CITY OF FAYETTEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JULY 31, 2016

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, 2016

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 – 18
    - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds ..... 19 – 22
    - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 23
    - General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual ..... 24 and 25
    - Statement of Net Position – Proprietary Funds ..... 26 and 27
    - Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 28
    - Statement of Cash Flows – Proprietary Funds ..... 29 and 30
  - Notes to Financial Statements ..... 31 – 62
- Required Supplementary Information:
  - Schedule of Changes in the City's Net Pension Liability and Related Ratios 63
  - Schedule of City Contributions 64
- Combining and Individual Fund Statements and Schedules:
  - Combining Balance Sheet – Nonmajor Governmental Funds ..... 65 and 66
  - Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds ..... 67 and 68
  - Special Revenue Funds – Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual ..... 69 – 75
  - Capital Projects Funds – Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual ..... 76 – 78
- Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds 79

CITY OF FAYETTEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JULY 31, 2016

TABLE OF CONTENTS

Page

STATISTICAL SECTION

- Net Position by Component ..... 80 and 81
- Changes in Net Position ..... 82 – 85
- Governmental Activities Tax Revenues by Source ..... 86 and 87
- Fund Balances of Governmental Funds ..... 88 and 89
- Changes in Fund Balances of Governmental Funds ..... 90 and 91
- General Governmental Tax Revenues by Source ..... 92 and 93
- Assessed Value and Estimated Actual Value of Taxable Property ..... 94 and 95
- Property Tax Rates – Direct and Overlapping Governments 96
- Principal Property Taxpayers 97
- Property Tax Levies and Collections 98
- Water Sold by Customer Type 99
- Water and Sewer User Rates ..... 100 and 101
- Ten Largest Water Customers 102
- Ten Largest Sewer Customers 103
- Ratios of Outstanding Debt by Type ..... 104 and 105
- Direct and Overlapping Governmental Activities Debt 106
- Legal Debt Margin Information ..... 107 and 108
- Pledged-Revenue Coverage 109
- Demographic and Economic Statistics 110
- Principal Employers 111
- Full-Time Equivalent City Government Employees by Function 112
- Operating Indicators by Function ..... 113 and 114
- Capital Asset Statistics by Function 115

CONTINUING DISCLOSURE SECTION

- Water Supply by Source 116
- Wastewater Treatment Plant Average Flow 117
- Water and Sewer Customers 118
- Water and Sewer User Fees and Charges 119

CITY OF FAYETTEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JULY 31, 2016

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*..... 120 and 121

Schedule of Findings and Questioned Costs..... 122

Summary Schedule of Prior Year Findings 123

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City of Fayetteville

240 Glynn Street South • Fayetteville, Georgia 30214
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MAYOR
Edward Johnson, Jr.

COUNCIL
Scott Stacy,
Mayor Pro Tem
Paul C. Oddo, Jr.
Harlan Shirley
Kathaleen Brewer
James B. Williams

CITY MANAGER
Ray Gibson

CITY CLERK
Anne Barksdale

January 26, 2017

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, 2016 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable a reader to gain an understanding of the City's financial activities have been included.

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

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

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

As a recipient of federal and state financial assistance, the City of Fayetteville is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City. For fiscal year 2016, the City was not required to undergo a Single Audit.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's

Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Fayetteville's MD&A can be found immediately following the report of the independent auditors.

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

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

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

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

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

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

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

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

West of the square, one of Fayetteville's finest historical attractions, The Holliday-Dorsey-Fife house was built in 1855, an antebellum structure with large white columns considered by many to be one of the most refined of the Greek revival houses in Fayette County. The house derives its name from the three main owners that dwelled there: Dr. John Stiles Holliday, whom built the house, and was the uncle of the

"Doc" Holliday of Western fame; Solomon Dawson Dorsey, a Colonel of the State Militia during the war between the States who helped enlist volunteers for the confederacy; and Robert E. Lee Fife, a former Fayetteville city council member related to the last family to occupy the house as a residence. The house has ties with well-known personalities such as Margaret Mitchell of *Gone with the Wind* fame, former Georgia Governor Hugh M. Dorsey, and abounds in confederate history. Today, the City of Fayetteville Downtown Development Authority owns the Holliday-Dorsey-Fife house and is operating it as a museum.

Across, the street lays the city's historic cemetery circa 1823. The Fitzgerald's, great-grandparents of Margaret Mitchell, as well as the Holliday's, Dorsey's and Fife's are laid to rest. Recent enhancements to the cemetery have been completed to the entranceway, refurbishing and repairing headstones and designing a self-guided, walking tour brochure for preserving Fayetteville's history.

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

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

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

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

Fayetteville has a strong historical preservation ethic that is evident throughout the downtown district. At present there is an effort underway by the Main Street program to revitalize the downtown area. The city limits have been extended far beyond the courthouse and the city business district now runs from a couple of miles south of the courthouse to almost three miles north for a total of about 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 16,990; a 52.4 % increase since 2000. The median housing value in Fayetteville is $199,500. 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 increased from 37 in 2015 to 45 in 2016. The City remains affordable to residents as the per capita income is $29,194.

The total number of new commercial permits issued during fiscal year 2016 was 23, valued at $30,849,628, as compared to 24 permits issued during fiscal year 2015. Approximately 10 new tenant finishes valued at $2,780,661 during fiscal year 2016. However, the City's vacant inventory by percentage is 6.5% commercial, 5% industrial, and 10.04% office.

The unemployment rate for Fayetteville is 4.7% compared to the United States average of 4.9%. Sales and office type jobs are the most prominent jobs in Fayetteville, followed by, professional and management, business, and financial operation.

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

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

The financial position of the City of Fayetteville continues to improve from the recent recession. We have seen two years of positive growth in the tax digest. Most revenue sources seem to be stabilizing with even some slight increases in other revenue sources. Our city has been optimizing the use of limited resources to preserve core services. During the last several years, the cost to support existing city services outpaced growth in revenues. We continue to work on capital expenditures for mostly public safety needs, but we were able to add to our fleet for public works and we were also able to add a new financial system to replace a system that was introduced in the 1990's. The City continues to try and hold cost down through an employee voluntary reduction I work hours, no out-of-state training and travel, fuel conservation policy and debt restructuring.

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

During 2016 the City was able to add 7 new employees. Two were in General Government position, three in the Police Department and two more in the Fire Department. Once again the City had an increase in personal services and benefits. The increase was due mainly to the increasing cost of health insurance. The City continued with phase 2 and phase 3 for a performance salary plan, retention plan, wellness and safety program, workers compensation and retirement plans.

