CITY OF FAYETTEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JULY 31, 2015

Prepared By:
Mike Bush
Director of Finance

Submitted By:
Ray Gibson
City Manager

INTRODUCTORY SECTION

CITY OF FAYETTEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JULY 31, 2015

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

- Table of Contents ..... i – iii
- Letter of Transmittal ..... iv – ix
- Certificate of Achievement for Excellence in Financial Reporting x
- List of Principal Officials xi
- Organizational Chart xii

FINANCIAL SECTION

- Independent Auditor's Report ..... 1 – 3
- Management's Discussion and Analysis ..... 4 – 11
- Basic Financial Statements:
  - Government-wide Financial Statements:
    - Statement of Net Position 12
    - Statement of Activities ..... 13 and 14
  - Fund Financial Statements:
    - Balance Sheet – Governmental Funds ..... 15 and 16
    - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds ..... 17 and 18
    - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 19
    - General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual ..... 20 and 21
    - Statement of Net Position – Proprietary Funds ..... 22 and 23
    - Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 24
    - Statement of Cash Flows – Proprietary Funds ..... 25 and 26
  - Notes to Financial Statements ..... 27 – 56
- Required Supplementary Information:
  - Schedule of Changes in the City's Net Pension Liability and Related Ratios 57
  - Schedule of City Contributions 58
- Combining and Individual Fund and Statements and Schedules:
  - Combining Balance Sheet – Nonmajor Governmental Funds ..... 59 and 60
  - Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds ..... 61 and 62
  - Special Revenue Funds – Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual ..... 63 – 69
  - Capital Projects Funds – Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual ..... 70 – 72
- Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds 73

CITY OF FAYETTEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JULY 31, 2015

TABLE OF CONTENTS

Page

STATISTICAL SECTION

- Net Position by Component ..... 74 and 75
- Changes in Net Position ..... 76 – 79
- Governmental Activities Tax Revenues by Source ..... 80 and 81
- Fund Balances of Governmental Funds ..... 82 and 83
- Changes in Fund Balances of Governmental Funds ..... 84 and 85
- General Governmental Tax Revenues by Source ..... 86 and 87
- Assessed Value and Estimated Actual Value of Taxable Property ..... 88 and 89
- Property Tax Rates – Direct and Overlapping Governments 90
- Principal Property Taxpayers 91
- Property Tax Levies and Collections 92
- Water Sold by Customer Type 93
- Water and Sewer User Rates ..... 94 and 95
- Ten Largest Water Customers 96
- Ten Largest Sewer Customers 97
- Ratios of Outstanding Debt by Type ..... 98 and 99
- Direct and Overlapping Governmental Activities Debt 100
- Legal Debt Margin Information ..... 101 and 102
- Pledged-Revenue Coverage 103
- Demographic and Economic Statistics 104
- Principal Employers 105
- Full-Time Equivalent City Government Employees by Function 106
- Operating Indicators by Function ..... 107 and 108
- Capital Asset Statistics by Function 109

CONTINUING DISCLOSURE SECTION

- Water Supply by Source 110
- Wastewater Treatment Plant Average Flow 111
- Water and Sewer Customers 112
- Water and Sewer User Fees and Charges 113

CITY OF FAYETTEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JULY 31, 2015

TABLE OF CONTENTS

Page

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... **114 and 115**

Independent Auditor's Report on Compliance for Each Major Program And On Internal Control Over Compliance Required by OMB Circular A-133 ..... **116 and 117**

Schedule of Expenditures of Federal Awards **118**

Notes to Schedule of Expenditures of Federal Awards **119**

Schedule of Findings and Questioned Costs ..... **120 and 121**

Summary Schedule of Prior Year Findings **122**

THIS PAGE INTENTIONALLY LEFT BLANK

City of Fayetteville

240 Glynn Street South • Fayetteville, Georgia 30214
Telephone (770) 461-6029 • Facsimile (770) 460-4238
www.fayetteville-ga.gov

MAYOR
Gregory C. Clifton

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

CITY MANAGER
Ray Gibson

CITY CLERK
Anne Barksdale

January 18, 2016

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, 2015 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable a reader to gain an understanding of the City's financial activities have been included.

The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the Untied States of America. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, but not absolute, assurance that the financial statements are free of any material misstatements. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that all financial information has been recorded accurately.

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

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

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

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Fayetteville's MD&A can be found immediately following the report of the independent auditors.

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

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

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

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

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

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

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

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

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

East of the square is the historic Train Depot available for private rentals and used year round as a special events facility. The Train Depot was originally built in 1902 along the railroad that ran from Atlanta to Fort Valley via Fayetteville. The railroad ceased to run through Fayetteville and the tracks were lifted in 1939.

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

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

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

Fayetteville has a strong historical preservation ethic that is evident throughout the downtown district. At present there is an effort underway by the Main Street program to revitalize the downtown area. The city limits have been extended far beyond the courthouse and the city business district now runs from a couple of miles south of the courthouse to almost three miles north for a total of about 5 miles of business area. There are now seven schools in Fayetteville, an outdoor shopping center (the Pavilion), the Southern Ground Amphitheater (formerly Villages Amphitheater), two hotels, specialty shops of all descriptions, and a developing west side, that includes the Fayette Piedmont Hospital and medical complexes, all which make Fayetteville an attractive community. Numerous festivals and events are held on the square during the calendar year which brings thousands of people to downtown to participate in fellowship and community. Additionally the Southern Ground Amphitheater plays host to a wide array of concerts, films, and dramatic events. In 2012, the Downtown Development Authority negotiated a multi-year, title sponsorship for the Villages Amphitheater with Southern Ground Artists, Inc. For the term of the agreement, the amphitheater will be listed in all advertising and mentions as the Southern Ground Amphitheater. In 2014, Pinewood Atlanta Studios, the largest film and television production studio in the United States outside the state of California, located on the west side of Fayetteville, opened.

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

The population of Fayetteville is 16,725; a 47.13% increase since 2000. The median housing value in Fayetteville is $192,000. Renters make up about 30% of the City's population; while 70% own homes; 5% of the homes and apartments are vacant in the City. The total permits issued for new housing decreased from 87 in 2014 to 37 in 2015. The City remains affordable to residents as the per capita income is $29,536.

The total number of new commercial permits issued during fiscal year 2015 was 24, valued at $25,701,868, as compared to 4 permits issued during fiscal year 2014. There were 6 commercial permits for multifamily construction that is included in the total commercial amount for a new Apartment Complex within the City. However, the City's vacant inventory by percentage is 9.25% commercial, 5.25% industrial, and 13.16% office.

The unemployment rate for Fayetteville is 4.3% compared to the United States' average of 5.3%. 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 to (1) achieve all goals while striving for the lowest total cost for public services, (2) maintain a managed growth policy that requires quality development in concert with our economic development strategy, (3) provide for the public safety and welfare by committing appropriate resources to police, fire, streets, recreation, water and sewer, and support services, (4) continue cooperative efforts with other governments and government agencies, and (5) preserve our historic and cultural heritage and encourage revitalization of downtown through support of Main Street initiatives.

The financial position of the City of Fayetteville seems to be better today after weathering the recession by reducing expenditures in every department. A hiring freeze was lifted in 2015 and we actually were able to get our Fire and Police back to pre-recession staffing levels. We continued to work on capital expenditures for mostly public safety needs, but we were able to add to our fleet for public works as well. Most revenue sources seem to be stabilizing with even some slight increases in other revenue sources. The City continues to try and hold cost down through an employee voluntary reduction in work hours, no out-of-state training and travel, fuel conservation policy and debt restructuring. Transportation projects,

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

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

In 2015, the City was able to fill the positions of City Manager and Financial Services Director with full time employees. These positions had previously been part of the cost cutting measures during the hiring freeze and were both part-time rolls with the City. The City was also able to add thirteen new positions during fiscal year 2015. Nine of these positions came from a SAFER Grant that was awarded to the City of Fayetteville Fire Department. This grant will fund these 9 positions for two full years. We were also able to add an additional 4 positions to the Fayetteville Police Department bringing them back to the level we had prior to the recession. No new personnel were proposed for fiscal year 2014. As mentioned above, a hiring freeze was implemented in mid fiscal year 2008 and continued through fiscal year 2014, except for replacing positions that left employment, especially Public Safety. Personnel services and benefits had an increase of 2.4%. The increase is due to the increasing cost of health insurance; whereas the City implemented a Private Health Insurance Exchange to provide more options to employees and to better control City's cost. Funds were budgeted for performance salary plan, retention plan, wellness and safety program, workers compensation and retirement plan.

Major Initiatives. For fiscal year 2015, replacement public safety vehicles and equipment were purchased in the major operating funds.

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

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

The Downtown Development Authority renovation of the 101 Glynn Street property is still ongoing.

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, 2014. This was the eighteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA Award for Distinguished Budget Presentation for the annual budget for fiscal year 2014. This was the eighth consecutive year that the government has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communication device.

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

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

Respectfully submitted,





Ray Gibson
City Manager

Mike Bush
Director of Finance and Administrative Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fayetteville

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

July 31, 2014

Jeffrey R. Emer

Executive Director/CEO

CITY OF FAYETTEVILLE, GEORGIA

LIST OF PRINCIPAL OFFICIALS

MAYOR
Greg Clifton

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

CITY MANAGER
Ray Gibson

CITY CLERK
Anne Barksdale

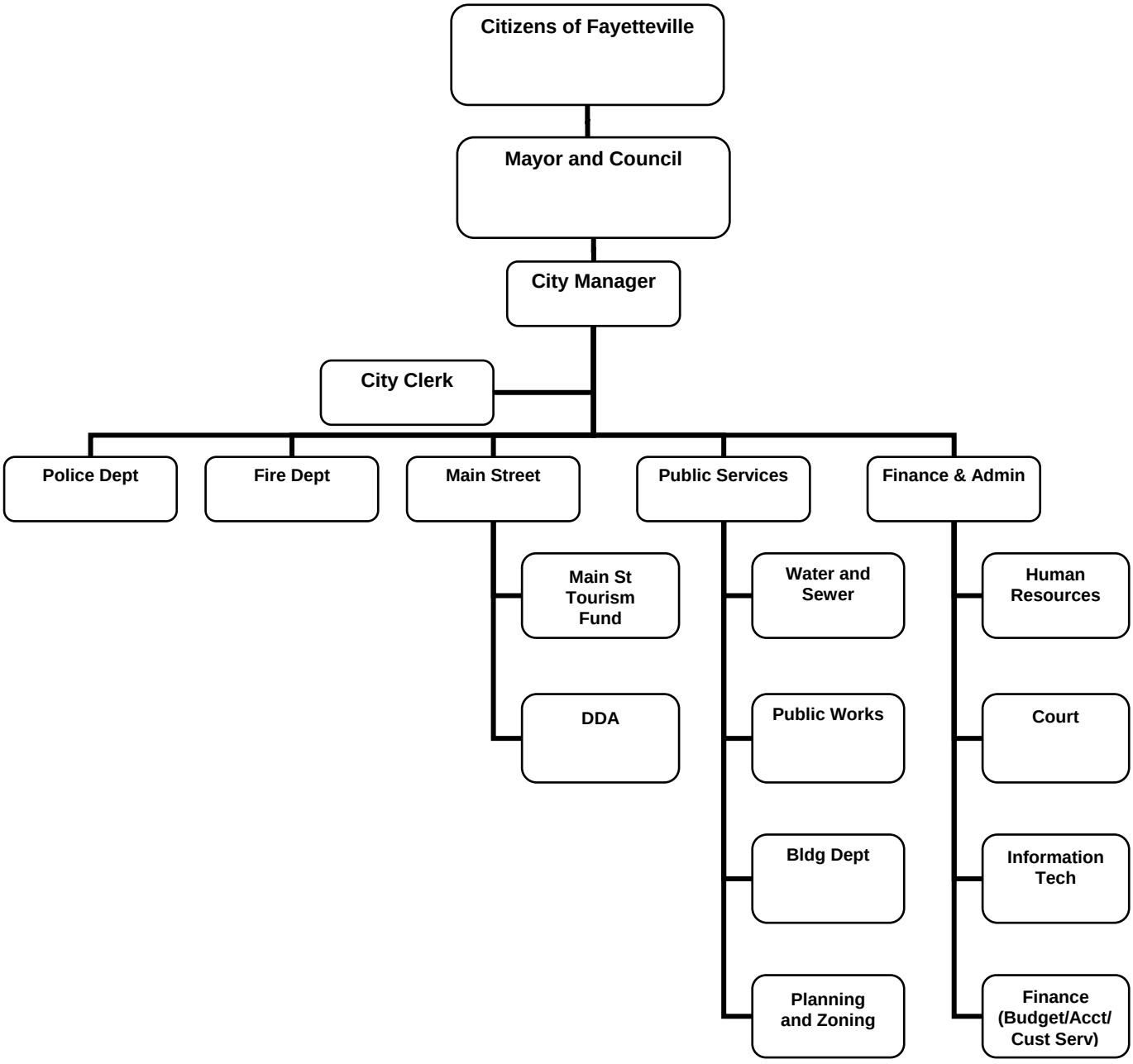
DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES
Mike Bush

CITY ATTORNEY
David Winkle

CITY AUDITORS
Mauldin & Jenkins, LLC

CITY OF FAYETTEVILLE, GEORGIA

ORGANIZATIONAL CHART



THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of City Council
City of Fayetteville
Fayetteville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Fayetteville, Georgia** (the "City") as of and for the year ended July 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fayetteville, Georgia as of July 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 11), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 57), and the Schedule of City Contributions (on page 58) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fayetteville, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Fayetteville, Georgia. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City.

The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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 18, 2016, 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 18, 2016

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF FAYETTEVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JULY 31, 2015

Management's Discussion and Analysis of the City of Fayetteville, Georgia's financial performance provides an overall review of the City's financial activities for the fiscal year ended July 31, 2015. It is designed to give the reader an objective and easily readable analysis of the City's financial performance. The primary intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the letter of transmittal, notes to the basic financial statements, and the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for FY 2015 are as follows:

In total, combined net position decreased $2,020,730 which represents a 2.4% decrease over FY 2014. This decrease can primarily be attributed to recording the net pension liability and related deferred outflows and inflows of resources resulting from the implementation of GASB Statements 68 and 71.

- Combined tax revenues accounted for $10,084,484 or 71.2% 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 $4,062,537 or 28.7% of total revenues of $14,172,820 from governmental activities.

- The City had $11,558,548 in expenses related to governmental activities; $4,062,537 of these expenses were offset by charges for services, grants, and contributions. General revenues (primarily taxes) of $10,084,484 provided for these services as well as increasing the City's net position by $2,614,272. It is important to note that the City reported an overall decrease in net position due to recording a prior period adjustment resulting from the implementation of GASB Statements 68 and 71.

- Total Water and Sewer Fund revenues for fiscal year 2015 were $5,917,164. Total expenses for fiscal year 2015 were $5,309,328. Capital contributions were recorded in the amount of $300,975, including but not limited to donated property and sewer proportionate share. The change in net position after depreciation and non-operating revenues/expenses was $195,231 for the fiscal year-end 2015.

