENDAR YEARS

Function	2004	2005	2006	2007	2008	2009	2010
<b>Mayor And Council</b>							
Citizen contacts	-	1,745	5,871	4,859	4,626	7,000	5,000
Council meetings	23	26	25	25	26	24	26
Correspondence generated	67	74	55	85	81	150	100
<b>Finance and Administration</b>							
A/P checks processed	4,638	4,044	4,472	4,869	4,354	4,066	4,282
Business licenses processed	2,212	2,168	2,015	2,157	2,337	2,250	2,092
Utility bills generated	84,641	88,274	97,494	99,286	100,337	101,877	101,010
<b>Information Technology</b>							
Number of work orders received	1,055	523	468	529	530	528	600
Hits on City website per year	80,455	110,255	121,322	181,776	164,475	115,882	125,000
<b>Municipal Court</b>							
Citations processed	8,369	7,210	8,218	10,033	8,060	7,742	8,704
Cases adjudicated	7,894	8,736	9,708	11,990	7,319	7,900	9,131
Average inmates per month	12	12	11	16	20	12	14
<b>Police</b>							
Number of arrests	1,332	1,164	1,385	1,427	1,434	1,392	1,521
Number of traffic accidents	1,506	1,618	1,507	1,396	1,148	1,621	1,084
Citations/warnings issued	8,577	8,897	11,777	7,869	9,752	11,624	10,969
<b>Fire</b>							
Emergency calls	2,367	2,387	2,570	2,560	2,656	2,691	2,737
Hydrants maintained	947	1,089	1,117	1,250	1,250	1,289	1,300
Inspections completed	1,795	1,660	1,446	1,431	1,391	1,436	1,391
<b>Public Works</b>							
Miles resurfaced	2.0	2.0	2.5	1.3	1.3	1.3	1.5
Miles of cracks sealed	1.5	1.5	1.5	2.0	1.0	1.0	1.0
Miles of right of way mowed	370	380	430	435	445	455	465
<b>Housing And Development</b>							
Building permit inspections	5,487	5,484	7,020	4,097	3,087	3,087	2,294
Development plan applications	38	33	37	28	15	9	-
Erosion control inspections	3,668	3,672	3,452	2,085	1,643	1,060	461
<b>Water And Sewer</b>							
Water - gallons processed (X 1,000)	584,183	540,480	474,920	388,624	319,419	359,764	427,071
Wastewater - gallons processed (X 1,000)	768,169	833,790	770,502	716,985	684,408	561,675	630,894
New meter installations	156	153	168	54	25	11	13

**SOURCE:**

City of Fayetteville, Georgia records.

<b>2011</b>	<b>2012</b>	<b>2013</b>
5,000	4,600	4,600
26	25	25
100	80	65
4,200	3,739	3,943
2,100	2,217	2,183
101,051	99,936	101,105
600	600	600
150,000	150,000	150,000
8,000	6,518	5,585
9,000	5,301	4,845
12	9	5
1,431	1,382	1,145
1,351	1,317	1,388
10,398	10,161	8,449
2,800	3,110	2,850
1,315	1,261	1,280
1,400	1,381	1,450
1.5	1.3	1.5
1.0	1.0	1.0
465	352	390
2,300	2,300	2,398
8	7	11
460	427	460
322,906	300,269	224,093
637,203	543,576	548,332
15	14	139