Major Initiatives. For fiscal year 2016, replacement public safety vehicles and equipment was purchased in the major operating funds.

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

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

DESCRIPTION	IN PROGRESS OR COMPLETED	FUNDING SOURCE
Hood Ave Connector/SR92 Realignment	In Progress	SPLOST & Impact Fees
Hospital Crosswalk & Paths	In Progress	SPLOST & Grant
Lafayette Avenue Extension	On hold	Impact Fees
Lafayette and Glynn Street Traffic Signal	On hold	Impact Fees
Grady at Beauregard	Completed	Impact Fees
Hwy 54-Safete-LU Sidewalk	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 was started during 2016.

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, 2015. This was the twentieth 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 2015. This was the ninth 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

June 30, 2015

Executive Director/CEO

CITY OF FAYETTEVILLE, GEORGIA

LIST OF PRINCIPAL OFFICIALS

MAYOR
Edward Johnson

CITY COUNCIL MEMBERS
Scott Stacy Mayor Pro Tem
James Williams
Paul Oddo
Kathaleen Brewer
Harlan Shirley

CITY MANAGER
Ray Gibson

CITY CLERK
Anne Barksdale

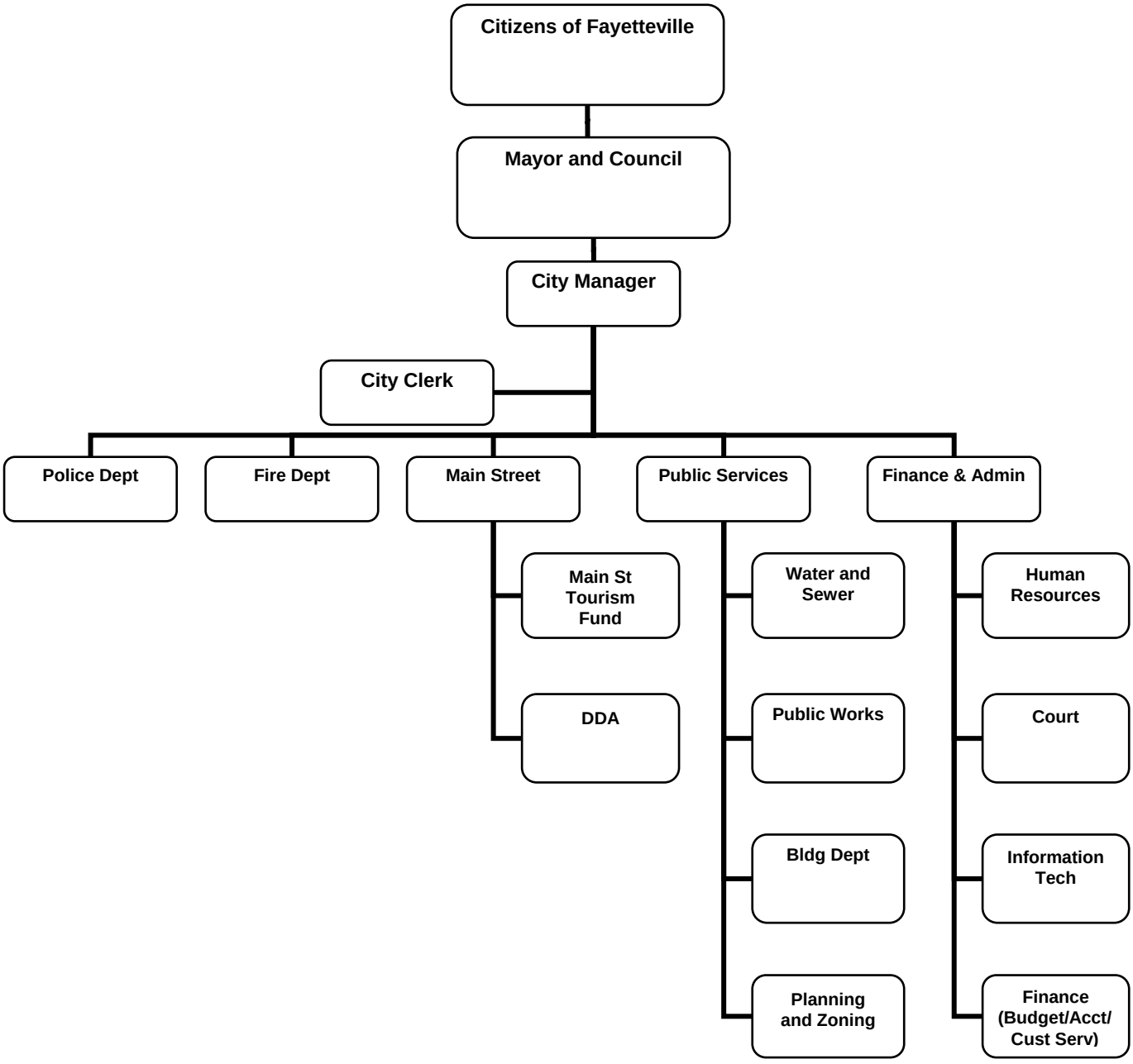
DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES
Mike Bush

CITY ATTORNEY
David Winkle

CITY AUDITORS
Mauldin & Jenkins, LLC

CITY OF FAYETTEVILLE, GEORGIA

ORGANIZATIONAL CHART



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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, 2016, 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, 2016, 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 combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2017, on our consideration of the City of Fayetteville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fayetteville, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
January 26, 2017

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CITY OF FAYETTEVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JULY 31, 2016

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, 2016. 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 2016 are as follows:

In total, combined net position increased by $2,891,569 which represents a 3.3% increase over FY 2015. This increase can primarily be attributed to investments in capital assets.

- Combined tax revenues accounted for $10,740,755 or 66.5% 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 $5,368,180 or 33.3% of total revenues of $16,142,920 from governmental activities.

- The City had $13,840,083 in expenses related to governmental activities; $5,368,180 of these expenses were offset by charges for services, grants, and contributions. General revenues (primarily taxes) of $10,740,755 provided for these services as well as increasing the City's net position by $2,302,837.

- Total Water and Sewer Fund revenues for fiscal year 2016 were $6,287,328. Total expenses for fiscal year 2016 were $5,364,798. Capital contributions were recorded in the amount of $309,040, including but not limited to donated property and sewer proportionate share. The change in net position after depreciation and non-operating revenues/expenses was $527,105 for the fiscal year-end 2016.