- Revenues from the General Fund were $10,776,475 for fiscal year 2015, an increase of approximately 4.3% over the prior fiscal year, due to an increase in taxes and grants. General Fund expenditures totaled $9,706,587 for the fiscal year ending July 31, 2015, an increase of 13.3% over last fiscal year due mostly to increased spending in public safety areas.

Overview of the Financial Statements

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

Statements of Net Position and the Statement of Activities

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

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

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

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

Reporting the City's Most Significant Funds

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

Governmental Funds

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

The capital projects funds are used to account for financial resources to be used for the acquisition, construction, or renovation of major capital assets. The City of Fayetteville has 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

The fiscal year 2015 total net position represents a decrease of 2.2% over fiscal year 2014. 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, however the addition of the net pension liability as a result of the implementation of GASB Statement No.68 and 71 was the cause for the overall decrease. See Tables 1 (*Statement of Net Position* on page 12) and 2 (*Statement of Activities* on pages 13 and 14) for a schedule of net position and change in net position.

TABLE 1-NET POSITION

	Governmental Activities		Business-type Activities		Total Activities	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 10,774,081	$ 9,370,434	$ 6,423,105	$ 5,597,647	$ 17,197,186	$ 14,968,081
Capital assets	73,870,694	72,863,748	26,435,434	27,581,410	100,306,128	100,445,158
Total assets	84,644,775	82,234,182	32,858,539	33,179,057	117,503,314	115,413,239
Deferred outflows of resources	900,506	112,685	403,198	273,643	1,303,704	386,328
Long-term liabilites	9,787,015	5,930,900	19,617,126	19,352,528	29,404,141	25,283,428
Other liabilities	934,248	813,912	585,960	437,280	1,520,208	1,251,192
Total liabilities	10,721,263	6,744,812	20,203,086	19,789,808	30,924,349	26,534,620
Deferred outflows of resources	517,146	-	121,306	-	638,452	-
Net position:						
Net investment in capital assets	68,600,004	67,435,901	7,962,881	8,502,525	76,562,885	75,938,426
Restricted	2,902,027	2,098,212	2,987,802	2,723,599	5,889,829	4,821,811
Unrestricted	2,804,841	6,067,942	1,986,662	2,436,768	4,791,503	8,504,710
Total net position	$ 74,306,872	$ 75,602,055	$ 12,937,345	$ 13,662,892	$ 87,244,217	$ 89,264,947

TABLE 2-CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total Activities	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	$ 2,022,737	$ 2,288,777	$ 6,575,892	$ 6,297,402	$ 8,598,629	$ 8,586,179
Operating grants and contributions	712,268	560,303	-	-	712,268	560,303
Capital grants and contributions	1,327,532	1,325,879	300,975	297,696	1,628,507	1,623,575
Total program revenues	4,062,537	4,174,959	6,876,867	6,595,098	10,939,404	10,770,057
General revenues:						
Property taxes	3,134,679	3,094,181	-	-	3,134,679	3,094,181
Other taxes	6,949,805	6,348,925	-	-	6,949,805	6,348,925
Unrestricted investment earnings	8,217	5,893	306	52	8,523	5,945
Gain on sale of capital assets	17,582	-	-	4,762	17,582	4,762
Total general revenues	10,110,283	9,448,999	306	4,814	10,110,589	9,453,813
Total revenues	14,172,820	13,623,958	6,877,173	6,599,912	21,049,993	20,223,870
Expenses						
General government	1,090,268	938,311	-	-	1,090,268	938,311
Judicial	591,966	562,483	-	-	591,966	562,483
Public safety	7,218,353	6,556,219	-	-	7,218,353	6,556,219
Public works	1,305,120	2,095,224	-	-	1,305,120	2,095,224
Culture and recreation	4,024	19,877	-	-	4,024	19,877
Housing and development	1,205,233	1,042,536	-	-	1,205,233	1,042,536
Interest on long-term debt	143,584	158,192	-	-	143,584	158,192
Water and sewer	-	-	5,616,165	5,867,412	5,616,165	5,867,412
Stormwater	-	-	407,049	302,784	407,049	302,784
Solid waste	-	-	662,473	655,272	662,473	655,272
Total expenses	11,558,548	11,372,842	6,685,687	6,825,468	18,244,235	18,198,310
Change in net position	2,614,272	2,251,116	191,486	(225,556)	2,805,758	2,025,560
Net position, beginning of year	75,602,055	73,350,939	13,662,892	13,888,448	89,264,947	87,239,387
Prior period adjustment	(3,909,455)	-	(917,033)	-	(4,826,488)	-
Net position, beginning of year, as restated	71,692,600	73,350,939	12,745,859	13,888,448	84,438,459	87,239,387
Net position, end of year	$ 74,306,872	$ 75,602,055	$ 12,937,345	$ 13,662,892	$ 87,244,217	$ 89,264,947

Governmental Activities

Please note that public safety expenses of $7,218,353 represent 62.5% of the total governmental expenses. The next most significant program expense is general government, which totals $1,305,120 or 11.3% of the total.

Business-Type Activities

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

Cost of Program Services

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

This information was taken from the *Statement of Activities* on pages 13 and 14.

TABLE 3 – Governmental and Business Type Activities

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
General government	$ 1,090,268	$ 938,311	$ (598,877)	$ (553,702)
Judicial	591,966	562,483	349,850	513,973
Public safety	7,218,353	6,556,219	(6,643,322)	(6,040,485)
Public works	1,305,120	2,095,224	63,338	(763,723)
Culture and recreation	4,024	19,877	(4,024)	(19,877)
Housing and development	1,205,233	1,042,536	(519,392)	(175,877)
Interest on long-term debt	143,584	158,192	(143,584)	(158,192)
Total governmental activities	11,558,548	11,372,842	(7,496,011)	(7,197,883)
Business-type activities	6,685,687	6,825,468	191,180	(230,370)
Total expenses	$ 18,244,235	$ 18,198,310	$ (7,304,831)	$ (7,428,253)

Governmental Fund Balance

At the end of the fiscal year 2015, the combined ending fund balances for the City's Governmental Funds were $9,785,318. Of the total fund balance, $9,610,982 is available as working capital for current spending in accordance with the purposes of the specific funds. The remainder of the fund balance, $174,336, is not available for new spending because it is considered nonspendable (pre-paid items and inventory).

The General Fund's fund balance for the fiscal year ending 2015 was $6,572,358, which indicates an increase in fund balance over the previous year by $38,884. The increase in the General Fund fund balance is due to improved tax collections during the current year. The SPLOST fund has increased by $637,888 due to the fact that payments were received from the County for a joint SPLOST project where the City had made the payments in advance. Information provided in Table 4 is from the *Governmental Funds Balance Sheet* on page 16.

TABLE 4 – Governmental Fund Balance

	2015	2014
General Fund	$ 6,572,358	$ 6,533,474
SPLOST Fund	599,466	(38,422)
Other Governmental Funds	2,613,494	1,991,464
Total	$ 9,785,318	$ 8,486,516

Proprietary Net Position

At the end of the fiscal year 2015, the combined net position of the City's Proprietary Funds were $12,937,345. The most significant event that took place in the Water and Sewer Funds was the reduction of interest expense and the increase in revenue collections.

General Fund Budgeting Highlights

- The City's budget is prepared according to Georgia law. The most significant budget fund is the General Fund.
- For the General Fund, the actual revenues of $10,776,475 were less than the final budgeted amount of $10,935,725 by $159,250.
- The actual expenditures of $9,706,587 were less than the final budgeted amount of $9,852,146 by $145,559. This difference was primarily due to vacant personnel positions and a reduction in court costs.

General Fund Budgeting Highlights (Continued)

- The original budget had to be increased by $813,754 due to the change in revenues. Property taxes were originally budgeted as $2,283,540 with actual revenues of $2,366,515 for a total increase of $82,975; other taxes were originally budgeted as $3,530,714 with actual revenues of $3,753,292 for a total increase of $222,578; intergovernmental revenues were originally budgeted as $66,000 with actual revenues of $355,265 for an increase of 289,265; charges for services were originally budgeted as $67,550 with actual revenues of $160,148 for an increase of 92,598; and sales taxes were originally budgeted as $2,853,913 with actual revenues of $2,799,116 for a decrease of $54,797. With the downturn in the economic conditions, the subsequent slow recovery conditions have rendered the historical data and past trends irrelevant. As such, forecasting has become difficult.

Capital Assets and Debt Administration

At the end of fiscal year 2015, the City had $100,306,128 invested in capital assets, which is a decrease over fiscal year 2014 of $139,030. Table 5 shows fiscal years 2015 and 2014 balances of the *Capital Assets, Net of Accumulated Depreciation* as presented in Note 7.

TABLE 5 – Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total Activities	
	2015	2014	2015	2014	2015	2014
Land	$ 7,343,564	$ 6,911,140	$ 1,630,139	$ 1,630,139	$ 8,973,703	$ 8,541,279
Historical treasures	91,279	91,279	-	-	91,279	91,279
Construction in progress	2,267,638	2,025,803	660,714	2,383,826	2,928,352	4,409,629
Buildings	7,166,828	7,355,792	-	-	7,166,828	7,355,792
Land improvements	1,020,687	328,868	-	-	1,020,687	328,868
Equipment	1,316,731	693,339	199,553	129,533	1,516,284	822,872
Infrastructure	54,663,967	55,457,527	23,945,028	23,437,912	78,608,995	78,895,439
Total	$ 73,870,694	$ 72,863,748	$ 26,435,434	$ 27,581,410	$ 100,306,128	$ 100,445,158

Debt

The City reported outstanding debt of $19,617,126 as of July 31, 2015. Debt for the Business-type activities relates to the Water and Sewerage Revenue Bonds that were issued in FY 2014 to refinance the cost of the 2003 Water and Sewerage Revenue Bonds and the Water and Sewer Fund's allocated portion of the net pension liability. The amount of outstanding debt in Governmental Activities includes Certificates of Participation (COPS) with Georgia Municipal Association (GMA), revenue bonds, compensated absences, capital leases, net pension liability and notes payable totaling $9,787,015. This amount increased over the prior year as a result of the implementation of GASB Statement No. 68 and 71 requiring the City to report a net pension liability. Table 6 – *Outstanding Long-Term Liabilities* reflects information provided in Note 8.

TABLE 6 – Outstanding Long-Term Liabilities

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Notes payable	$ 670,161	$ 725,532	$ -	$ -
Compensated absences	455,219	390,368	-	-
Net pension liability	3,963,716	-	929,760	-
Capital leases	292,919	-	-	-
Certificates of participation	2,805,000	3,010,000	-	-
Bonds payable:				
Revenue bonds	1,600,000	1,805,000	18,610,000	19,255,000
Deferred amounts:				
Premium	-	-	77,366	97,528
Total bonds payable	1,600,000	1,805,000	18,687,366	19,352,528
Total long-term liabilities	$ 9,787,015	$ 5,930,900	$ 19,617,126	$ 19,352,528

Current Issues

Economic Factors and Next Year's Budget and Rates

Today, the population for the City of Fayetteville is estimated to be 16,725. This growth has been reflected in the City's General Fund revenues, which have increased from $3,840,328 in 1994 to $10,776,475 in 2015. The economic condition and outlook of the City is beginning to show some improvement in residential construction, purchasing by City residents, and the loss of jobs and employment in our area has stabilized.

The City has started to see growth in revenues, particularly property taxes and building related fees. The local option sales taxes are continuing to increase which is a direct reflection of our area's slow recovery from the recession. Our operating expenses have increased due to the collection of additional revenues through taxes and other revenues. Additionally, our debt service expenses have increased as a result of infrastructure projects and newly required pension liabilities being added to the financial statements.

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

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF NET POSITION
JULY 31, 2015

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 3,472,488	$ 896,961	$ 4,369,449
Investments	5,865,177	-	5,865,177
Taxes receivable	599,889	-	599,889
Accounts receivable, net of allowances	382,878	748,738	1,131,616
Due from other governments	153,520	-	153,520
Internal balances	68,141	(68,141)	-
Note receivable	-	161,289	161,289
Inventories	29,196	142,851	172,047
Prepaid expenses	145,140	61,879	207,019
Restricted assets, cash and cash equivalents	57,652	4,479,528	4,537,180
Capital assets, nondepreciable	9,702,481	2,290,853	11,993,334
Capital assets, depreciable, net of accumulated depreciation	64,168,213	24,144,581	88,312,794
Total assets	84,644,775	32,858,539	117,503,314
DEFERRED OUTFLOWS OF RESOURCES			
Pension	803,116	188,385	991,501
Deferred charge on refunding	97,390	214,813	312,203
Total deferred outflows of resources	900,506	403,198	1,303,704
LIABILITIES			
Accounts payable	367,534	331,184	698,718
Accrued liabilities	55,473	254,776	310,249
Unearned revenues	511,241	-	511,241
Capital leases due within one year	128,354	-	128,354
Capital leases due in more than one year	164,565	-	164,565
Compensated absences due within one year	227,610	-	227,610
Compensated absences due in more than one year	227,609	-	227,609
Certificates of participation due within one year	205,000	-	205,000
Certificates of participation due in more than one year	2,600,000	-	2,600,000
Notes payable due within one year	57,083	-	57,083
Notes payable due in more than one year	613,078	-	613,078
Bonds payable due within one year	215,000	700,000	915,000
Bonds payable due in more than one year	1,385,000	17,987,366	19,372,366
Net pension liability	3,963,716	929,760	4,893,476
Total liabilities	10,721,263	20,203,086	30,924,349
DEFERRED INFLOWS OF RESOURCES			
Pension	517,146	121,306	638,452
Total deferred inflows of resources	517,146	121,306	638,452
NET POSITION			
Net investment in capital assets	68,600,004	7,962,881	76,562,885
Restricted for:			
Debt service	-	2,987,802	2,987,802
Law enforcement	151,890	-	151,890
Cemetery improvements	31,275	-	31,275
Veterans memorial	1,755	-	1,755
Downtown development	290,701	-	290,701
Tourism	277,459	-	277,459
Other capital projects	2,148,947	-	2,148,947
Unrestricted	2,804,841	1,986,662	4,791,503
Total net position	$ 74,306,872	$ 12,937,345	$ 87,244,217

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, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 1,090,268	$ 491,211	$ -	$ 180
Judicial	591,966	941,816	-	-
Public safety	7,218,353	78,677	353,781	142,573
Public works	1,305,120	-	183,679	1,184,779
Culture and recreation	4,024	-	-	-
Housing and development	1,205,233	511,033	174,808	-
Interest on long-term debt	143,584	-	-	-
Total governmental activities	11,558,548	2,022,737	712,268	1,327,532
Business-type activities:				
Water and sewer	5,616,165	5,175,387	-	300,975
Stormwater	407,049	741,777	-	-
Solid waste	662,473	658,728	-	-
Total business-type activities	6,685,687	6,575,892	-	300,975
Total primary government	$ 18,244,235	$ 8,598,629	$ 712,268	$ 1,628,507
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		
Governmental Activities	Business-type Activities	Total
$ (598,877)	$ -	$ (598,877)
349,850	-	349,850
(6,643,322)	-	(6,643,322)
63,338	-	63,338
(4,024)	-	(4,024)
(519,392)	-	(519,392)
(143,584)	-	(143,584)
(7,496,011)	-	(7,496,011)
-	(139,803)	(139,803)
-	334,728	334,728
-	(3,745)	(3,745)
-	191,180	191,180
(7,496,011)	191,180	(7,304,831)
3,134,679	-	3,134,679
2,799,116	-	2,799,116
1,398,004	-	1,398,004
342,037	-	342,037
925,729	-	925,729
868,188	-	868,188
616,731	-	616,731
8,217	306	8,523
17,582	-	17,582
10,110,283	306	10,110,589
2,614,272	191,486	2,805,758
71,692,600	12,745,859	84,438,459
$ 74,306,872	$ 12,937,345	$ 87,244,217