# CITY OF FAYETTEVILLE, GEORGIA

## CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Government</b>										
Phone system	-	1	1	1	1	1	1	1	1	1
Computer system	1	1	1	1	1	1	1	1	1	1
Buildings	1	1	2	2	2	2	2	2	2	2
<b>Police</b>										
Station	0.5	1	1	1	1	1	1	1	1	1
<b>Fire</b>										
Stations	1.5	2	2	2	2	2	2	2	2	2
Fire trucks	3	3	3	3	3	3	3	3	4	4
<b>Public Works</b>										
Parks	3	4	5	5	5	5	5	5	5	5
Highways/streets	53.41	56.55	62.83	63.30	63.30	63.30	63.30	63.30	63.30	63.30
Building	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Bridge	1	1	1	1	1	1	1	1	1	1
Traffic signals	3	3	3	3	3	3	3	3	3	3
Cemetery	1	1	1	1	1	1	1	1	1	1
Lake	1	1	1	1	3	3	3	3	3	3
<b>Water And Sewer</b>										
Buildings	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Lift stations	21	22	24	24	24	24	24	24	24	24
Miles of sewer lines	99	107	122	126	126	126	126	126	126	126
Miles of water lines	N/A	N/A	104	108	108	108	108	108	108	108
Manholes	2,309	2,494	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798
Stormwater detention	-	1	1	1	1	1	1	1	1	1
Lake	-	1	1	1	1	1	1	1	1	1
Wells	3	3	3	3	3	3	3	3	3	3

**SOURCE:**

City of Fayetteville, Georgia records.



## **CONTINUING DISCLOSURE SECTION**

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# CITY OF FAYETTEVILLE, GEORGIA

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

Calendar Year	Fayette County		System Well/Water Plant		Total Usage	Percent Change
	Volume	Percent	Volume	Percent		
2004	59,077	9.8 %	542,820	90.2 %	601,897	(2.0) %
2005	30,836	5.4	541,150	94.6	571,986	(5.0)
2006	118,026	21.7	426,439	78.3	544,465	(4.8)
2007	231,331	41.3	328,434	58.7	559,765	2.8
2008	153,581	31.5	334,700	68.5	488,281	(12.8)
2009	115,328	22.9	387,705	77.1	503,033	3.0
2010	118,314	23.0	395,035	77.0	513,349	2.1
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)

Source: City of Fayetteville, Georgia records.

# CITY OF FAYETTEVILLE, GEORGIA

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

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<u>Calendar Year</u>	<u>Average Daily Flow MGD</u>	<u>Average Weekly Peak Flow MGD</u>
2004	2.11	2.31
2005	2.28	2.54
2006	2.29	2.10
2007	1.96	2.24
2008	1.86	1.81
2009	1.54	1.51
2010	1.73	1.90
2011	1.63	1.88
2012	1.46	1.65
2013	1.61	2.40

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

Source: City of Fayetteville, Georgia records.

# CITY OF FAYETTEVILLE, GEORGIA

## WATER AND SEWER CUSTOMERS LAST TEN CALENDAR YEARS

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<u>Calendar Year</u>	<u>Number of Water Customers</u>	<u>% Increase Water Customers</u>	<u>Number of Sewer Customers</u>	<u>% Sewer to Water Customers</u>
2004	6,322	0.9 %	6,494	102.7 %
2005	6,576	4.0	6,748	102.6
2006	6,640	1.0	6,870	103.5
2007	6,643	0.0	8,062	121.4
2008	6,631	(0.2)	8,051	121.4
2009	6,585	(0.7)	8,032	122.0
2010	6,615	0.5	8,035	121.5
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

**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:

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

Based on the current rate structure and average residential water of usage of 6,500 gallons per month, the average water bill for a residential customer is approximately \$27.55 per month. The average residential sewer bill is approximately \$29.39 per month.

**COMPLIANCE SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fayetteville, Georgia (the "City") for the year ended July 31, 2013, 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 23, 2014.

**Internal Control Over Financial Reporting**

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

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

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

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**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Mauldin & Jenkins, LLC*

Macon, Georgia  
January 23, 2014

**CITY OF FAYETTEVILLE, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JULY 31, 2013**

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

**Financial Statements**

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

**Federal Awards**

There was not an audit of major federal award programs as of July 31, 2013 due to the total amount expended being less than \$500,000.

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

None reported.

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

Not applicable.

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

None reported.

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