- Revenues from the General Fund were $11,830,690 for fiscal year 2016, an increase of approximately 9.8% over the prior fiscal year, due to an increase in taxes and licenses and permits. General Fund expenditures totaled $11,061,472 for the fiscal year ending July 31, 2016, an increase of 13.9% over last fiscal year due mostly to increased spending in general government and public safety areas.

Overview of the Financial Statements

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

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 2016 total net position represents an increase of 3.3% over fiscal year 2015. The City is starting to see changes in the economy that have affected some revenue sources: improvement in local option sales tax and other taxes with a decrease in capital grant monies.

TABLE 1 – NET POSITION

	Governmental Activities		Business-type Activities		Total Activities	
	2016	2015	**2016**	2015	**2016**	2015
Current and other assets	$ 12,513,777	$ 10,774,081	$ 7,183,355	$ 6,423,105	$ 19,697,132	$ 17,197,186
Capital assets	75,938,494	73,870,694	25,732,679	26,435,434	101,671,173	100,306,128
Total assets	88,452,271	84,644,775	32,916,034	32,858,539	121,368,305	117,503,314
Deferred outflows of resources	1,820,756	900,506	562,669	403,198	2,383,425	1,303,704
Long-term liabilites	11,159,374	9,787,015	19,173,390	19,617,126	30,332,764	29,404,141
Other liabilities	2,137,647	934,248	693,314	585,960	2,830,961	1,520,208
Total liabilities	13,297,021	10,721,263	19,866,704	20,203,086	33,163,725	30,924,349
Deferred outflows of resources	366,297	517,146	85,922	121,306	452,219	638,452
Net position:						
Net investment in capital assets	70,522,573	68,600,004	7,916,518	7,962,881	78,439,091	76,562,885
Restricted	3,825,714	2,902,027	2,998,621	2,987,802	6,824,335	5,889,829
Unrestricted	2,261,422	2,804,841	2,610,938	1,986,662	4,872,360	4,791,503
Total net position	$ 76,609,709	$ 74,306,872	$ 13,526,077	$ 12,937,345	$ 90,135,786	$ 87,244,217

TABLE 2 – CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total Activities	
	2016	2015	**2016**	2015	**2016**	2015
Revenues						
Program revenues:						
Charges for services	$ 2,953,898	$ 2,022,737	$ 6,962,265	$ 6,575,892	$ 9,916,163	$ 8,598,629
Operating grants and contributions	609,313	712,268	-	-	609,313	712,268
Capital grants and contributions	1,804,969	1,327,532	309,040	300,975	2,114,009	1,628,507
Total program revenues	5,368,180	4,062,537	7,271,305	6,876,867	12,639,485	10,939,404
General revenues:						
Property taxes	3,224,290	3,134,679	-	-	3,224,290	3,134,679
Other taxes	7,516,465	6,949,805	-	-	7,516,465	6,949,805
Unrestricted investment earnings	16,929	8,217	931	306	17,860	8,523
Gain on sale of capital assets	-	17,582	31,564	-	31,564	17,582
Transfers	17,056	-	(17,056)	-	-	-
Total general revenues	10,774,740	10,110,283	15,439	306	10,790,179	10,110,589
Total revenues	16,142,920	14,172,820	7,286,744	6,877,173	23,429,664	21,049,993
Expenses						
General government	1,499,530	1,090,268	-	-	1,499,530	1,090,268
Judicial	649,968	591,966	-	-	649,968	591,966
Public safety	8,307,210	7,218,353	-	-	8,307,210	7,218,353
Public works	1,784,682	1,305,120	-	-	1,784,682	1,305,120
Culture and recreation	1,756	4,024	-	-	1,756	4,024
Housing and development	1,445,102	1,205,233	-	-	1,445,102	1,205,233
Interest on long-term debt	151,836	143,584	-	-	151,836	143,584
Water and sewer	-	-	5,652,208	5,616,165	5,652,208	5,616,165
Stormwater	-	-	413,917	407,049	413,917	407,049
Solid waste	-	-	631,887	662,473	631,887	662,473
Total expenses	13,840,083	11,558,548	6,698,012	6,685,687	20,538,095	18,244,235
Change in net position	2,302,837	2,614,272	588,732	191,486	2,891,569	2,805,758
Net position, beginning of year	74,306,872	75,602,055	12,937,345	13,662,892	87,244,217	89,264,947
Prior period adjustment	-	(3,909,455)	-	(917,033)	-	(4,826,488)
Net position, beginning of year, as restated	74,306,872	71,692,600	12,937,345	12,745,859	87,244,217	84,438,459
Net position, end of year	$ 76,609,709	$ 74,306,872	$ 13,526,077	$ 12,937,345	$ 90,135,786	$ 87,244,217

Governmental Activities

Please note that public safety expenses of $8,307,210 represent 60% of the total governmental expenses. The next most significant program expense is general government, which totals $1,783,332 or 12.9% 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	
	2016	2015	**2016**	2015
General government	$ 1,499,530	$ 1,090,268	$ (760,992)	$ (598,877)
Judicial	649,968	591,966	499,426	349,850
Public safety	8,307,210	7,218,353	(7,682,126)	(6,643,322)
Public works	1,784,682	1,305,120	(119,150)	63,338
Culture and recreation	1,756	4,024	(1,756)	(4,024)
Housing and development	1,445,102	1,205,233	(255,470)	(519,392)
Interest on long-term debt	151,836	143,584	(151,836)	(143,584)
Total governmental activities	13,840,083	11,558,548	(8,471,903)	(7,496,011)
Business-type activities	6,698,012	6,825,468	573,293	191,180
Total expenses	$ 20,538,095	$ 18,384,016	$ (7,898,610)	$ (7,304,831)

Governmental Fund Balance

At the end of the fiscal year 2016, the combined ending fund balances for the City's Governmental Funds were $10,327,053. Of the total fund balance, $10,073,693 is available as working capital for current spending in accordance with the purposes of the specific funds. The remainder of the fund balance, $253,360, 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 2016 was $5,703,779, which indicates a decrease in fund balance over the previous year by $868,579. The decrease in the General fund balance is due to the transfer of $1,000,000 to the SPLOST fund to finish the last project of the SPLOST Fund. The SPLOST fund has increased by $337,240 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 and the transfer of $1,000,000 from the General Fund. Information provided in Table 4 is from the *Governmental Funds Balance Sheet* on page 16.