CITY OF FAYETTEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JULY 31, 2015

ASSETS	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	$ 804,518	$ 174,177	$ 2,493,793	$ 3,472,488
Investments	5,865,177	-	-	5,865,177
Taxes receivable	531,638	-	68,251	599,889
Accounts receivable	298,255	-	84,623	382,878
Due from other governments	-	153,520	-	153,520
Due from other funds	104,188	350,000	120,047	574,235
Inventories	11,709	-	17,487	29,196
Prepaid expenditures	118,740	-	26,400	145,140
Restricted assets	-	-	57,652	57,652
Total assets	$ 7,734,225	$ 677,697	$ 2,868,253	$ 11,280,175
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 225,049	$ 78,231	$ 64,254	$ 367,534
Accrued liabilities	40,522	-	179	40,701
Due to other funds	358,092	-	148,002	506,094
Unearned revenue	468,917	-	42,324	511,241
Total liabilities	1,092,580	78,231	254,759	1,425,570
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	69,287	-	-	69,287
Total deferred inflows of resources	69,287	-	-	69,287

CITY OF FAYETTEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JULY 31, 2015

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Totals Governmental Funds
FUND BALANCES				
Fund balances:				
Nonspendable	$ 130,449	$ -	$ 43,887	$ 174,336
Restricted	-	599,466	2,302,561	2,902,027
Assigned	2,885,387	-	-	2,885,387
Unassigned	3,556,522	-	267,046	3,823,568
Total fund balances	6,572,358	599,466	2,613,494	9,785,318
Total liabilities, deferred inflows of resources, and fund balances	$ 7,734,225	$ 677,697	$ 2,868,253	
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.				$ 73,870,694
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.				69,287
The net pension liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds.				(3,677,746)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.				(5,740,681)
Net position of governmental activities				$ 74,306,872

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, 2015

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 8,918,923	$ -	$ 1,194,154	$ 10,113,077
Licenses and permits	391,641	-	-	391,641
Intergovernmental	355,265	1,184,779	136,459	1,676,503
Fines and forfeitures	887,814	-	29,634	917,448
Charges for services	160,148	-	241,216	401,364
Impact fees	-	-	262,447	262,447
Contributions	4,630	-	318,138	322,768
Interest income	8,217	-	-	8,217
Rental income	-	-	35,071	35,071
Other revenues	49,837	-	5,458	55,295
Total revenues	10,776,475	1,184,779	2,222,577	14,183,831
Expenditures				
Current:				
General government	1,038,603	-	-	1,038,603
Judicial	597,843	-	-	597,843
Public safety	6,732,772	-	45,369	6,778,141
Public works	870,572	-	-	870,572
Culture and recreation	-	-	4,024	4,024
Housing and development	466,797	-	616,526	1,083,323
Capital outlay:				
Public safety	-	-	386,132	386,132
Public works	-	1,572,398	224,283	1,796,681
Housing and development	-	-	48,064	48,064
Debt service:				
Principal	-	-	561,212	561,212
Interest	-	-	141,391	141,391
Total expenditures	9,706,587	1,572,398	2,027,001	13,305,986
Excess (deficiency) of revenues over (under) expenditures	1,069,888	(387,619)	195,576	877,845

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2015

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses):				
Issuance of debt	$ -	$ -	$ 388,760	$ 388,760
Proceeds from sale of assets	32,197	-	-	32,197
Transfers in	7,306	1,025,507	802,219	1,835,032
Transfers out	(1,070,507)	-	(764,525)	(1,835,032)
Total other financing sources (uses)	(1,031,004)	1,025,507	426,454	420,957
Net change in fund balances	38,884	637,888	622,030	1,298,802
Fund balances (deficit), beginning of year	6,533,474	(38,422)	1,991,464	8,486,516
Fund balances, end of year	$ 6,572,358	$ 599,466	$ 2,613,494	$ 9,785,318

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

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2015

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

Net change in fund balances - total governmental funds	$	1,298,802
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.		1,006,946
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(28,593)
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.		172,452
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.		164,665
Changes in net position - governmental activities	$	2,614,272

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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 2,283,540	$ 2,377,081	$ 2,366,515	$ (10,566)
Sales taxes	2,853,913	2,800,000	2,799,116	(884)
Other taxes	3,530,714	3,808,603	3,753,292	(55,311)
Licenses and permits	366,752	405,756	391,641	(14,115)
Intergovernmental	66,000	409,867	355,265	(54,602)
Fines and forfeitures	900,000	890,000	887,814	(2,186)
Charges for services	67,550	174,650	160,148	(14,502)
Contributions	5,500	7,400	4,630	(2,770)
Interest income	7,284	8,400	8,217	(183)
Other revenues	40,718	53,968	49,837	(4,131)
Total revenues	10,121,971	10,935,725	10,776,475	(159,250)
Expenditures:				
Current:				
General government:				
Mayor and council	108,672	110,000	107,220	2,780
Clerk of council	36,664	31,691	31,544	147
City manager	102,630	88,560	83,279	5,281
Financial administration	445,224	380,747	379,114	1,633
Law	105,216	105,216	97,375	7,841
Data processing	122,050	156,995	156,503	492
Human resources	62,776	91,363	90,168	1,195
Building and plant	108,241	94,374	93,400	974
Total general government	1,091,473	1,058,946	1,038,603	20,343
Judicial:				
Municipal court	720,179	669,043	597,843	71,200
Public safety:				
Police administration	409,903	372,258	367,114	5,144
Investigations	903,887	714,227	708,682	5,545
Patrol	2,256,832	2,354,939	2,349,234	5,705
Police stations and buildings	89,678	98,325	96,879	1,446
Support services	440,048	394,189	392,522	1,667
Fire administration	259,899	307,824	305,029	2,795
Fire fighting	2,178,020	2,249,606	2,245,287	4,319
Fire prevention	186,751	162,572	159,823	2,749
Fire station 91 and headquarters	52,706	47,643	44,903	2,740
Fire station 92	22,867	23,090	21,290	1,800
Fire station 93	19,678	46,271	42,009	4,262
Total public safety	6,820,269	6,770,944	6,732,772	38,172

(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, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
Public works:				
Public works administration	$ 109,094	$ 103,286	$ 101,273	$ 2,013
Highways and streets	868,928	772,589	769,299	3,290
Total public works	978,022	875,875	870,572	5,303
Housing and development:				
Inspection	213,461	261,402	258,246	3,156
Planning and zoning	177,297	176,321	169,034	7,287
Engineering and development	6,189	39,615	39,517	98
Total housing and development	396,947	477,338	466,797	10,541
Total expenditures	10,006,890	9,852,146	9,706,587	145,559
Excess of revenues over expenditures	115,081	1,083,579	1,069,888	(13,691)
Other financing sources (uses):				
Proceeds from sale of assets	10,000	10,000	32,197	22,197
Transfers in	7,490	7,490	7,306	(184)
Transfers out	(245,970)	(1,270,177)	(1,070,507)	199,670
Total other financing sources (uses)	(228,480)	(1,252,687)	(1,031,004)	221,683
Net change in fund balances	(113,399)	(169,108)	38,884	207,992
Fund balances, beginning of year	6,533,474	6,533,474	6,533,474	-
Fund balances, end of year	$ 6,420,075	$ 6,364,366	$ 6,572,358	$ 207,992

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

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JULY 31, 2015

ASSETS	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	$ 895,924	$ 1,037	$ 896,961
Accounts receivable, net of allowances	748,738	-	748,738
Note receivable	161,289	-	161,289
Due from other funds	50,052	52,253	102,305
Inventories	142,851	-	142,851
Prepaid expenses	61,879	-	61,879
Restricted assets, cash and cash equivalents	4,479,528	-	4,479,528
Total current assets	6,540,261	53,290	6,593,551
NONCURRENT ASSETS			
Capital assets:			
Capital assets, nondepreciable	2,290,853	-	2,290,853
Capital assets, depreciable, net of accumulated depreciation	24,144,581	-	24,144,581
Total capital assets	26,435,434	-	26,435,434
Total noncurrent assets	26,435,434	-	26,435,434
Total assets	32,975,695	53,290	33,028,985
DEFERRED OUTFLOWS OF RESOURCES			
Pension	188,385	-	188,385
Deferred charge on refunding	214,813	-	214,813
Total deferred outflows of resources	403,198	-	403,198
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	279,441	51,743	331,184
Accrued liabilities	88,046	-	88,046
Due to other funds	124,043	46,403	170,446
Current portion of revenue bonds payable from restricted assets	700,000	-	700,000
Accrued interest	166,730	-	166,730
Total current liabilities	1,358,260	98,146	1,456,406
NONCURRENT LIABILITIES			
Net pension liability	929,760	-	929,760
Revenue bonds payable, net of current portion	17,987,366	-	17,987,366
Total noncurrent liabilities	18,917,126	-	18,917,126
Total liabilities	20,275,386	98,146	20,373,532

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JULY 31, 2015

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
DEFERRED INFLOWS OF RESOURCES			
Pension	121,306	-	121,306
Total deferred inflows of resources	121,306	-	121,306
NET POSITION			
Net investment in capital assets	$ 7,962,881	$ -	$ 7,962,881
Restricted for debt service	2,987,802	-	2,987,802
Unrestricted	2,031,518	(44,856)	1,986,662
Total net position	$ 12,982,201	$ (44,856)	$ 12,937,345

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2015

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
OPERATING REVENUES			
Charges for services:			
Water sales pledged as security for revenue bonds	$ 2,457,074	$ -	$ 2,457,074
Sewer sales pledged as security for revenue bonds	2,713,234	-	2,713,234
Stormwater sales pledged as security for revenue bonds	741,777	-	741,777
Sanitation charges	-	658,728	658,728
Other fees and charges	5,079	-	5,079
Total operating revenues	5,917,164	658,728	6,575,892
OPERATING EXPENSES			
Personal services and employee benefits	1,635,126	-	1,635,126
Contracted services	753,690	662,473	1,416,163
Supplies	1,413,242	-	1,413,242
Depreciation	1,507,270	-	1,507,270
Total operating expenses	5,309,328	662,473	5,971,801
Operating income (loss)	607,836	(3,745)	604,091
NON-OPERATING INCOME (EXPENSES)			
Interest income	306	-	306
Interest expense	(713,886)	-	(713,886)
Total non-operating expenses, net	(713,580)	-	(713,580)
Loss before contributions	(105,744)	(3,745)	(109,489)
CAPITAL CONTRIBUTIONS	300,975	-	300,975
Change in net position	195,231	(3,745)	191,486
NET POSITION, beginning of year, as restated	12,786,970	(41,111)	12,745,859
NET POSITION, end of year	$ 12,982,201	$ (44,856)	$ 12,937,345

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, 2015

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 5,930,962	$ 658,728	$ 6,589,690
Payments to suppliers and service providers	(2,087,233)	(658,515)	(2,745,748)
Payments to employees	(1,793,753)	-	(1,793,753)
Net cash provided by operating activities	2,049,976	213	2,050,189
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property and equipment	(361,294)	-	(361,294)
Principal paid on bonds	(645,000)	-	(645,000)
Interest paid	(679,693)	-	(679,693)
Capital contributions	303,975	-	303,975
Net cash used in capital and related financing activities	(1,382,012)	-	(1,382,012)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	306	-	306
Net cash provided by investing activities	306	-	306
Increase in cash and cash equivalents	668,270	213	668,483
Cash and cash equivalents:			
Beginning of year (including $4,040,976 in restricted cash in the Water and Sewer Fund)	4,707,182	824	4,708,006
End of year (including $4,479,528 in restricted cash in the Water and Sewer Fund)	$ 5,375,452	$ 1,037	$ 5,376,489
Classified as:			
Cash and cash equivalents	$ 895,924	$ 1,037	$ 896,961
Restricted assets, cash and cash equivalents	4,479,528	-	4,479,528
	$ 5,375,452	$ 1,037	$ 5,376,489

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2015

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 607,836	$ (3,745)	$ 604,091
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,507,270	-	1,507,270
Decrease in accounts receivable	13,798	-	13,798
Decrease in inventories	2,539	-	2,539
Increase in note receivable	(161,289)	-	(161,289)
Decrease in due from other funds	86,488	-	86,488
Increase in deferred outflows of resources - pension	(73,223)	-	(73,223)
Increase in prepaid expenses	2,876	-	2,876
Increase in accrued liabilities	4,112	-	4,112
Increase (decrease) in accounts payable	149,085	(3,042)	146,043
Increase in deferred inflows of resources - pension	121,306	-	121,306
Decrease in net pension liability	(102,435)	-	(102,435)
Increase (decrease) in due to other funds	(108,387)	7,000	(101,387)
Net cash provided by operating activities	$ 2,049,976	$ 213	$ 2,050,189

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

THIS PAGE INTENTIONALLY LEFT BLANK

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 and provides the majority of funding for the Downtown Development Authority's operating budget. The Downtown Development Authority's debt outstanding is expected to be repaid almost entirely from the resources of the City. The Downtown Development Authority is reviewed and audited along with the primary government financial statements in accordance with the GASB statements noted above, however, separate financial statements are not prepared.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary fund:

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Deposits

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

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

E. Receivables and Payables

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

F. Inventories

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

G. Prepaid Expenditures/Expenses

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

H. Restricted Assets

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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:

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

J. Compensated Absences

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

K. Long-Term Obligations

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations (Continued)

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

L. Deferred Outflows / Inflows of Resources

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had three items that qualified for reporting in this category. The first relates to the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The other two items relate to the City's defined benefit pension plan. The pension experience differences and the contributions made subsequent to the measurement date are deferred and recognized as pension expense in future years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City had three items which qualified for reporting in this category. The first item, unavailable revenue, arises only under the modified accrual basis of accounting, and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other two items relate to the City's defined benefit pension plan. The pension assumption changes and pension investment earnings difference represent future acquisitions of net position and, accordingly, are reported as deferred inflows of resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity

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

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

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

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

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

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

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

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

- Committed
- Assigned
- Unassigned

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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

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

N. Use of Estimates

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

O. Pension

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

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 $5,740,681 difference are as follows:

Accrued interest payable	$ (14,772)
Compensated absences payable	(455,219)
Notes payable	(670,161)
Capital leases	(292,919)
Revenue bonds	(1,600,000)
Certificates of participation	(2,805,000)
Deferred refunding loss	97,390
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (5,740,681)

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 $1,006,946 difference are as follows:

Capital outlay	$ 2,429,114
Depreciation expense	(1,422,168)
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 1,006,946

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 $172,452 difference are as follows:

Debt issued:		
Capital leases	$	(388,760)
Principal repayments:		
Certificates of participation		205,000
Revenue Bonds		205,000
Note payable		55,371
Capital leases		95,841
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	172,452

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 $164,665 difference are as follows:

Compensated absences	$	(64,851)
Accrued interest		13,102
Net pension liability		231,709
Amortization of deferred refunding loss		(15,295)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	164,665

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

Budgetary Data. Budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, special revenue funds, and capital projects funds. Enterprise fund budgets are prepared and utilized as a management tool to assess the operations of the enterprise funds. All annual appropriations lapse at fiscal year-end. Prior to July 31, the Director of Finance with the City Manager receives budget requests from the various departments and their department chairmen. A budget is then formulated which the City Manager and Mayor present to full Council sixty (60) days prior to the beginning of each fiscal year. After review by full Council, the budget is published for public hearing. A public hearing is held and the budget is legally adopted by the City Council on the second council meeting in July before the new year begins on August 1. The legal level of budgetary control is the department level.

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assignments or commitments of fund balances, as appropriate, and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. At July 31, 2015, there were no outstanding encumbrances.

Excess Expenditures over Appropriations. For the year ended July 31, 2015, expenditures exceeded budget, as follows:

Department	Excess
Veterans Memorial Fund	
Culture and recreation	$ 4,024
Downtown Development Authority Fund	
Debt Service - Principal	1,486
Building Fund	
Public works	42,540

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, 2015, the Solid Waste Fund reported deficit net position in the amount of $44,856. This deficit is expected to be reduced through future reduced operating costs, as well as general fund revenues.

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, 2015, the City's investment in Georgia Fund 1 was rated AAAf by Standard & Poor's and is valued at fair market value.

At July 31, 2015, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	50 day weighted average	$ 5,865,177

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, 2015, all of the deposits for the City were fully collateralized in accordance with the state statutes.

NOTE 5. RECEIVABLES

Receivables at July 31, 2015 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Water and Sewer	Nonmajor Governmental Funds	Total
Receivables:				
Taxes	$ 531,638	$ -	$ 68,251	$ 599,889
Accounts	329,019	771,130	84,623	1,184,772
Gross receivables	860,657	771,130	152,874	1,784,661
Less allowance for uncollectibles	30,764	22,392	-	53,156
Net total receivables	$ 829,893	$ 748,738	$ 152,874	$ 1,731,505

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 15, 2014 and were due and payable on November 15, 2014. All unpaid taxes became delinquent as of November 16, 2014. Property taxes attached as an enforceable lien on property as of November 16, 2014. Receivables are recorded when taxes are levied.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended July 31, 2015 is as follows:

A. Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 6,911,140	$ -	$ -	$ 432,424	$ 7,343,564
Historical treasures	91,279	-	-	-	91,279
Construction in progress	2,025,803	1,626,014	-	(1,384,179)	2,267,638
Total	9,028,222	1,626,014	-	(951,755)	9,702,481
Capital assets, being depreciated:					
Buildings	10,747,636	-	-	215,517	10,963,153
Land Improvements	563,400	166,540	-	558,038	1,287,978
Infrastructure	66,101,745	-	-	-	66,101,745
Equipment	4,549,534	636,560	(248,428)	178,200	5,115,866
Total	81,962,315	803,100	(248,428)	951,755	83,468,742
Less accumulated depreciation for:					
Buildings	3,391,844	404,481	-	-	3,796,325
Land Improvements	234,532	32,759	-	-	267,291
Infrastructure	10,644,218	793,560	-	-	11,437,778
Equipment	3,856,195	191,368	(248,428)	-	3,799,135
Total	18,126,789	1,422,168	(248,428)	-	19,300,529
Total assets, being depreciated, net	63,835,526	(619,068)	-	951,755	64,168,213
Governmental activities capital assets, net	$ 72,863,748	$ 1,006,946	$ -	$ -	$ 73,870,694

NOTE 7. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 1,630,139	$ -	$ -	$ -	$ 1,630,139
Construction in Progress	2,383,826	269,579	-	(1,992,691)	660,714
Total	4,013,965	269,579	-	(1,992,691)	2,290,853
Capital assets, being depreciated:					
Water and plant distribution system	11,809,986	-	-	-	11,809,986
Sewer plant and extensions	32,215,640	-	-	1,666,096	33,881,736
Stormwater system	3,254,198	-	-	326,595	3,580,793
Equipment	1,249,227	91,715	-	-	1,340,942
Total	48,529,051	91,715	-	1,992,691	50,613,457
Less accumulated depreciation for:					
Water and plant distribution system	9,215,924	542,891	-	-	9,758,815
Sewer plant and extensions	14,114,014	859,194	-	-	14,973,208
Stormwater system	511,974	83,490	-	-	595,464
Equipment	1,119,694	21,695	-	-	1,141,389
Total	24,961,606	1,507,270	-	-	26,468,876
Total assets, being depreciated, net	23,567,445	(1,415,555)	-	1,992,691	24,144,581
Business-type activities capital assets, net	$ 27,581,410	$ (1,145,976)	$ -	$ -	$ 26,435,434

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

Governmental activities:	
General government	$ 68,828
Public safety	421,205
Public works	804,040
Housing and development	128,095
Total depreciation expense - governmental activities	$ 1,422,168
Business-type activities:	
Water and sewer	$ 1,507,270
Total depreciation expense - business-type activities	$ 1,507,270

NOTE 8. LONG-TERM DEBT

Revenue Bonds. During the year ended July 31, 2010, the City issued Series 2010 revenue bonds in the amount of $9,870,000. The bond proceeds were used to pay off a note payable to the Georgia Environmental Facilities Authority and to refund a portion of the series 2003 revenue bonds. Revenue bonds outstanding at July 31, 2015, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Water & Sewer Fund	3.00 - 4.50%	23 years	2032	$ 9,870,000	$ 9,815,000

During the year ended July 31, 2014, the City issued Series 2013A and 2013B revenue bonds in the amount of $6,750,000 and $2,635,000, respectively. The bond proceeds were used to refund the remaining portion of the series 2003 revenue bonds. The difference between the cash flows required to service the old debt, series 2003, and the cash flows required to service the new debt, series 2013 A & B, and complete the refunding totaled $330,775. This refunding resulted in an economic gain of $567,355. Revenue bonds outstanding at July 31, 2015, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Water & Sewer Fund, Series					
2013A	2.35 - 4.00%	20 years	2033	$ 6,750,000	$ 6,750,000
	Plus unamortized premium				57,107
	Total 2013A				6,807,107
2013B	2.00 - 2.25%	5 years	2019	2,635,000	2,045,000
	Plus unamortized premium				20,259
	Total 2013B				2,065,259
	Total 2013A & 2013B			$ 9,385,000	$ 8,872,366

NOTE 8. LONG-TERM DEBT (CONTINUED)

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

Year Ending July 31,	Principal	Interest
2016	$ 700,000	$ 666,020
2017	715,000	651,420
2018	735,000	636,520
2019	745,000	621,145
2020	770,000	596,082
2021-2025	4,195,000	2,642,423
2026-2030	5,600,000	1,701,416
2031-2034	5,150,000	462,723
Total	$ 18,610,000	$ 7,977,749

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, 2015, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Downtown Development Authority	2.49%	10 years	2021	$ 1,885,000	$ 1,600,000

NOTE 8. LONG-TERM DEBT (CONTINUED)

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

Year Ending July 31,	Principal	Interest
2016	$ 215,000	$ 37,163
2017	215,000	31,810
2018	220,000	26,394
2019	230,000	20,791
2020	235,000	15,002
2021-2022	485,000	12,139
Total	$ 1,600,000	$ 143,299

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, 2015:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
4.17%	15 years	2023	$ 540,000	$ 346,497

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, 2015:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
3.00%	10 years	2021	$ 250,000	$ 188,821

NOTE 8. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued). The Downtown Development Authority has incurred debt to a financial institution to purchase a building. In connection with this debt, a contract has been entered into between the Downtown Development Authority and the City of Fayetteville whereby the City is to levy an annual tax on all taxable property located within the boundaries of the City in order to produce revenues sufficient to pay the debt service on the Downtown Development Authority debt. In the event that payments of this tax by the City to the Downtown Development Authority each year are not sufficient to pay the debt service payment on the debt, the City will be liable for any difference. The note is as follows at July 31, 2015:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
4.70%	5 years	2019	$ 143,200	$ 134,843

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

Year Ending July 31,	Principal	Interest
2016	$ 57,083	$ 25,743
2017	59,351	23,475
2018	61,712	21,115
2019	168,906	17,830
2020	58,142	11,363
2021-2024	264,967	15,449
Total	$ 670,161	$ 114,975

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, 2015 are as follows:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2.27%	13 years	2026	$ 3,115,000	$ 2,805,000

NOTE 8. LONG-TERM DEBT (CONTINUED)

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

Year Ending July 31,	Principal	Interest
2016	$ 205,000	$ 61,212
2017	210,000	56,512
2018	215,000	51,699
2019	220,000	46,772
2020	225,000	41,733
2021-2025	1,205,000	129,048
2026-2027	525,000	11,948
Total	$ 2,805,000	$ 398,924

Capital Leases. During the year ended July 31, 2015, the City entered into lease-purchase agreements with the Georgia Municipal Association for the purchase of vehicles in the amount of $388,760 for the public safety and public works departments. The lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and have been recorded at the present value of the future minimum lease payments as of the date of their inception. The vehicle leases are being serviced by Building Fund payments with annual interest rates of 2.26%.

The City reported accumulated depreciation and depreciation expense in the respective amounts of $49,023 and $49,023 on the above leased assets as of July 31, 2015,

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at July 31, 2015:

Year Ending July 31,	
2016	$ 133,892
2017	133,892
2018	33,473
Total minimum lease payments	301,257
Less amount representing interest	(8,338)
Present value of future minimum lease payments	292,919
Less current maturities	(128,354)
	$ 164,565

NOTE 8. LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended July 31, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	$ 1,805,000	$ -	$ (205,000)	$ 1,600,000	$ 215,000
Certificates of participation	3,010,000	-	(205,000)	2,805,000	205,000
Notes payable	725,532	-	(55,371)	670,161	57,083
Capital leases	-	388,760	(95,841)	292,919	128,354
Net pension liability	4,400,410	1,501,579	(1,938,273)	3,963,716	-
Compensated absences	390,368	487,350	(422,499)	455,219	227,610
Governmental activity Long-term liabilities	$ 10,331,310	$ 2,377,689	$ (2,921,984)	$ 9,787,015	$ 833,047
Business-type activities:					
Bonds payable:					
Revenue bonds	$ 19,255,000	$ -	$ (645,000)	$ 18,610,000	$ 700,000
Deferred amount:					
Premium	97,528	-	(20,162)	77,366	-
Total bonds payable	19,352,528	-	(665,162)	18,687,366	700,000
Net pension liability	1,032,195	352,222	(454,657)	929,760	-
Business-type activity Long-term liabilities	$ 20,384,723	$ 352,222	$ (1,119,819)	$ 19,617,126	$ 700,000

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, 2015, the total outstanding amount of bonds considered defeased was $1,598,900 for the water and sewer bonds and $1,475,000 for the Downtown Development Authority bonds.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of July 31, 2015 is as follows:

	Payable Fund				
Receivable Fund	General Fund	Water and Sewer Fund	Nonmajor Enterprise Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 71,684	$ -	$ 32,504	$ 104,188
SPLOST Fund	350,000	-	-	-	350,000
Water and Sewer Fund	3,608	-	46,403	41	50,052
Nonmajor governmental funds	4,484	106	-	115,457	120,047
Nonmajor business-type funds	-	52,253	-	-	52,253
Total	$ 358,092	$ 124,043	$ 46,403	$ 148,002	$ 676,540

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 Out		
Transfers In	General Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 7,306	$ 7,306
SPLOST Fund	1,025,507	-	1,025,507
Nonmajor governmental funds	45,000	757,219	802,219
Total	$ 1,070,507	$ 764,525	$ 1,835,032

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

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, 2015, 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 pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Commission, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan Membership

As of January 1, 2015, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	59
Inactive plan members entitled to but not receiving benefits	72
Active plan members	98
	229

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Commission. For the year ended July 31, 2015, the City's contribution rate was 18.8% of annual payroll. City contributions to the Plan were $772,471 for the year ended July 31, 2015.

Net Pension Liability of the City

Effective August 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with these new standards.

The City's net pension liability was measured as of September 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2014.

Actuarial Assumptions. The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75% - 8.75%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2010–July 31, 2014.

Cost of living adjustments were assumed to be 3.25% although the Plan allowance for annual cost of living adjustment is variable, as established by the City Council, in an amount not to exceed 4%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	50 %	5.95 %
International equity	15	6.45
Fixed income	25	1.55
Real estate	10	3.75
Total	100 %	

* Rates shown are net of the 3.25% assumed rate of inflation

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the year ended July 31, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at July 31, 2014	$ 16,153,603	$ 10,720,998	$ 5,432,605
Changes for the year:			
Service cost	157,698	-	157,698
Interest	1,215,070	-	1,215,070
Differences between expected and actual experience	463,700	-	463,700
Assumption changes	(425,920)	-	(425,920)
Contributions - employer	-	735,096	(735,096)
Contributions - employee	-	10,870	(10,870)
Net investment income	-	1,221,044	(1,221,044)
Benefit payments, including refunds of employee contributions	(950,553)	(950,553)	-
Administrative expense	-	(17,333)	17,333
Net changes	459,995	999,124	(539,129)
Balances at July 31, 2015	$ 16,613,598	$ 11,720,122	$ 4,893,476

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

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	$ 7,331,180	$ 4,893,476	$ 2,916,055

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2014 and the current sharing pattern of costs between employer and employee.

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

For the year ended July 31, 2015, the City recognized pension expense of $486,644. At July 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 347,775	$ -
Changes in assumptions	-	(319,440)
Net difference between projected and actual earnings on pension plan investments	-	(319,012)
City contributions subsequent to the measurement date	643,726	-
Total	$ 991,501	$ (638,452)

City contributions subsequent to the measurement date of $643,726 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending July 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending July 31:	
2016	$ (70,309)
2017	(70,309)
2018	(70,309)
2019	(79,750)
Total	$ (290,677)

NOTE 12. DEFINED CONTRIBUTION PENSION PLAN

The City participates in the Georgia Municipal Association 401(a) Defined Contribution Plan (the Plan) which is administered by the Georgia Municipal Association through their service manager, MetLife. The Plan provides retirement benefits to plan participants and beneficiaries. Plan provisions and contribution requirements are established and may be amended by the City. Employees are not required to contribute to the Plan. The City contributes an amount equal to 50% of the amount contributed by participants to the City's deferred compensation plan, except that the City shall not match in excess of 2% of the participant's annual compensation. The City's contribution for each employee is 100% vested after ten (10) years of continuous service. For the fiscal year ending July 31, 2015, the City's contribution to the Plan was $42,979. The amount contributed by employees was $131,550.