TABLE 4 – Governmental Fund Balance

	2016	2015
General Fund	$ 5,703,779	$ 6,572,358
Building Fund	776,091	267,046
SPLOST Fund	936,706	599,466
Other Governmental Funds	2,910,477	2,346,448
Total	$ 10,327,053	$ 9,785,318

Proprietary Net Position

At the end of the fiscal year 2016, the combined net position of the City's Proprietary Funds were $13,526,077. 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 $11,830,690 were less than the final budgeted amount of $11,973,151 by $142,461.
- The actual expenditures of $11,061,472 were less than the final budgeted amount of $12,054,039 by $992,567. This difference was primarily due to vacant personnel positions and a reduction in all costs.

General Fund Budgeting Highlights (Continued)

- The original budget had to be increased by $449,101 due to the change in revenues. Property taxes were originally budgeted as $2,423,059 with actual revenues of $2,362,631 for a total increase of $82,975; other taxes were originally budgeted as $3,856,126 with actual revenues of $4,039,447 for a total increase of $183,321; intergovernmental revenues were originally budgeted as $579,000 with actual revenues of $414,168 for a decrease of 164,832; charges for services were originally budgeted as $156,550 with actual revenues of $193,852 for an increase of 37,302; and sales taxes were originally budgeted as $3,040,102 with actual revenues of $3,049,230 for a decrease of $9,128.

Capital Assets and Debt Administration

At the end of fiscal year 2016, the City had $101,671,173 invested in capital assets, which is an increase over fiscal year 2015 of $1,365,045. Table 5 shows fiscal years 2016 and 2015 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	
	2016	2015	**2016**	2015	**2016**	2015
Land	$ 7,343,564	$ 7,343,564	$ 1,630,139	$ 1,630,139	$ 8,973,703	$ 8,973,703
Historical treasures	91,279	91,279	-	-	91,279	91,279
Construction in progress	4,597,540	2,267,638	953,031	660,714	5,550,571	2,928,352
Buildings	5,819,813	7,166,828	-	-	5,819,813	7,166,828
Land improvements	1,043,246	1,020,687	-	-	1,043,246	1,020,687
Equipment	3,132,222	1,316,731	269,854	199,553	3,402,076	1,516,284
Infrastructure	53,910,830	54,663,967	22,879,655	23,945,028	76,790,485	78,608,995
Total	$ 75,938,494	$ 73,870,694	$ 25,732,679	$ 26,435,434	$ 101,671,173	$ 100,306,128

Debt

The City reported outstanding debt of $19,173,390 as of July 31, 2016. Debt for the Business-type activities relates to the Water and Sewerage Revenue Bonds that were issued in FY 2013 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 $11,159,374. 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	
	2016	2015	**2016**	2015
Notes payable	$ 614,357	$ 670,161	$ -	$ -
Compensated absences	535,358	455,219	-	-
Net pension liability	5,126,000	3,963,716	1,202,394	929,760
Capital leases	898,659	292,919	-	-
Certificates of participation	2,600,000	2,805,000	-	-
Bonds payable:				
Revenue bonds	1,385,000	1,600,000	17,910,000	18,610,000
Deferred amounts:				
Premium	-	-	60,996	77,366
Total bonds payable	1,385,000	1,600,000	17,970,996	18,687,366
Total long-term liabilities	$ 11,159,374	$ 9,787,015	$ 19,173,390	$ 19,617,126

Current Issues

Economic Factors and Next Year's Budget and Rates

Today, the population for the City of Fayetteville is estimated to be 16,990. This growth has been reflected in the City's General Fund revenues, which have increased from $3,840,328 in 1994 to $11,830,690 in 2016. 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, 2016

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 5,484,365	$ 1,397,248	$ 6,881,613
Investments	4,859,378	-	4,859,378
Taxes receivable	507,688	-	507,688
Accounts receivable, net of allowances	149,181	995,793	1,144,974
Due from other governments	1,105,848	-	1,105,848
Internal balances	97,755	(97,755)	-
Inventories	27,222	140,370	167,592
Prepaid expenses	226,138	68,112	294,250
Restricted assets, cash and cash equivalents	56,202	4,679,587	4,735,789
Capital assets, nondepreciable	12,032,383	2,583,170	14,615,553
Capital assets, depreciable, net of accumulated depreciation	63,906,111	23,149,509	87,055,620
Total assets	88,452,271	32,916,034	121,368,305
DEFERRED OUTFLOWS OF RESOURCES			
Pension	1,738,661	407,834	2,146,495
Deferred charge on refunding	82,095	154,835	236,930
Total deferred outflows of resources	1,820,756	562,669	2,383,425
LIABILITIES			
Accounts payable	1,478,028	425,911	1,903,939
Accrued liabilities	106,110	267,403	373,513
Unearned revenues	553,509	-	553,509
Capital leases due within one year	200,504	-	200,504
Capital leases due in more than one year	698,155	-	698,155
Compensated absences due within one year	267,680	-	267,680
Compensated absences due in more than one year	267,678	-	267,678
Certificates of participation due within one year	210,000	-	210,000
Certificates of participation due in more than one year	2,390,000	-	2,390,000
Notes payable due within one year	59,351	-	59,351
Notes payable due in more than one year	555,006	-	555,006
Bonds payable due within one year	215,000	715,000	930,000
Bonds payable due in more than one year	1,170,000	17,255,996	18,425,996
Net pension liability	5,126,000	1,202,394	6,328,394
Total liabilities	13,297,021	19,866,704	33,163,725
DEFERRED INFLOWS OF RESOURCES			
Pension	366,297	85,922	452,219
Total deferred inflows of resources	366,297	85,922	452,219
NET POSITION			
Net investment in capital assets	70,522,573	7,916,518	78,439,091
Restricted for:			
Debt service	-	2,998,621	2,998,621
Law enforcement	139,385	-	139,385
Cemetery improvements	41,958	-	41,958
Veterans memorial	119	-	119
Downtown development	379,443	-	379,443
Tourism	374,955	-	374,955
Other capital projects	2,889,854	-	2,889,854
Unrestricted	2,261,422	2,610,938	4,872,360
Total net position	$ 76,609,709	$ 13,526,077	$ 90,135,786