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:

General Fund	
Prepaid items	$ 118,740
Inventories	11,709
Downtown Development Authority Fund	
Prepaid items	560
Main Street Tourism Association Fund	
Prepaid items	25,840
Inventories	17,487

- ***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.	$ 151,890
Veterans Memorial Park Fund - used for the design and construction of a Veterans Memorial.	1,755
Cemetery Fund - accounts for the revenues earned from a trust set up for cemetery improvements.	31,275
Downtown Development Authority Fund - used for housing and development within the City.	290,701
Main Street Tourism Association Fund - used for the promotion of tourism in the City of Fayetteville, Georgia.	277,459
Capital Projects Funds	
SPLOST Fund - used to account for capital projects financed with SPLOST.	599,466
Impact Fee Fund - accounts for capital projects activity funded by development impact fees.	1,549,481

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

General Fund	
Three-month operating reserve, as provided for in adopted City policy	$ 2,885,387

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, 2015, the City collected $245,715 of hotel/motel taxes, and transferred 100% of the lodging tax received during the year ended July 31, 2015 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, 2015, 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, 2015:

Revenues	$151,682
Expenditures	$151,682

NOTE 18. CHANGES IN ACCOUNTING PRINCIPLES

Government-wide Level

The City is determined that restatements to beginning net position of the governmental and business-type activities were required to recognize the changes in accounting principles for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of August 1, 2014. These restatements are as follows:

	Governmental Activities	Business-Type Activities
Net position, beginning of year, as previously reported	$ 75,602,055	$ 13,662,892
Record net pension liability and related deferred outflows and inflows of resources in accordance with GASB Statement No. 68	(3,909,455)	(917,033)
Net position, beginning of year, as restated	$ 71,692,600	$ 12,745,859

Fund Level

The City determined that a restatement to beginning net position of the Water and Sewer Fund was required to recognize the changes in accounting principles for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of August 1, 2014. This restatement is as follows:

	Water and Sewer Fund
Net position, beginning of year, as previously reported	$ 13,704,003
Record net pension liability and related deferred outflows and inflows of resources in accordance with GASB Statement No. 68	(917,033)
Net position, beginning of year, as restated	$ 12,786,970

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FAYETTEVILLE, GEORGIA

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

	2015
Total pension liability	
Service cost	$ 157,698
Interest on total pension liability	1,215,070
Differences between expected and actual experience	463,700
Changes of assumptions	(425,920)
Benefit payments, including refunds of employee contributions	(950,553)
Net change in total pension liability	459,995
Total pension liability - beginning	16,153,603
Total pension liability - ending (a)	$ 16,613,598
Plan fiduciary net position	
Contributions - employer	$ 735,096
Contributions - employee	10,870
Net investment income	1,221,044
Benefit payments, including refunds of employee contributions	(950,553)
Administrative expenses	(17,333)
Net change in plan fiduciary net position	999,124
Plan fiduciary net position - beginning	10,720,998
Plan fiduciary net position - ending (b)	$ 11,720,122
City's net pension liability (a) - (b)	$ 4,893,476
Plan fiduciary net position as a percentage of the total pension liability	70.5%
Covered-employee payroll	$ 4,101,931
City's net pension liability as a percentage of covered payroll	119.3%

Notes to the Schedule

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JULY 31

	2015	2014
Actuarially determined contribution	$ 772,471	$ 661,218
Contributions in relation to the actuarially determined contribution	772,471	661,218
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	4,101,931	4,907,614
Contributions as a percentage of covered-employee payroll	18.8%	13.5%

Notes to the Schedule

Valuation date	January 1, 2015
Cost method	Projected unit credit
Actuarial asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed rate of return on investments	7.75%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	0.00%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

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

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

Capital Project Funds

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

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

CITY OF FAYETTEVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JULY 31, 2015

	Special Revenue Funds				
ASSETS	**Vehicle Excise Tax Fund**	**Confiscated Assets Fund**	**Hotel/Motel Tax Fund**	**Veterans Memorial Park Fund**	**Cemetery Fund**
Cash and cash equivalents	$ -	$ 166,197	$ -	$ 1,775	$ 31,275
Taxes receivable	21,578	-	46,673	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Restricted assets	-	-	-	-	-
Total assets	$ 21,578	$ 166,197	$ 46,673	$ 1,775	$ 31,275
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ 14,307	$ -	$ -	$ -
Accrued Liabilities	-	-	-	-	-
Due to other funds	21,578	-	46,673	20	-
Unearned revenue	-	-	-	-	-
Total liabilities	21,578	14,307	46,673	20	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	151,890	-	1,755	31,275
Unassigned	-	-	-	-	-
Total fund balances	-	151,890	-	1,755	31,275
Total liabilities and fund balances	$ 21,578	$ 166,197	$ 46,673	$ 1,775	$ 31,275

		Capital Projects Funds		
Downtown Development Authority Fund	Main Street Tourism Association Fund	Building Fund	Impact Fee Fund	Total Nonmajor Governmental Funds
$ 191,840	$ 326,919	$ 200,301	$ 1,575,486	$ 2,493,793
-	-	-	-	68,251
-	3,200	81,423	-	84,623
66,522	49,203	2,689	1,633	120,047
560	25,840	-	-	26,400
-	17,487	-	-	17,487
56,202	-	1,450	-	57,652
$ 315,124	$ 422,649	$ 285,863	$ 1,577,119	$ 2,868,253
$ 17,744	$ 30,276	$ 1,927	$ -	$ 64,254
179	-	-	-	179
5,940	29,263	16,890	27,638	148,002
-	42,324	-	-	42,324
23,863	101,863	18,817	27,638	254,759
560	43,327	-	-	43,887
290,701	277,459	-	1,549,481	2,302,561
-	-	267,046	-	267,046
291,261	320,786	267,046	1,549,481	2,613,494
$ 315,124	$ 422,649	$ 285,863	$ 1,577,119	$ 2,868,253

CITY OF FAYETTEVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2015

	Special Revenue Funds				
	Vehicle Excise Tax Fund	Confiscated Assets Fund	Hotel/Motel Tax Fund	Veterans Memorial Park Fund	Cemetery Fund
Revenues:					
Property taxes	$ -	$ -	$ -	$ -	$ -
Other taxes	151,682	-	245,715	-	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	29,634	-	-	-
Charges for services	-	-	-	-	-
Impact fees	-	-	-	-	-
Contributions	-	-	-	-	17,140
Rental income	-	-	-	-	-
Other revenues	-	-	-	180	-
Total revenues	151,682	29,634	245,715	180	17,140
Expenditures:					
Current:					
Public safety	-	45,369	-	-	-
Culture and recreation	-	-	-	4,024	-
Housing and development	-	-	-	-	-
Capital outlay:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Housing and development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	45,369	-	4,024	-
Excess (deficiency) of revenues over (under) expenditures	151,682	(15,735)	245,715	(3,844)	17,140
Other financing sources (uses):					
Proceeds from capital leases	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(151,682)	-	(245,715)	-	-
Total other financing sources (uses)	(151,682)	-	(245,715)	-	-
Net change in fund balances	-	(15,735)	-	(3,844)	17,140
Fund balances (deficit), beginning of year	-	167,625	-	5,599	14,135
Fund balances, end of year	$ -	$ 151,890	$ -	$ 1,755	$ 31,275

		Capital Projects Funds		
Downtown Development Authority Fund	Main Street Tourism Association Fund	Building Fund	Impact Fee Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 796,757	$ -	$ 796,757
-	-	-	-	397,397
-	-	136,459	-	136,459
-	-	-	-	29,634
-	241,216	-	-	241,216
-	-	-	262,447	262,447
56,233	78,226	166,539	-	318,138
-	35,071	-	-	35,071
-	5,278	-	-	5,458
56,233	359,791	1,099,755	262,447	2,222,577
-	-	-	-	45,369
-	-	-	-	4,024
129,635	486,891	-	-	616,526
-	-	386,132	-	386,132
-	-	224,283	-	224,283
-	-	48,064	-	48,064
260,371	-	300,841	-	561,212
70,959	-	70,432	-	141,391
460,965	486,891	1,029,752	-	2,027,001
(404,732)	(127,100)	70,003	262,447	195,576
-	-	388,760	-	388,760
448,076	290,715	63,428	-	802,219
-	-	(229,802)	(137,326)	(764,525)
448,076	290,715	222,386	(137,326)	426,454
43,344	163,615	292,389	125,121	622,030
247,917	157,171	(25,343)	1,424,360	1,991,464
$ 291,261	$ 320,786	$ 267,046	$ 1,549,481	$ 2,613,494

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, 2015

	Vehicle Excise Tax Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ 152,000	$ 151,682	$ (318)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	152,000	151,682	(318)
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	152,000	-	152,000
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	152,000	-	152,000
Excess (deficiency) of revenues over (under) expenditures	-	151,682	151,682
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	(151,682)	(151,682)
Total other financing sources (uses)	-	(151,682)	(151,682)
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	$ -	$ -	$ -

Confiscated Assets Fund		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
-	-	-
45,000	29,634	(15,366)
-	-	-
500	-	(500)
-	-	-
-	-	-
45,500	29,634	(15,866)
45,500	45,369	131
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
45,500	45,369	131
-	(15,735)	(15,735)
-	-	-
-	-	-
-	-	-
-	(15,735)	(15,735)
167,625	167,625	-
$ 167,625	$ 151,890	$ (15,735)

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, 2015

	Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ 246,500	$ 245,715	$ (785)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	246,500	245,715	(785)
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	246,500	-	246,500
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	246,500	-	246,500
Excess (deficiency) of revenues over (under) expenditures	-	245,715	245,715
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	(245,715)	(245,715)
Total other financing sources (uses)	-	(245,715)	(245,715)
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	$ -	$ -	$ -

Veterans Memorial Park Fund		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	180	180
-	180	180
-	-	-
-	-	-
-	4,024	(4,024)
-	-	-
-	-	-
-	-	-
-	4,024	(4,024)
-	(3,844)	(3,844)
-	-	-
-	-	-
-	-	-
-	(3,844)	(3,844)
5,599	5,599	-
$ 5,599	$ 1,755	$ (3,844)

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, 2015

	Cemetery Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ -	$ -	$ -
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	8,500	17,140	8,640
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	8,500	17,140	8,640
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	8,500	17,140	8,640
Other financing sources (uses):			
Issuance of debt	-	-	-
Transfers in	-	-	-
Transfers out	(8,500)	-	8,500
Total other financing sources (uses)	(8,500)	-	8,500
Net change in fund balances	-	17,140	17,140
Fund balances, beginning of year	14,135	14,135	-
Fund balances, end of year	$ 14,135	$ 31,275	$ 17,140

Downtown Development Authority Fund		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
-	-	-
-	-	-
61,788	56,233	(5,555)
-	-	-
-	-	-
-	-	-
61,788	56,233	(5,555)
-	-	-
-	-	-
-	-	-
134,308	129,635	4,673
258,885	260,371	(1,486)
72,938	70,959	1,979
466,131	460,965	5,166
(404,343)	(404,732)	(389)
10,000	-	(10,000)
447,392	448,076	684
-	-	-
457,392	448,076	(9,316)
53,049	43,344	(9,705)
247,917	247,917	-
$ 300,966	$ 291,261	$ (9,705)

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2015

	Main Street Tourism Association Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ -	$ -	$ -
Charges for services	246,091	241,216	(4,875)
Fines and forfeitures	-	-	-
Contributions	72,100	78,226	6,126
Interest income	-	-	-
Rental income	40,300	35,071	(5,229)
Other revenues	5,340	5,278	(62)
Total revenues	363,831	359,791	(4,040)
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	589,981	486,891	103,090
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	589,981	486,891	103,090
Excess (deficiency) of revenues over (under) expenditures	(226,150)	(127,100)	99,050
Other financing sources (uses):			
Transfers in	291,550	290,715	(835)
Transfers out	-	-	-
Total other financing sources (uses)	291,550	290,715	(835)
Net change in fund balances	65,400	163,615	98,215
Fund balances, beginning of year	157,171	157,171	-
Fund balances, end of year	$ 222,571	$ 320,786	$ 98,215

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, 2015

	Building Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property taxes	$ 863,466	$ 796,757	$ (66,709)
Intergovernmental	150,000	136,459	(13,541)
Impact fees	-	-	-
Contributions	-	166,539	166,539
Interest income	-	-	-
Total revenues	1,013,466	1,099,755	86,289
Expenditures:			
Capital outlay:			
General government	-	-	-
Public safety	390,017	386,132	3,885
Public works	181,743	224,283	(42,540)
Housing and development	50,000	48,064	1,936
Debt service:			
Principal	330,156	300,841	29,315
Interest	83,507	70,432	13,075
Total expenditures	1,035,423	1,029,752	5,671
Excess (deficiency) of revenues over (under) expenditures	(21,957)	70,003	91,960
Other financing sources (uses):			
Proceeds from capital leases	388,760	388,760	-
Transfers in	63,428	63,428	-
Transfers out	(229,802)	(229,802)	-
Total other financing sources (uses)	222,386	222,386	-
Net change in fund balances	200,429	292,389	91,960
Fund balances (deficit), beginning of year	(25,343)	(25,343)	-
Fund balances, end of year	$ 175,086	$ 267,046	$ 91,960

Impact Fee Fund		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
-	-	-
247,045	262,447	15,402
-	-	-
-	-	-
247,045	262,447	15,402
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
247,045	262,447	15,402
-	-	-
-	-	-
(137,507)	(137,326)	181
(137,507)	(137,326)	181
109,538	125,121	15,583
1,424,360	1,424,360	-
$ 1,533,898	$ 1,549,481	$ 15,583

(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, 2015

	Special Purpose Local Option Sales Tax Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property taxes	$ -	$ -	$ -
Intergovernmental	1,185,500	1,184,779	(721)
Impact fees	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Other revenues	-	-	-
Total revenues	1,185,500	1,184,779	(721)
Expenditures:			
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public works	1,572,398	1,572,398	-
Housing and development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	1,572,398	1,572,398	-
Excess (deficiency) of revenues over (under) expenditures	(386,898)	(387,619)	(721)
Other financing sources (uses):			
Transfers in	1,095,507	1,025,507	(70,000)
Transfers out	-	-	-
Total other financing sources (uses)	1,095,507	1,025,507	(70,000)
Net change in fund balances	708,609	637,888	(70,721)
Fund balances (deficit), beginning of year	(38,422)	(38,422)	-
Fund balances, end of year	$ 670,187	$ 599,466	$ (70,721)

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JULY 31, 2015

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Intersections	$ 291,000	$ 335,000	$ 133,384	$ -	$ 133,384
Roadways	2,196,494	2,289,374	1,967,990	-	1,967,990
Streetscapes/paths	1,759,833	1,622,953	2,136,581	-	2,136,581
Totals	$ 4,247,327	$ 4,247,327	$ 4,237,955	$ -	$ 4,237,955

NOTE: Included in the total expenditures of the SPLOST fund for the year ended July 31, 2015 are expenditures funded by intergovernmental revenue of $1,572,398. These amounts are excluded from the above schedule.