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, 2016

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	$ 1,499,530	$ 738,418	$ -	$ 120
Judicial	649,968	1,149,394	-	-
Public safety	8,307,210	56,856	418,228	150,000
Public works	1,784,682	-	10,683	1,654,849
Culture and recreation	1,756	-	-	-
Housing and development	1,445,102	1,009,230	180,402	-
Interest on long-term debt	151,836	-	-	-
Total governmental activities	13,840,083	2,953,898	609,313	1,804,969
Business-type activities:				
Water and sewer	5,652,208	5,523,564	-	309,040
Stormwater	413,917	763,764	-	-
Solid waste	631,887	674,937	-	-
Total business-type activities	6,698,012	6,962,265	-	309,040
Total primary government	$ 20,538,095	$ 9,916,163	$ 609,313	$ 2,114,009
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Alcoholic beverage excise taxes				
Business and occupation taxes				
Insurance premium taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (760,992)	$ -	$ (760,992)
499,426	-	499,426
(7,682,126)	-	(7,682,126)
(119,150)	-	(119,150)
(1,756)	-	(1,756)
(255,470)	-	(255,470)
(151,836)	-	(151,836)
(8,471,903)	-	(8,471,903)
-	180,396	180,396
-	349,847	349,847
-	43,050	43,050
-	573,293	573,293
(8,471,903)	573,293	(7,898,610)
3,224,290	-	3,224,290
3,049,230	-	3,049,230
1,404,682	-	1,404,682
339,911	-	339,911
997,986	-	997,986
927,516	-	927,516
797,140	-	797,140
16,929	931	17,860
-	31,564	31,564
17,056	(17,056)	-
10,774,740	15,439	10,790,179
2,302,837	588,732	2,891,569
74,306,872	12,937,345	87,244,217
$ 76,609,709	$ 13,526,077	$ 90,135,786

CITY OF FAYETTEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JULY 31, 2016

ASSETS	General Fund	Building Fund	SPLOST Fund
Cash and cash equivalents	$ 1,261,113	$ 287,973	$ 1,005,274
Investments	4,859,378	-	-
Taxes receivable	441,123	-	-
Accounts receivable	147,462	19	-
Due from other governments	-	-	1,105,848
Due from other funds	149,209	506,400	-
Inventories	10,671	-	-
Prepaid expenditures	199,416	21,804	-
Restricted assets	-	-	-
Total assets	$ 7,068,372	$ 816,196	$ 2,111,122
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 203,230	$ 23,215	$ 1,170,340
Accrued liabilities	92,150	-	-
Due to other funds	496,098	16,890	4,076
Unearned revenue	468,917	-	-
Total liabilities	1,260,395	40,105	1,174,416
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	104,198	-	-
Total deferred inflows of resources	104,198	-	-

Nonmajor Governmental Funds	Totals Governmental Funds
$ 2,930,005	$ 5,484,365
-	4,859,378
66,565	507,688
1,700	149,181
-	1,105,848
114,640	770,249
16,551	27,222
4,918	226,138
56,202	56,202
$ 3,190,581	$ 13,186,271
$ 81,243	$ 1,478,028
1,009	93,159
155,430	672,494
42,422	511,339
280,104	2,755,020
-	104,198
-	104,198

CITY OF FAYETTEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JULY 31, 2016

	General Fund	Building Fund	SPLOST Fund
FUND BALANCES			
Fund balances:			
Nonspendable	$ 210,087	21,804	$ -
Restricted	-	754,287	936,706
Assigned	3,092,983	-	-
Unassigned	2,400,709	-	-
Total fund balances	5,703,779	776,091	936,706
Total liabilities, deferred inflows of resources, and fund balances	$ 7,068,372	$ 816,196	$ 2,111,122

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.

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

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.

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

Net position of governmental activities

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

Nonmajor Governmental Funds	Totals Governmental Funds
$ 21,469	$ 253,360
2,889,008	4,580,001
-	3,092,983
-	2,400,709
2,910,477	10,327,053
$ 3,190,581	
	$ 75,938,494
	62,028
	(3,753,636)
	(5,964,230)
	$ 76,609,709

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2016

	General Fund	Building Fund	SPLOST Fund
Revenues			
Taxes	$ 9,451,308	$ 868,918	$ -
Licenses and permits	605,257	-	-
Intergovernmental	414,168	150,000	1,654,849
Fines and forfeitures	1,095,392	-	-
Charges for services	193,852	-	-
Impact fees	-	-	-
Contributions	4,060	-	-
Interest income	16,929	-	-
Rental income	-	-	-
Other revenues	49,724	-	-
Total revenues	11,830,690	1,018,918	1,654,849
Expenditures			
Current:			
General government	1,396,104	-	-
Judicial	654,217	-	-
Public safety	7,433,861	-	-
Public works	921,742	-	-
Culture and recreation	-	-	-
Housing and development	655,548	-	-
Capital outlay:			
General government	-	189,668	-
Public safety	-	1,328,764	-
Public works	-	-	2,317,609
Housing and development	-	23,628	-
Debt service:			
Principal	-	367,315	-
Interest	-	76,396	-
Total expenditures	11,061,472	1,985,771	2,317,609
Excess (deficiency) of revenues over (under) expenditures	769,218	(966,853)	(662,760)

Nonmajor Governmental Funds	Total Governmental Funds
$ 427,788	$ 10,748,014
-	605,257
-	2,219,017
7,813	1,103,205
234,125	427,977
767,735	767,735
150,997	155,057
-	16,929
35,414	35,414
4,794	54,518
1,628,666	16,133,123
-	1,396,104
-	654,217
20,318	7,454,179
-	921,742
1,756	1,756
673,332	1,328,880
-	189,668
-	1,328,764
-	2,317,609
-	23,628
270,804	638,119
61,966	138,362
1,028,176	16,393,028
600,490	(259,905)

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2016

	General Fund	Building Fund	SPLOST Fund
Other financing sources (uses):			
Proceeds from capital leases	$ -	$ 768,055	$ -
Proceeds from sale of assets	16,529	-	-
Transfers in	25,117	941,251	1,000,000
Transfers out	(1,679,443)	(233,408)	-
Total other financing sources (uses)	(1,637,797)	1,475,898	1,000,000
Net change in fund balances	(868,579)	509,045	337,240
Fund balances, beginning of year	6,572,358	267,046	599,466
Fund balances, end of year	$ 5,703,779	$ 776,091	$ 936,706

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

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 768,055
-	16,529
755,886	2,722,254
(792,347)	(2,705,198)
(36,461)	801,640
564,029	541,735
2,346,448	9,785,318
$ 2,910,477	$ 10,327,053

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CITY OF FAYETTEVILLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JULY 31, 2016

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

Net change in fund balances - total governmental funds	$	541,735
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.		2,067,800
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(7,259)
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.		(129,936)
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.		(169,503)
Changes in net position - governmental activities	$	2,302,837

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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 2,423,059	$ 2,383,059	$ 2,362,631	$ (20,428)
Sales taxes	3,040,102	3,050,102	3,049,230	(872)
Other taxes	3,856,126	4,104,626	4,039,447	(65,179)
Licenses and permits	408,507	618,207	605,257	(12,950)
Intergovernmental	579,000	419,500	414,168	(5,332)
Fines and forfeitures	1,000,000	1,100,000	1,095,392	(4,608)
Charges for services	156,550	217,750	193,852	(23,898)
Contributions	7,400	8,100	4,060	(4,040)
Interest income	7,500	17,500	16,929	(571)
Other revenues	45,806	54,307	49,724	(4,583)
Total revenues	11,524,050	11,973,151	11,830,690	(142,461)
Expenditures:				
Current:				
General government:				
Mayor and council	126,099	145,145	136,780	8,365
Clerk of council	48,365	60,928	58,737	2,191
City manager	112,101	127,255	122,661	4,594
Elections	15,000	11,325	11,325	-
Financial administration	539,458	666,336	558,789	107,547
Law	105,085	132,585	129,749	2,836
Data processing	241,950	259,789	181,972	77,817
Human resources	105,648	106,910	92,509	14,401
Building and plant	110,823	169,323	103,582	65,741
Total general government	1,404,529	1,679,596	1,396,104	283,492
Judicial:				
Municipal court	639,082	664,586	654,217	10,369
Public safety:				
Police administration	1,016,093	460,743	415,551	45,192
Investigations	788,037	952,935	855,111	97,824
Patrol	2,659,895	2,490,832	2,306,454	184,378
Police stations and buildings	91,830	106,673	100,604	6,069
Support services	498,043	616,893	571,627	45,266
Fire administration	314,965	342,735	340,749	1,986
Fire fighting	2,461,790	2,571,707	2,563,777	7,930
Fire prevention	181,095	173,980	158,824	15,156
Fire training	50,000	50,000	465	49,535
Fire station 91 and headquarters	53,971	81,958	78,275	3,683
Fire station 92	25,566	28,066	26,098	1,968
Fire station 93	40,567	40,567	16,326	24,241
Total public safety	8,181,852	7,917,089	7,433,861	483,228

(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, 2016

	Budget			Variance With
	Original	Final	Actual	Final Budget
Public works:				
Public works administration	$ 112,019	$ 122,052	$ 112,710	$ 9,342
Highways and streets	907,596	922,741	809,032	113,709
Total public works	1,019,615	1,044,793	921,742	123,051
Housing and development:				
Inspection	290,591	285,661	283,233	2,428
Planning and zoning	275,541	279,154	190,343	88,811
Engineering and development	50,340	183,160	181,972	1,188
Total housing and development	616,472	747,975	655,548	92,427
Total expenditures	11,861,550	12,054,039	11,061,472	992,567
Excess (deficiency) of revenues over (under) expenditures	(337,500)	(80,888)	769,218	850,106
Other financing sources (uses):				
Proceeds from sale of assets	10,000	17,000	16,529	(471)
Transfers in	7,500	25,280	25,117	(163)
Transfers out	(1,681,943)	(1,766,955)	(1,679,443)	87,512
Total other financing sources (uses)	(1,664,443)	(1,724,675)	(1,637,797)	86,878
Net change in fund balances	(2,001,943)	(1,805,563)	(868,579)	936,984
Fund balances, beginning of year	6,572,358	6,572,358	6,572,358	-
Fund balances, end of year	$ 4,570,415	$ 4,766,795	$ 5,703,779	$ 936,984

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

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JULY 31, 2016

ASSETS	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	$ 1,355,795	$ 41,453	$ 1,397,248
Accounts receivable, net of allowances	995,793	-	995,793
Due from other funds	78,836	75,344	154,180
Inventories	140,370	-	140,370
Prepaid expenses	68,112	-	68,112
Restricted assets, cash and cash equivalents	4,679,587	-	4,679,587
Total current assets	7,318,493	116,797	7,435,290
NONCURRENT ASSETS			
Capital assets:			
Capital assets, nondepreciable	2,583,170	-	2,583,170
Capital assets, depreciable, net of accumulated depreciation	23,149,509	-	23,149,509
Total capital assets	25,732,679	-	25,732,679
Total noncurrent assets	25,732,679	-	25,732,679
Total assets	33,051,172	116,797	33,167,969
DEFERRED OUTFLOWS OF RESOURCES			
Pension	407,834	-	407,834
Deferred charge on refunding	154,835	-	154,835
Total deferred outflows of resources	562,669	-	562,669
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	372,288	53,623	425,911
Accrued liabilities	105,223	-	105,223
Due to other funds	205,532	46,403	251,935
Current portion of revenue bonds payable from restricted assets	715,000	-	715,000
Accrued interest	162,180	-	162,180
Total current liabilities	1,560,223	100,026	1,660,249
NONCURRENT LIABILITIES			
Net pension liability	1,202,394	-	1,202,394
Revenue bonds payable, net of current portion	17,255,996	-	17,255,996
Total noncurrent liabilities	18,458,390	-	18,458,390
Total liabilities	20,018,613	100,026	20,118,639

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JULY 31, 2016

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
DEFERRED INFLOWS OF RESOURCES			
Pension	85,922	-	85,922
Total deferred inflows of resources	85,922	-	85,922
NET POSITION			
Net investment in capital assets	$ 7,916,518	$ -	$ 7,916,518
Restricted for debt service	2,998,621	-	2,998,621
Unrestricted	2,594,167	16,771	2,610,938
Total net position	$ 13,509,306	$ 16,771	$ 13,526,077

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

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CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2016

	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	$ 2,639,323	$ -	$ 2,639,323
Sewer sales pledged as security for revenue bonds	2,878,284	-	2,878,284
Stormwater sales pledged as security for revenue bonds	763,764	-	763,764
Sanitation charges	-	674,937	674,937
Other fees and charges	5,957	-	5,957
Total operating revenues	6,287,328	674,937	6,962,265
OPERATING EXPENSES			
Personal services and employee benefits	1,674,699	-	1,674,699
Contracted services	837,202	631,887	1,469,089
Supplies	1,474,264	-	1,474,264
Depreciation	1,378,633	-	1,378,633
Total operating expenses	5,364,798	631,887	5,996,685
Operating income	922,530	43,050	965,580
NON-OPERATING INCOME (EXPENSES)			
Gain on disposal of assets	31,564	-	31,564
Interest income	931	-	931
Interest expense	(701,327)	-	(701,327)
Total non-operating expenses, net	(668,832)	-	(668,832)
Income before transfers and capital contributions	253,698	43,050	296,748
TRANSFERS			
Transfers out	(35,633)	-	(35,633)
Transfers in	-	18,577	18,577
Total transfers	(35,633)	18,577	(17,056)
CAPITAL CONTRIBUTIONS	309,040	-	309,040
Change in net position	527,105	61,627	588,732
NET POSITION, beginning of year	12,982,201	(44,856)	12,937,345
NET POSITION, end of year	$ 13,509,306	$ 16,771	$ 13,526,077