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents **Page**

Financial Trends ..... **74 - 87**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity ..... **88 - 97**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity ..... **98 - 103**

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.

Demographic and Economic Information ..... **104 and 105**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information ..... **106 - 109**

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.

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

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets	$ 57,100,929	(1 $ 60,009,707	$ 60,352,897	$ 60,089,837
Restricted	849,422	1,214,750	1,566,870	1,954,676
Unrestricted	5,187,583	5,768,939	5,197,192	5,586,322
Total governmental activities net position	$ 63,137,934	$ 66,993,396	$ 67,116,959	$ 67,630,835
Business-Type Activities				
Net investment in capital assets	$ 11,267,649	$ 12,776,513	$ 12,195,150	$ 13,532,153
Restricted	4,005,622	1,923,585	1,091,708	134,721
Unrestricted	(555,976)	1,061,924	2,707,452	2,422,675
Total business-type activities net position	$ 14,717,295	$ 15,762,022	$ 15,994,310	$ 16,089,549
Primary Government				
Net investment in capital assets	$ 68,368,578	$ 72,786,220	$ 72,548,047	$ 73,621,990
Restricted	4,855,044	3,138,335	2,658,578	2,089,397
Unrestricted	4,631,607	6,830,863	7,904,644	8,008,997
Total primary government net position	$ 77,855,229	$ 82,755,418	$ 83,111,269	$ 83,720,384

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

2010	2011	2012	2013	2014	2015
$ 60,622,894	$ 64,398,879	$ 64,305,483	$ 66,251,170	$ 67,435,901	$ 68,600,004
2,036,624	2,714,174	1,837,952	1,952,554	2,098,212	2,902,027
5,239,070	2,763,931	2,763,931	5,147,215	6,067,942	2,804,841
$ 67,898,588	$ 69,876,984	$ 68,907,366	$ 73,350,939	$ 75,602,055	$ 74,306,872
$ 11,607,708	$ 10,733,529	$ 10,733,529	$ 8,699,625	$ 8,502,525	$ 7,962,881
1,350,819	1,507,269	1,507,269	2,286,019	2,723,599	2,987,802
2,730,595	2,844,349	2,844,349	2,902,804	2,436,768	1,986,662
$ 15,689,122	$ 15,085,147	$ 15,085,147	$ 13,888,448	$ 13,662,892	$ 12,937,345
$ 72,230,602	$ 75,132,408	$ 75,039,012	$ 74,950,795	$ 75,938,426	$ 76,562,885
3,387,443	4,221,443	3,345,221	4,238,573	4,821,811	5,889,829
7,969,665	5,608,280	5,608,280	8,050,019	8,504,710	4,791,503
$ 83,587,710	$ 84,962,131	$ 83,992,513	$ 87,239,387	$ 89,264,947	$ 87,244,217

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	$ 1,095,054	$ 1,349,586	$ 1,217,486	$ 1,158,496
Judicial	647,666	849,251	860,758	896,534
Public safety	5,735,782	6,144,495	6,520,196	6,847,442
Public works	1,605,451 (2)	1,751,093	2,786,357 (4)	1,883,585
Culture and recreation	3,424	39,053	-	-
Housing and development	1,046,976	1,100,831	1,134,852	1,034,348
Interest on long-term debt	207,795	205,627	196,039	186,816
Total governmental activities expenses	10,342,148	11,439,936	12,715,688	12,007,221
Business-type activities:				
Water and sewer	5,307,856	5,403,258	5,500,306	5,490,099
Stormwater	101,641	142,592	112,889	273,320 (9)
Solid waste	610,478	697,810	727,089	716,104
Total business-type activities	6,019,975	6,243,660	6,340,284	6,479,523
Total primary government	$ 16,362,123	$ 17,683,596	$ 19,055,972	$ 18,486,744
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 651,798	$ 423,077	$ 348,843	$ 469,854
Judicial	1,247,609	1,679,139	1,188,335	1,620,845
Public safety	278,211	35,609	127,415	449,589
Public works	701,641	- (3)	115,816 (5)	74,522 (5)
Culture and recreation	42,523	-	-	-
Housing and development	-	710,715 (3)	384,464 (6)	122,168 (6)
Operating grants and contributions	121,874	112,863	126,400	448,281 (12
Capital grants and contributions	5,245,516 (1)	2,932,053	1,194,669	1,001,476
Total governmental activities program revenues	8,289,172	5,893,456	3,485,942	4,186,735
Business-type activities:				
Charges for services:				
Water and sewer	4,147,603	4,526,852	4,624,121	4,905,681
Stormwater	466,776	474,224	489,195	493,799
Solid waste	617,366	697,958	726,883	718,570
Capital grants and contributions	1,531,513	1,319,076	650,687	452,785 (7)
Total business-type activities program revenues	6,763,258	7,018,110	6,490,886	6,570,835
Total primary government program revenues	$ 15,052,430	$ 12,911,566	$ 9,976,828	$ 10,757,570

(Continued)

2010	2011	2012	2013	2014	2015
$ 1,084,097	$ 1,020,074	$ 1,023,395	$ 918,357	$ 938,311	$ 1,090,268
820,922	719,103	584,782	491,867	562,483	591,966
6,676,928	6,589,191	6,505,689	6,579,434	6,556,219	7,218,353
1,765,659	1,629,730	1,707,680	1,618,047	2,095,224	1,305,120
-	1,321 (15)	10	19,672	19,877	4,024
946,682	820,882	774,059	919,084	1,042,536	1,205,233
177,001	165,407	154,685	270,964	158,192	143,584
11,471,289	10,945,708	10,750,300	10,817,425	11,372,842	11,558,548
5,460,020	5,736,799	5,838,861	5,602,921	5,867,412	5,616,165
294,409	423,132	354,558	270,252	302,784	407,049
616,359 (13)	628,225	668,891	657,636	655,272	662,473
6,370,788	6,788,156	6,862,310	6,530,809	6,825,468	6,685,687
$ 17,842,077	$ 17,733,864	$ 17,612,610	$ 17,348,234	$ 18,198,310	$ 18,244,235
$ 271,628 (14)	$ 261,382	$ 278,237	$ 428,003	$ 381,491	$ 491,211
1,748,018	1,192,244	1,090,808	815,119	1,076,456	941,816
81,738	73,026	85,134	71,393	99,443	78,677
-	(208)	109,514	109,514	-	-
-	-	-	-	-	-
38,190 (6)	35,500	59,916	388,878	731,387	511,033
365,152 (12)	283,528	156,016	528,838	560,303	712,268
1,107,764	2,756,869	251,021	2,003,847	1,325,879	1,327,532
3,612,490	4,602,341	2,030,646	4,345,592	4,174,959	4,062,537
4,810,109	4,956,688	5,058,146	4,951,031	5,164,682	5,175,387
494,976	494,238	482,941	497,904	509,426	741,777
632,549 (13)	631,930	630,019	606,376	623,294	658,728
32,686 (7)	88,690	37,644	232,047	297,696	300,975
5,970,320	6,171,546	6,208,750	6,287,358	6,595,098	6,876,867
$ 9,582,810	$ 10,773,887	$ 8,239,396	$ 10,632,950	$ 10,770,057	$ 10,939,404

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2006	2007	2008	2009
Net (expense)/revenue				
Governmental activities	$ (2,052,976)	$ (5,546,480)	$ (9,229,746)	$ (7,820,486)
Business-type activities	743,283	774,450	150,602	91,312
Total primary government net expense	$ (1,309,693)	$ (4,772,030)	$ (9,079,144)	$ (7,729,174)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 2,287,451	$ 2,489,094	$ 2,670,751	$ 2,764,455
Sales taxes	3,210,939	3,294,819	3,127,513	2,147,990
Other taxes	3,115,776	3,286,540	3,326,490	3,381,128
Unrestricted investment earnings	205,016	331,489	182,744 (8)	40,789 (8)
Gain on sale of capital assets	13,558	-	45,811	-
Transfers	-	-	-	-
Total governmental activities	8,832,740	9,401,942	9,353,309	8,334,362
Business-type activities:				
Unrestricted investment earnings	318,995	270,277	81,686 (8)	3,927 (8)
Gain on sale of capital assets	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	318,995	270,277	81,686	3,927
Total primary government	$ 9,151,735	$ 9,672,219	$ 9,434,995	$ 8,338,289
Change in Net Position				
Governmental activities	$ 6,779,764	$ 3,855,462	$ 123,563	$ 513,876
Business-type activities	1,062,278	1,044,727	232,288	95,239
Total primary government	$ 7,842,042	$ 4,900,189	$ 355,851	$ 609,115

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

2010	2011	2012	2013	2014	2015
$ (7,858,799)	$ (6,343,367)	$ (8,719,654)	$ (6,471,833)	$ (7,197,883)	$ (7,496,011)
(400,468)	(616,610)	(653,560)	(243,451)	(230,370)	191,180
$ (8,259,267)	$ (6,959,977)	$ (9,373,214)	$ (6,715,284)	$ (7,428,253)	$ (7,304,831)
$ 2,670,285	$ 2,651,885	$ 2,664,133	$ 2,879,031	$ 3,094,181	$ 3,134,679
2,259,642	2,215,415	2,374,473	2,369,274	2,561,460	2,799,116
3,171,974	3,409,190	3,662,347	3,690,062	3,787,465	4,150,689
13,315 (8)	11,940	9,253	6,374	5,893	8,217
11,336	33,333	-	-	-	17,582
-	-	-	-	-	-
8,126,552	8,321,763	8,710,206	8,944,741	9,448,999	10,110,283
41 (8)	2,443	2,035	108	52	306
-	10,192	5,039	1,554	4,762	-
-	-	-	-	-	-
41	12,635	7,074	1,662	4,814	306
$ 8,126,593	$ 8,334,398	$ 8,717,280	$ 8,946,403	$ 9,453,813	$ 10,110,589
$ 267,753	$ 1,978,396	$ (9,448)	$ 2,472,908	$ 2,251,116	$ 2,614,272
(400,427)	(603,975)	(646,486)	(241,789)	(225,556)	191,486
$ (132,674)	$ 1,374,421	$ (655,934)	$ 2,231,119	$ 2,025,560	$ 2,805,758

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

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

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

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

(15) Veterans Memorial Park Fund opened.

CITY OF FAYETTEVILLE, GEORGIA

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Insurance Premium Tax	Business and Occupation Tax
2006	$ 2,287,451	$ 3,210,939 (1)	$ 1,032,289	$ 323,977	$ 558,331	$ 857,935
2007	2,489,094	3,294,819	1,075,645	323,232	584,154	912,002
2008	2,670,751	3,127,513	1,134,982	315,813	609,337	903,792
2009	2,764,455	2,147,990 (2)	1,267,033	320,781	623,934	855,782
2010	2,670,285	2,259,642	1,150,101	309,881	618,080	817,237
2011	2,651,885	2,215,415	1,324,949	318,257	600,117	814,309
2012	2,664,133	2,374,473	1,374,943	332,731	747,887	825,213
2013	2,879,031	2,369,274	1,329,806	339,813	794,382	846,563
2014	3,094,181	2,561,460	1,321,912	349,688	822,506	872,431
2015	3,134,679	2,799,116	1,398,004	342,037	868,188	925,729

(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.

Other Taxes	Total
$ 343,244	$ 8,614,166
391,507	9,070,453
362,566	9,124,754
313,598	8,293,573
276,675	8,101,901
351,558	8,276,490
381,573	8,700,953
379,498	8,938,367
420,928	9,443,106
616,731	10,084,484

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Reserved	$ 221,603	$ 294,565	$ 233,337	$ 251,234
Unreserved	2,741,170	3,168,063	2,903,291	2,896,626
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	$ 2,962,773	$ 3,462,628	$ 3,136,628	$ 3,147,860
All Other Governmental Funds				
Reserved	$ -	$ -	$ -	$ 14,847 (2)
Unreserved, reported in:				
Special revenue funds	83,864	75,970	136,193	409,933
Capital project funds	3,215,686 (1)	3,733,553	3,766,360	4,205,072
Nonspendable, reported in:				
Special revenue funds	-	-	-	-
Restricted, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Assigned, reported in:				
Capital project funds	-	-	-	-
Unassigned, reported in:				
Capital project funds	-	-	-	-
Total all other governmental funds	$ 3,299,550	$ 3,809,523	$ 3,902,553	$ 4,629,852

(1) The increase of fund balance is due to the collection of special purpose local option sales taxes that began at the end of fiscal year 2005.

(2) Prepaid expenditures.

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

2010	2011	2012	2013	2014	2015
$ 193,539	$ -	$ -	$ -	$ -	$ -
2,904,019	-	-	-	-	-
-	145,621 (3)	252,215	136,186	134,854	130,449
-	2,358,940 (3)	2,381,335	2,352,026	2,061,010	2,885,387
-	545,370 (3)	1,044,598	2,362,619	4,337,610	3,556,522
$ 3,097,558	$ 3,049,931	$ 3,678,148	$ 4,850,831	$ 6,533,474	$ 6,572,358
$ -	$ -	$ -	$ -	$ -	$ -
302,866	-	-	-	-	-
4,126,822	-	-	-	-	-
-	-	-	31,630	37,843	43,887
-	319,171 (3)	126,229	526,916	554,604	753,080
-	2,395,003 (3)	1,711,723	1,797,568	1,543,608	2,148,947
-	25,417 (3)	286,085	69,677	-	-
-	-	-	-	(183,013)	267,046
$ 4,429,688	$ 2,739,591	$ 2,124,037	$ 2,425,791	$ 1,953,042	$ 3,212,960

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Taxes	$ 8,623,312	$ 9,067,548	$ 9,102,276	$ 8,252,754 (10)
Licenses and permits	533,974	404,811	300,705 (5)	261,485 (5)
Intergovernmental	132,601	82,039	801,844 (6)	1,187,335 (10)
Fines and forfeitures	1,247,609	1,685,084	1,292,402 (7)	2,040,086 (11)
Charges for services	64,132	34,833	146,998	112,990
Main Street	- (2)	- (2)	-	-
Impact fees	1,063,092	710,715 (4)	384,064 (5)	121,768 (5)
Contributions	77,874	58,608	20,460	12,079
Interest income	205,016	331,489	182,744 (8)	40,789 (8)
Other revenues	12,975	13,097	51,597	200,649 (12)
Total revenues	11,960,585	12,388,224	12,283,090	12,229,935
Expenditures				
General government	1,025,695	1,122,977	1,172,837	1,026,932
Judicial	642,889	825,873	862,715	895,312
Public safety	5,335,737	5,807,045	5,965,835	6,429,522
Public works	1,014,991	1,101,204	1,176,544	1,087,963
Culture and recreation	-	-	-	-
Housing and development	828,463	846,697	850,737	851,542
Capital outlay	886,963 (3)	1,320,032 (3)	2,246,574 (9)	573,427 (13)
Debt service				
Principal	490,586	468,652	474,107	456,149
Interest	195,437	192,204	185,217	173,579
Issuance costs	-	-	-	-
Total expenditures	10,420,761	11,684,684	12,934,566	11,494,426
Excess of revenues over (under) expenditures	1,539,824	703,540	(651,476)	735,509
Other financing sources (uses)				
Capital leases	204,819	284,664	367,209	-
Issuance of debt	-	-	-	-
Discount on certificates of participation	-	-	-	-
Proceeds from sale of assets	13,558	21,624	51,297	3,022
Payment to escrow agent	-	-	-	-
Transfers in	500,467	574,958	531,041	112,490
Transfers out	(500,467)	(574,958)	(531,041)	(112,490)
Total other financing sources (uses)	218,377	306,288	418,506	3,022
Net change in fund balances	$ 1,758,201	$ 1,009,828	$ (232,970)	$ 738,531
Debt service as a percentage of noncapital expenditures	7.2%	6.3%	5.5%	5.7%

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

2010	2011	2012	2013	2014	2015
$ 8,076,848	$ 8,319,973	$ 8,704,436	$ 8,946,907	$ 9,439,385	$ 10,113,077
217,086 (5)	217,496	229,816	369,157	321,693	391,641
1,450,723 (14)	745,573 (14)	393,202	2,171,246	1,537,932	1,676,503
1,798,758	1,236,945	1,143,693	854,263	1,072,854	917,448
41,443	34,528	148,823	352,612	312,492	401,364
-	-	-	29,288	31,710	35,071
37,890 (5)	35,229	57,836	196,424	526,850	262,447
18,146	21,472	12,806	281,436	307,452	322,768
17,262 (8)	14,311	10,282	6,419	5,893	8,217
44,497	37,746	43,441	91,121	63,976	55,295
11,702,653	10,663,273	10,744,335	13,298,873	13,620,237	14,183,831
1,019,212	959,036	929,487	871,018	900,303	1,038,603
828,909	718,830	580,976	492,832	563,783	597,843
6,304,775	6,167,299	6,354,094	5,863,779	5,802,578	6,778,141
1,007,576	912,264	928,008	906,708	914,808	870,572
-	1,321 (16)	10	19,672	19,877	4,024
743,571	640,226	625,145	1,095,329	1,130,669	1,083,323
1,526,584 (15)	2,543,618 (15)	739,582	2,765,825	2,859,150	2,230,877
378,721	338,899	429,955	259,615	232,102	561,212
165,971	154,232	144,508	198,312	144,888	141,391
-	-	-	76,048	-	-
11,975,319	12,435,725	10,731,765	12,549,138	12,568,158	13,305,986
(272,666)	(1,772,452)	12,570	749,735	1,052,079	877,845
-	-	-	-	-	388,760
-	-	-	3,115,000	143,200	-
-	-	-	-	-	-
22,200	34,728	93	7,676	14,615	32,197
-	-	-	(3,055,278)	-	-
400,811	912,284	489,601	459,829	807,129	1,835,032
(400,811)	(912,284)	(489,601)	(459,829)	(807,129)	(1,835,032)
22,200	34,728	93	67,398	157,815	420,957
$ (250,466)	$ (1,737,724)	$ 12,663	$ 817,133	$ 1,209,894	$ 1,298,802
5.1%	4.9%	5.7%	4.6%	3.7%	6.5%

(10) Beginning in 2009, Special Purpose Local Option Sales Taxes received from the County were reclassified as Intergovernmental revenues.
(11) Increase in fine fees and confiscated assets.
(12) Collection adjustment of tower rental.
(13) No major cost associated with transportation or sidewalk projects.
(14) The City has received several grants for transportation and sidewalk projects.
(15) Cost associated with transportation and sidewalk projects.
(16) Veterans Memorial Park Fund opened.

CITY OF FAYETTEVILLE, GEORGIA

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Insurance Premium Tax
2006	$ 2,296,597	$ 3,210,939 (1)	$ 1,032,289	$ 354,818	$ 558,331
2007	2,486,189	3,294,819	1,075,645	349,428	584,154
2008	2,648,273	3,127,513	1,134,982	341,816	609,337
2009	2,723,636	2,147,990 (2)	1,267,033	349,069	623,934
2010	2,645,232	2,259,642	1,150,101	339,515	618,080
2011	2,695,368	2,215,415	1,324,949	350,585	600,117
2012	2,667,616	2,374,473	1,374,943	373,104	747,888
2013	2,887,571	2,369,274	1,329,806	384,026	794,382
2014	3,090,460	2,561,460	1,321,912	401,981	822,506
2015	3,163,272	2,799,116	1,398,004	406,527	868,188

(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.

Business and Occupation Tax	Other Taxes	Total
$ 857,935	$ 312,403	$ 8,623,312
912,002	365,311	9,067,548
903,792	336,563	9,102,276
855,782	285,310	8,252,754
817,237	247,041	8,076,848
814,309	319,230	8,319,973
825,213	341,199	8,704,436
846,563	335,285	8,946,907
872,431	368,635	9,439,385
925,729	552,241	10,113,077

CITY OF FAYETTEVILLE, GEORGIA

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

Fiscal Year	Assessed Value					
	Residential	Commercial	Industrial	Agricultural	Utility	Motor Vehicle
2006	380,193,347	318,175,668	10,168,393	678,036	7,466,898	37,336,640
2007	431,942,747	341,533,006	10,755,712	214,976	7,683,612	39,031,150
2008	470,285,294	365,896,540	11,109,738	154,976	8,193,162	42,481,910
2009	480,596,431	385,936,262	10,779,452	154,976	7,926,971	49,614,470
2010	472,686,132	383,151,099	11,317,909	154,976	8,790,447	51,646,580
2011	415,908,249	367,331,508	10,757,511	111,440	8,184,468	42,264,380
2012	393,340,653	341,459,925	10,903,338	161,400	8,054,235	41,599,160
2013	326,191,083	315,754,591	9,024,407	128,960	10,413,957	43,882,340
2014	325,260,341	307,662,197	8,913,676	127,160	10,459,265	46,781,650
2015	354,864,079	286,136,874	9,096,352	1,270,564	10,678,994	39,708,310

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.

Other (1)	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (2)
532,228	1,272,459	753,278,751	3.033	1,883,196,878	40%
959,228	2,042,492	830,077,939	2.990	2,075,194,848	40%
1,278,367	1,328,760	898,071,227	2.990	2,245,178,068	40%
873,427	1,809,096	934,072,893	2.988	2,335,182,233	40%
390,463	1,379,107	926,758,499	2.988	2,316,896,248	40%
351,732	1,479,328	843,429,960	3.240	2,108,574,900	40%
1,042,744	2,541,634	794,019,821	3.441	1,985,049,553	40%
616,446	2,227,595	703,784,189	3.882	1,759,460,473	40%
553,943	2,190,189	697,568,043	3.870	1,743,920,108	40%
1,394,317	5,464,068	697,685,422	3.874	1,744,213,555	40%

CITY OF FAYETTEVILLE, GEORGIA

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

				City of Fayetteville			
Fiscal Year	State	County	County School District	General Fund	Capital Projects Fund	Total City	Total
2006	0.25	6.08	18.75	2.28	0.75	3.03	28.11
2007	0.25	5.98	22.15	2.24	0.75	2.99	31.37
2008	0.25	5.95	23.92	2.24	0.75	2.99	33.11
2009	0.25	5.95	23.42	2.24	0.75	2.99	32.61
2010	0.25	5.95	23.42	2.24	0.75	2.99	32.61
2011	0.25	5.95	21.65	2.37	0.87	3.24	31.09
2012	0.25	6.30	21.65	2.69	0.75	3.44	31.64
2013	0.20	6.30	21.45	3.08	0.80	3.88	31.83
2014	0.15	6.38	21.45	2.68	1.19	3.87	31.85
2015	0.10	6.27	21.45	2.76	1.11	3.87	31.69

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

CITY OF FAYETTEVILLE, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2015			Fiscal Year 2006		
Taxpayer	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	$ 66,199,850	1	10.02%	$ 30,711,200	1	4.08%
DDRTC Fayette Pavilion III & IV	31,985,140	2	4.84%	16,860,864	2	2.24%
Brent Scarbrough & Company, Inc.	18,970,039	3	2.62%	-		-
Piedmont Hospital Inc	16,060,600	4	2.43%	5,848,628	3	0.78%
Piedmont Fayette Medical & Office Bldg	15,471,120	5	2.34%	-		-
NG Ban Crossing LLC	14,525,730	6	2.20%			
Chartwell Cobblestone, LLC	13,833,000	7	2.09%	-		-
TNT SRT Summit Point LLC	11,535,440	8	1.75%	5,378,288	4	0.71%
Norbelle LLC & Lasalle Investment	11,405,000	9	1.73%	-		-
Lowes Home Centers, Inc.	9,405,850	10	1.42%	-		-
Inland South Fayette	-		-	5,238,800	5	0.70%
BellSouth Telecommunication	-		-	4,831,790	6	0.64%
Yorktown Building Holding Co	-		-	4,225,680	7	0.56%
Banks Crossing Associates LLC & BC Plaza	-		-	3,863,920	8	0.51%
FAI LTD	-		-	3,791,200	9	0.50%
Uptown Square	-		-	3,680,000	10	0.49%
Total	$ 209,391,769		31.44%	$ 84,430,370		11.21%

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
2006	$ 2,016,641	$ 1,852,886	91.9 %	$ 37,762	$ 1,890,648	93.8 %
2007	2,170,958	2,051,676	94.5	28,502	2,080,178	95.8
2008	2,364,823	2,239,406	94.7	38,608	2,278,014	96.3
2009	2,556,835	2,379,452	93.1	37,999	2,417,451	94.5
2010	2,642,618	2,456,059	92.9	51,526	2,507,585	94.9
2011	2,614,719	2,471,256	94.5	119,790	2,591,046	99.1
2012	2,595,776	2,431,436	93.7	89,897	2,521,333	97.1
2013	2,732,222	2,449,988	89.7	56,276	2,506,264	91.7
2014	2,732,090	2,650,781	97.0	45,045	2,695,826	98.7
2015	2,799,996	2,701,065	96.5	-	2,701,065	96.5

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

CITY OF FAYETTEVILLE, GEORGIA

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

Type of Customer	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential (1)	403.51	383.18	335.84	321.75	300.96	289.10	308.97	271.12	273.35	274.86
Commercial (1)	54.00	113.27	112.95	44.51	91.13	95.51	93.85	98.84	85.05	85.49
Senior (1)	70.20	40.70	39.61	82.33	58.79	69.20	58.26	67.76	71.34	68.74
Other (1)	16.04	11.76	11.94	15.23	11.17	16.50	14.26	11.72	9.45	9.18
Total usage	543.75	548.91	500.34	463.82	462.05	470.31	475.34	449.44	439.19	438.27
Total direct rate per 1,000 gallons (2)	$ 2.40	$ 2.65	$ 2.65	$ 2.90	$ 2.90	$ 2.90	$ 2.90	$ 2.90	$ 2.97	$ 3.04

(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
2006	13.20	2.65	24.20	2.65	11.22	2.65
2007	13.20	2.65	24.20	2.65	11.22	2.65
2008	14.50	2.90	26.60	2.90	12.33	2.90
2009	14.50	2.90	26.60	2.90	12.33	2.90
2010	14.50	2.90	26.60	2.90	12.33	2.90
2011	14.50	2.90	26.60	2.90	12.33	2.90
2012	14.50	2.90	26.60	2.90	12.33	2.90
2013	14.50	2.90	26.60	2.90	12.33	2.90
2014	14.83	2.97	27.21	2.97	12.61	2.97
2015	15.19	3.04	27.86	3.04	12.92	3.04

SOURCE:
City of Fayetteville, Georgia ordinances.

Sewer (Residential)		Sewer (Commercial)		Sewer (Senior)	
Monthly Base Rate	Rate per 1000 Gallons	Monthly Base Rate	Rate per 1000 Gallons	Monthly Base Rate	Rate per 1000 Gallons
12.00	2.00	23.00	2.00	10.20	2.00
12.00	2.00	23.00	2.00	10.20	2.00
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
16.28	2.91	28.54	2.81	13.84	2.91
16.65	2.98	29.20	2.98	14.14	2.98
17.05	3.05	29.90	3.05	14.48	3.05

CITY OF FAYETTEVILLE, GEORGIA

TEN LARGEST WATER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2015			Fiscal Year 2006		
Taxpayer	Total Water Revenue	Rank	Percentage of Total Water Revenue	Total Water Revenue	Rank	Percentage of Total Water Revenue
Banks Station	$ 23,079	1	1.00%	$ 26,278	2	1.14%
Fayette County Jail Complex	22,144	2	0.96%	10,144	8	0.44%
Swanbrook	19,577	3	0.85%	253,915	1	10.98%
Bay Branch Condo	19,377	4	0.84%	12,966	6	0.56%
HCCC, Inc.	19,315	5	0.84%	8,715	10	0.38%
Board of Commissioners	14,691	6	0.64%	11,841	7	0.51%
Summit Retail	14,378	7	0.62%	8,849	9	0.38%
Cobblestone of Fayette	14,156	8	0.61%	16,778	4	0.73%
Magnolia Park Daycare (VANE)	6,784	9	0.29%	-		-
Curtis J Ball	1,928	10	0.08%	-		-
Fayette County Board of Education	-		-	22,502	3	0.97%
Aliza Husley	-		-	13,202	5	0.57%
Subtotal (10 Largest)	155,429		6.74%	385,190		16.66%
Balance from Other Customers	2,149,489		93.26%	1,926,414		83.34%
Total	$ 2,304,918		100.00%	$ 2,311,604		100.00%

SOURCE:
City of Fayetteville, Georgia Water/Sewer Department records.

CITY OF FAYETTEVILLE, GEORGIA

TEN LARGEST SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2015			Fiscal Year 2006		
Taxpayer	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue
Fayette Community Hospital	$ 96,300	1	4.68%	$ -		-
Inland Group	47,934	2	2.33%	-		-
Banks Station	22,113	3	1.07%	19,748	2	1.30%
Swanbrook	21,635	4	1.05%	175,806	1	11.57%
Fayette County Jail Complex	21,116	5	1.03%	6,470	8	0.43%
Bay Branch Condo	19,239	6	0.93%	8,805	5	0.58%
Lafayette Nursing Home	18,073	7	0.88%	-		-
Board of Commissioners	15,766	8	0.77%	10,102	4	0.66%
Cobblestone Fayette	15,589	9	0.76%	12,397	3	0.82%
Summit Retail	14,939	10	0.73%	7,300	7	0.48%
Fayette County Board of Education	-		-	7,967	6	0.52%
HCCC, Inc	-		-	5,627	9	0.37%
Fayetteville Towne Center	-		-	4,888	10	0.32%
Subtotal (10 Largest)	292,704		14.21%	259,110		17.05%
Balance from Other Customers	1,766,619		85.79%	1,260,581		82.95%
Total	$ 2,059,323		100.00%	$ 1,519,691		100.00%

SOURCE:
City of Fayetteville, Georgia Water/Sewer Department records.