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, 2016

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 6,040,273	$ 651,846	$ 6,692,119
Payments to suppliers and service providers	(2,089,866)	(630,007)	(2,719,873)
Payments to employees	(1,558,232)	-	(1,558,232)
Net cash provided by operating activities	2,392,175	21,839	2,414,014
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(35,633)	-	(35,633)
Transfers in	-	18,577	18,577
Net cash provided by (used in) in noncapital financing activities	(35,633)	18,577	(17,056)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property and equipment	(675,878)	-	(675,878)
Proceeds from sale of property and equipment	31,564	-	31,564
Principal paid on bonds	(700,000)	-	(700,000)
Interest paid	(662,269)	-	(662,269)
Capital contributions	309,040	-	309,040
Net cash (used in) capital and related financing activities	(1,697,543)	-	(1,697,543)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	931	-	931
Net cash provided by investing activities	931	-	931
Increase in cash and cash equivalents	659,930	40,416	700,346
Cash and cash equivalents:			
Beginning of year	5,375,452	1,037	5,376,489
End of year	$ 6,035,382	$ 41,453	$ 6,076,835
Classified as:			
Cash and cash equivalents	$ 1,355,795	$ 41,453	$ 1,397,248
Restricted assets, cash and cash equivalents	4,679,587	-	4,679,587
	$ 6,035,382	$ 41,453	$ 6,076,835

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2016

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 922,530	$ 43,050	$ 965,580
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,378,633	-	1,378,633
Increase in accounts receivable	(247,055)	-	(247,055)
Decrease in inventories	2,481	-	2,481
Decrease in note receivable	161,289	-	161,289
Increase in due from other funds	(28,784)	(23,091)	(51,875)
Increase in deferred outflows of resources - pension	(219,449)	-	(219,449)
Increase in prepaid expenses	(6,233)	-	(6,233)
Increase in accrued liabilities	17,177	-	17,177
Increase in accounts payable	92,847	1,880	94,727
Decrease in deferred inflows of resources - pension	(35,384)	-	(35,384)
Increase in net pension liability	272,634	-	272,634
Increase in due to other funds	81,489	-	81,489
Net cash provided by operating activities	$ 2,392,175	$ 21,839	$ 2,414,014

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

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The City of Fayetteville Downtown Development Authority (the Downtown Development Authority) was organized to develop and promote commerce, industry and general welfare within the City. The City appoints the Downtown Development Authority's board members 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 ***Building 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.

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 pool also adjusts the value of its investments to fair market value as of year end and the City's 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 four items that qualified for reporting in this category. The first relates to the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The other three items relate to the City's defined benefit pension plan. The pension experience differences, the investment earnings loss, and the contributions made subsequent to the measurement date are deferred and recognized as pension expense in future years.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City had 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 gain 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 $5,964,320 difference are as follows:

Accrued interest payable	$ (12,951)
Compensated absences payable	(535,358)
Notes payable	(614,357)
Capital leases	(898,659)
Revenue bonds	(1,385,000)
Certificates of participation	(2,600,000)
Deferred refunding loss	82,095
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (5,964,230)

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 $2,067,800 difference are as follows:

Capital outlay	$ 3,594,107
Depreciation expense	(1,526,307)
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 2,067,800

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 $129,936 difference are as follows:

Debt issued:		
Capital leases	$	(768,055)
Principal repayments:		
Certificates of participation		205,000
Revenue Bonds		215,000
Note payable		55,804
Capital leases		162,315
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(129,936)

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 $169,503 difference are as follows:

Compensated absences	$	(80,139)
Accrued interest		1,821
Net pension liability and related deferred outflows and inflows of resources		(75,890)
Amortization of deferred refunding loss		(15,295)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(169,503)

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, 2016, there were no outstanding encumbrances.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit Risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of July 31, 2016, 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, 2016, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	42 day weighted average	$ 4,360,930
Certificate of Deposit	October 2016	100,069
Certificate of Deposit	January 2017	150,096
Certificate of Deposit	May 2017	248,283
		$ 4,859,378

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

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

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

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of July 31, 2016, all of the deposits for the City were fully collateralized in accordance with the state statutes.

NOTE 5. RECEIVABLES

Receivables at July 31, 2016 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Building	Water and Sewer	Nonmajor Governmental Funds	Total
Receivables:					
Taxes	$ 441,123	$ -	$ -	$ 66,565	$ 507,688
Accounts	178,226	19	1,068,185	1,700	1,248,130
Gross receivables	619,349	19	1,068,185	68,265	1,755,818
Less allowance for uncollectibles	30,764	-	72,392	-	103,156
Net total receivables	$ 588,585	$ 19	$ 995,793	$ 68,265	$ 1,652,662

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, 2016 and were due and payable on November 15, 2016. All unpaid taxes became delinquent as of November 16, 2016. Property taxes attached as an enforceable lien on property as of November 16, 2016. Receivables are recorded when taxes are levied.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended July 31, 2016, is as follows:

A. Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 7,343,564	$ -	$ -	$ -	$ 7,343,564
Historical treasures	91,279	-	-	-	91,279
Construction in progress	2,267,638	2,349,902	-	(20,000)	4,597,540
Total	9,702,481	2,349,902	-	(20,000)	12,032,383
Capital assets, being depreciated:					
Buildings	10,963,153	54,959	-	20,000	11,038,112
Land Improvements	1,287,978	92,024	-	-	1,380,002
Infrastructure	66,101,745	-	-	-	66,101,745
Equipment	5,115,866	1,097,222	(71,866)	-	6,141,222
Total	83,468,742	1,244,205	(71,866)	20,000	84,661,081
Less accumulated depreciation for:					
Buildings	3,796,325	496,947	-	925,027	5,218,299
Land Improvements	267,291	50,586	-	18,879	336,756
Infrastructure	11,437,778	774,681	-	(21,544)	12,190,915
Equipment	3,799,135	204,093	(71,866)	(922,362)	3,009,000
Total	19,300,529	1,526,307	(71,866)	-	20,754,970
Total assets, being depreciated, net	64,168,213	(282,102)	-	20,000	63,906,111
Governmental activities capital assets, net	$ 73,870,694	$ 2,067,800	$ -	$ -	$ 75,938,494