CITY OF FAYETTEVILLE, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				
	Certificates of Participation	Revenue Bonds	Capital Leases	Notes Payable	Total
2006	$ 4,395,000	$ -	$ 709,610	$ -	$ 5,104,610
2007	4,210,000	-	710,622	-	4,920,622
2008	4,020,000	-	793,724	-	4,813,724
2009	3,825,000	-	532,575	-	4,357,575
2010	3,625,000	-	353,854	-	3,978,854
2011	3,420,000	-	219,955	-	3,639,955
2012	3,210,000	-	-	-	3,210,000
2013	3,115,000	1,885,000 (2)	-	629,434 (2)	5,629,434
2014	3,010,000	1,805,000	-	725,532	5,540,532
2015	2,805,000	1,600,000	292,919	670,161	5,368,080

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

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.
(2) Due to the implementation of GASB 61, the Downtown Development Authority was changed from a discretely presented component unit to a blended component unit and the related debt became part of the primary government in fiscal year 2013.

Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
Revenue Bonds	Notes Payable	Total			
$ 13,254,695	$ 3,215,038	$ 16,469,733	$ 21,574,343	4.17 %	1,435
12,637,382	7,824,049	20,461,431	25,382,053	4.65	1,647
12,010,066	9,519,481	21,529,547	26,343,271	4.75	1,742
11,362,753	8,316,684	19,679,437	24,037,012	4.96	1,588
20,055,368	-	20,055,368	24,034,222	5.40	1,592
19,498,405	-	19,498,405	23,138,360	5.47	1,451
18,926,442	-	18,926,442	22,136,442	4.95	1,373
18,339,482	-	18,339,482	23,968,916	4.97	1,492
19,352,528	-	19,352,528	24,893,060	5.16	1,536
18,687,366	-	18,687,366	24,055,446	4.79	1,438

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF FAYETTEVILLE, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JULY 31, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Fayette County School District	$ 57,054,927	10 %	$ 5,705,493
Fayette County Public Facilities Authority	36,451,555	10 %	3,645,156
Total overlapping debt			9,350,648
City of Fayetteville direct debt			5,368,080
Total direct and overlapping debt			$ 14,718,728

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

	2006	2007	2008	2009
Debt limit	$ 75,455,121	$ 83,212,043	$ 89,939,999	$ 93,588,199
Total net debt applicable to limit	-	-	-	-
Legal debt margin	$ 75,455,121	$ 83,212,043	$ 89,939,999	$ 93,588,199
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.

2010	2011	2012	2013	2014	2015
$ 92,813,761	$ 84,490,929	$ 79,656,146	$ 70,601,178	$ 69,975,823	$ 70,314,949
-	-	-	-	-	-
$ 92,813,761	$ 84,490,929	$ 79,656,146	$ 70,601,178	$ 69,975,823	$ 70,314,949
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	$ 697,685,422
Add back: exempt real property	5,464,068
Total assessed value	703,149,490
Debt limit (10% of assessed value)	70,314,949
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of General obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	$ 70,314,949

CITY OF FAYETTEVILLE, GEORGIA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2006	$ 4,614,379	$ 3,503,080	$ 1,111,299	$ 590,000	$ 517,431	1.00
2007	5,001,076	3,715,636	1,285,440	610,000	506,889	1.15
2008	5,113,316	3,760,191	1,353,125	620,000	494,279	1.21
2009	5,399,480	3,675,834	1,723,646	640,000	480,089	1.54
2010	5,305,085	3,337,598	1,967,487	655,000	506,369	1.69
2011	5,450,926	3,716,167	1,734,759	550,000	840,828	1.25
2012	5,541,087	3,782,904	1,758,183	565,000	818,038	1.27
2013	5,448,935	3,582,188	1,866,747	580,000	799,210	1.35
2014	5,674,108	3,760,485	1,913,623	600,000	778,923	1.39
2015	5,917,164	3,802,058	2,115,106	645,000	673,645	1.60

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

Fiscal Year	Population (1)	Personal Income (thousands) (2)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2006	15,033	$ 517,240	$ 34,407	36.1	22,291	4.0
2007	15,408	545,320	35,392	36.1	22,190	3.8
2008	15,126	554,670	36,670	36.1	21,597	4.7
2009	15,136	484,322	31,998	36.1	21,899	8.8
2010	15,093	445,002	29,484	36.1	20,756	8.6
2011	15,945	423,356	26,551	36.1	20,607	8.3
2012	16,124	447,248	27,738	41.3	20,506	8.1
2013	16,060	482,330	30,033	41.6	20,317	7.7
2014	16,206	482,663	29,783	39.9	20,756	5.8
2015	16,725	502,302	30,033	40.2	20,054	4.9

SOURCES:

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

CITY OF FAYETTEVILLE, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2015			Fiscal Year 2006		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fayette County Board of Education	2,567	1	25.03%	585	4	9.76%
Fayette Hospital	1,176	2	11.46%	930	1	15.51%
Fayette County Board of Commissioners	723	3	7.05%	697	2	11.63%
Brent Scarbrough & Company	250	4	2.44%	-		-
CGL Facility Management LLC	185	5	1.80%	-		-
Wal-Mart Stores, Inc.	158	6	1.54%	650	3	10.84%
Lowe's	130	7	1.27%	138	10	2.30%
Concrete Supply Company	130	8	1.27%	-		-
Kindred Transitional Care/Rehabilitation	113	9	1.10%	-		-
Publix	107	10	1.04%	145	9	2.42%
Home Depot	-		-	176	7	2.94%
Fayette County Board of Commissioners	-		-	697	2	11.63%
Fayette Medical	-		-	230	5	3.84%
Kroger	-		-	219	6	3.84%
Target	-		-	150	8	2.50%
Total	2,972		54.00%	4,032		77.21%

SOURCE:
City of Fayetteville, Georgia records.

CITY OF FAYETTEVILLE, GEORGIA

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	15	13	13	10	14	14	13	13	13	15
Judicial	2	2	2	2	2	2	2	2	2	3
Public safety										
Police	48	49	54	48	45	45	44	46	42	45
Fire	27	26	30	36	36	36	35	35	37	31
Public works	14	14	14	13	12	12	11	11	10	11
Housing and development	10	9	9	6	5	5	6	6	3	6
Main Street Tourism	2	2	2	2	2	2	2	2	2	2
Water and Sewer										
Water	18	12	12	10	10	10	10	7	10	10
Wastewater	7	14	14	11	10	10	7	6	2	3
Total	143	141	150	138	136	136	130	128	121	126

SOURCE:
City of Fayetteville, Georgia records

CITY OF FAYETTEVILLE, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	2006	2007	2008	2009	2010	2011	2012
Mayor And Council							
Citizen contacts	5,871	4,859	4,626	7,000	5,000	5,000	4,600
Council meetings	25	25	26	24	26	26	25
Correspondence generated	55	85	81	150	100	100	80
Finance and Administration							
A/P checks processed	4,472	4,869	4,354	4,066	4,282	4,200	3,739
Business licenses processed	2,015	2,157	2,337	2,250	2,092	2,100	2,217
Utility bills generated	97,494	99,286	100,337	101,877	101,010	101,051	99,936
Information Technology							
Number of work orders received	468	529	530	528	600	600	600
Hits on City website per year	121,322	181,776	164,475	115,882	125,000	150,000	150,000
Municipal Court							
Citations processed	8,218	10,033	8,060	7,742	8,704	8,000	6,518
Cases adjudicated	9,708	11,990	7,319	7,900	9,131	9,000	5,301
Average inmates per month	11	16	20	12	14	12	9
Police							
Number of arrests	1,385	1,427	1,434	1,392	1,521	1,431	1,382
Number of traffic accidents	1,507	1,396	1,148	1,621	1,084	1,351	1,317
Citations/warnings issued	11,777	7,869	9,752	11,624	10,969	10,398	10,161
Fire							
Emergency calls	2,570	2,560	2,656	2,691	2,737	2,800	3,110
Hydrants maintained	1,117	1,250	1,250	1,289	1,300	1,315	1,261
Inspections completed	1,446	1,431	1,391	1,436	1,391	1,400	1,381
Public Works							
Miles resurfaced	2.5	1.3	1.3	1.3	1.5	1.5	1.3
Miles of cracks sealed	1.5	2.0	1.0	1.0	1.0	1.0	1.0
Miles of right of way mowed	430	435	445	455	465	465	352
Housing And Development							
Building permit inspections	7,020	4,097	3,087	3,087	2,294	2,300	2,300
Development plan applications	37	28	15	9	-	8	7
Erosion control inspections	3,452	2,085	1,643	1,060	461	460	427
Water And Sewer							
Water - gallons processed (X 1,000)	474,920	388,624	319,419	359,764	427,071	322,906	300,269
Wastewater - gallons processed (X 1,000)	770,502	716,985	684,408	561,675	630,894	637,203	543,576
New meter installations	168	54	25	11	13	15	14

SOURCE:

City of Fayetteville, Georgia records.

2013	2014	2015
4,600	4,600	4,598
25	24	27
65	70	75
3,943	4,013	4,678
2,183	2,409	2,500
101,105	103,446	103,049
600	665	600
150,000	152,436	400,990
5,585	6,693	5,727
4,845	5,096	5,909
5	5	3
1,145	940	1,330
1,388	1,326	1,149
8,449	6,450	7,262
2,850	2,518	2,689
1,280	642	1,287
1,450	1,908	1,364
1.5	0.0	0.0
1.0	0.0	0.0
390	386	410
2,398	3,286	2,303
11	4	10
460	409	193
224,093	224,013	215,760
548,332	713,125	743,425
139	71	51

CITY OF FAYETTEVILLE, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Phone system	1	1	1	1	1	1	1	1	1	1
Computer system	1	1	1	1	1	1	1	1	1	1
Buildings	2	2	2	2	2	2	2	2	2	2
Police										
Station	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	3	3	3	3	3	3	4	4	4	4
Public Works										
Parks	5	5	5	5	5	5	5	5	5	5
Highways/streets	62.83	63.30	63.30	63.30	63.30	63.30	63.30	63.30	63.30	63.30
Building	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Bridge	1	1	1	1	1	1	1	1	1	1
Traffic signals	3	3	3	3	3	3	3	3	3	3
Cemetery	1	1	1	1	1	1	1	1	1	1
Lake	1	1	3	3	3	3	3	3	3	3
Water And Sewer										
Buildings	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Lift stations	24	24	24	24	24	24	24	24	24	24
Miles of sewer lines	122	126	126	126	126	126	126	126	126	126
Miles of water lines	104	108	108	108	108	108	108	108	108	108
Manholes	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798
Stormwater detention	1	1	1	1	1	1	1	1	1	1
Lake	1	1	1	1	1	1	1	1	1	1
Wells	3	3	3	3	3	3	3	3	3	3

SOURCE:
City of Fayetteville, Georgia records.

CONTINUING DISCLOSURE SECTION

CITY OF FAYETTEVILLE, GEORGIA

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

Calendar Year	Fayette County Volume	Fayette County Percent	System Well/Water Plant Volume	System Well/Water Plant Percent	Total Usage	Percent Change
2006	118,026	21.7 %	426,439	78.3 %	544,465	(4.8) %
2007	231,331	41.3	328,434	58.7	559,765	2.8
2008	153,581	31.5	334,700	68.5	488,281	(12.8)
2009	115,328	22.9	387,705	77.1	503,033	3.0
2010	118,314	23.0	395,035	77.0	513,349	2.1
2011	149,076	31.6	322,906	68.4	471,982	(8.1)
2012	196,070	39.5	300,269	60.5	496,339	5.2
2013	248,780	52.8	222,129	47.2	470,909	(5.1)
2014	265,770	54.3	224,013	45.7	489,783	4.0
2015	263,918	55.0	215,760	45.0	479,678	(2.1)

Source: City of Fayetteville, Georgia records.

CITY OF FAYETTEVILLE, GEORGIA

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

Calendar Year	Average Daily Flow MGD	Average Weekly Peak Flow MGD
2006	2.29	2.10
2007	1.96	2.24
2008	1.86	1.81
2009	1.54	1.51
2010	1.73	1.90
2011	1.63	1.88
2012	1.46	1.65
2013	1.61	2.40
2014	1.85	1.80
2015	2.04	1.98

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

Calendar Year	Number of Water Customers	% Increase Water Customers	Number of Sewer Customers	% Sewer to Water Customers
2005	6,576	4.0 %	6,748	102.6 %
2006	6,640	1.0	6,870	103.5
2007	6,643	0.0	8,062	121.4
2008	6,631	(0.2)	8,051	121.4
2009	6,585	(0.7)	8,032	122.0
2010	6,615	0.5	8,035	121.5
2011	6,607	(0.1)	8,027	121.5
2012	6,628	0.3	8,083	122.0
2013	6,720	1.4	8,196	122.0
2014	6,769	0.7	8,202	121.2
2015	6,856	1.3	7,122	103.9

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"	7,800	N	-	24,642	32,442
6"	10,540	N	-	49,283	59,823
8"	14,000	N	-	78,854	92,854

Based on the current rate structure and average residential water of usage of 6,500 gallons per month, the average water bill for a residential customer is approximately $28.20 per month. The average residential sewer bill is approximately $30.06 per month.

COMPLIANCE SECTION

MAULDIN & JENKINS

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

To the Honorable Mayor and Members
of City Council
City of Fayetteville
Fayetteville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fayetteville, Georgia (the "City") for the year ended July 31, 2015, 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 18, 2016. Our report includes a reference to the changes in accounting principles resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
January 18, 2016

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable Mayor and Members
of the City Council
City of Fayetteville
Fayetteville, Georgia

Report on Compliance For Each Major Federal Program

We have audited the City of Fayetteville, Georgia's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended July 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis of our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
January 18, 2016

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JULY 31, 2015

Grant Program	CFDA #	Grant I.D.	Expenditures
U.S. Department of Transportation			
Passed through Georgia Department of Transportation			
Transportation Enhancement Grant	20.205	CSTEE-0009-00(43)	$ 243,861
Transportation Enhancement Grant	20.205	CSHPP-0007-00(564)	83,830
Passed through Fayette County			
Transportation Enhancement Grant	20.205	PI 001278	128,508
Total U.S. Department of Transportation			456,199
U.S. Department of Homeland Security			
Staffing for Adequate Fire and Emergency Response Grant	97.083	EMW-2013-FH-00836	305,151
Total U.S. Department of Homeland Security			305,151
Total Expenditures of Federal Awards			$ 761,350

CITY OF FAYETTEVILLE, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of $300,000 or three percent of total federal expenditures. The threshold of $300,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The City did not qualify as a low-risk auditee for the fiscal year ended July 31, 2015.

Amount Provided to Subrecipients

During the fiscal year 2015, the City made no disbursements to subrecipients from federal awards.

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JULY 31, 2015

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__ no
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	____ yes __X__ no

Identification of major programs:

CFDA Number	Name of Federal Program
20.205	Highway Planning and Construction
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

Dollar threshold to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as a low-risk auditee?	____ yes __X__ no

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JULY 31, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF FAYETTEVILLE, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JULY 31, 2015

STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.

THIS PAGE INTENTIONALLY LEFT BLANK