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	660,714	602,576	-	(310,259)	953,031
Total	2,290,853	602,576	-	(310,259)	2,583,170
Capital assets, being depreciated:					
Water and plant distribution system	11,809,986	-	-	-	11,809,986
Sewer plant and extensions	33,881,736	-	-	636,853	34,518,589
Stormwater system	3,580,793	-	-	(326,594)	3,254,199
Equipment	1,340,942	73,302	(181,050)	-	1,233,194
Total	50,613,457	73,302	(181,050)	310,259	50,815,968
Less accumulated depreciation for:					
Water and plant distribution system	9,758,815	424,464	-	-	10,183,279
Sewer plant and extensions	14,973,208	867,679	-	-	15,840,887
Stormwater system	595,464	83,489	-	-	678,953
Equipment	1,141,389	3,001	(181,050)	-	963,340
Total	26,468,876	1,378,633	(181,050)	-	27,666,459
Total assets, being depreciated, net	24,144,581	(1,305,331)	-	310,259	23,149,509
Business-type activities capital assets, net	$ 26,435,434	$ (702,755)	$ -	$ -	$ 25,732,679

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

Governmental activities:	
General government	$ 67,309
Public safety	511,282
Public works	809,829
Housing and development	137,887
Total depreciation expense - governmental activities	$ 1,526,307
Business-type activities:	
Water and sewer	$ 1,378,633
Total depreciation expense - business-type activities	$ 1,378,633

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, 2016, 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	$ 9,755,000

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, 2016, 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				51,432
	Total 2013A				6,801,432
2013B	2.00 - 2.25%	5 years	2019	2,635,000	1,405,000
	Plus unamortized premium				9,564
	Total 2013B				1,414,564
	Total 2013A & 2013B			$ 9,385,000	$ 8,215,996

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
2017	$ 715,000	$ 651,420
2018	735,000	636,520
2019	745,000	621,145
2020	770,000	596,082
2021	790,000	573,282
2022-2026	4,430,000	2,502,005
2027-2031	5,840,000	1,461,099
2032-2035	3,885,000	270,175
Total	$ 17,910,000	$ 7,311,728

The Downtown Development Authority issued revenue bonds during the year ended July 31, 2012 in the amount of $1,885,000. The purpose of the bonds is to advance refund the remaining series 2001 bonds issued during the year ended July 31, 2002. The principal and interest on the bonds is payable from and secured by certain payments made to the Downtown Development Authority by the City pursuant to a contract between the Downtown Development Authority and the City until maturity or the bonds are redeemed. To fulfill its obligations under the contract, the City has agreed that it will, to the extent necessary, levy an annual tax on all taxable property located within the boundaries of the City, at such rate or rates, limited to 3 mills, as may be necessary to make the payments to the Downtown Development Authority for its services as called for by the contract. For the fiscal year ended July 31, 2016, the levied tax by the City totaled $1,913,485 and the total debt service related to the revenue bonds totaled $254,840. Amounts pledged equal total debt service for each applicable year. Revenue bonds outstanding at July 31, 2016, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Downtown Development Authority	2.49%	10 years	2021	$ 1,885,000	$ 1,385,000

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
2017	$ 215,000	$ 31,810
2018	220,000	26,394
2019	230,000	20,791
2020	235,000	15,002
2021	240,000	9,089
2022	245,000	3,050
Total	$ 1,385,000	$ 106,136

Notes Payable. The Downtown Development Authority has incurred debt to a financial institution to be used on specifically identified Main Street projects. In connection with this debt, a contract has been entered into between the Downtown Development Authority and the City of Fayetteville whereby the City is to levy an annual tax on all taxable property located within the boundaries of the City in order to produce revenues sufficient to pay the debt service on the Downtown Development Authority debt. In the event that payments of this tax by the City to the Downtown Development Authority each year are not sufficient to pay the debt service payment on the debt, the City will be liable for any difference. For the fiscal year ended July 31, 2016, the levied tax by the City totaled $1,913,485 and the total debt service related to the revenue bonds totaled $48,787. Amounts pledged equal total debt service for each applicable year. The note is as follows at July 31, 2016:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
4.17%	15 years	2023	$ 540,000	$ 311,785

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, 2016:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
3.00%	10 years	2021	$ 250,000	$ 173,562

NOTE 8. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued). The Downtown Development Authority has incurred debt to a financial institution to purchase a building. In connection with this debt, a contract has been entered into between the Downtown Development Authority and the City of Fayetteville whereby the City is to levy an annual tax on all taxable property located within the boundaries of the City in order to produce revenues sufficient to pay the debt service on the Downtown Development Authority debt. In the event that payments of this tax by the City to the Downtown Development Authority each year are not sufficient to pay the debt service payment on the debt, the City will be liable for any difference. For the fiscal year ended July 31, 2016, the levied tax by the City totaled $1,913,485 and the total debt service related to the revenue bonds totaled $13,322. Amounts pledged equal total debt service for each applicable year. The note is as follows at July 31, 2016:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
4.70%	5 years	2019	$ 143,200	$ 129,010

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

Year Ending July 31,	Principal	Interest
2017	$ 59,351	$ 23,475
2018	61,712	21,115
2019	169,719	17,830
2020	58,142	11,363
2021	150,408	8,176
2022-2024	115,025	7,273
Total	$ 614,357	$ 89,232

NOTE 8. LONG-TERM DEBT (CONTINUED)

Certificates of Participation. During the year ended July 31, 2005, the City entered into lease-purchase agreements with the Georgia Municipal Association for the construction of a new law enforcement center issuing certificates of participation in the amount of $4,575,000. The City refinanced the previously issued certificates of participation during the year ended July 31, 2013. Certificates of participation outstanding at July 31, 2016, are as follows:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2.27%	13 years	2026	$ 3,115,000	$ 2,600,000

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

Year Ending July 31,	Principal	Interest
2017	$ 210,000	$ 56,512
2018	215,000	51,699
2019	220,000	46,772
2020	225,000	41,733
2021	230,000	39,185
2022-2026	1,235,000	115,402
2027	265,000	6,002
Total	$ 2,600,000	$ 357,305

NOTE 8. LONG-TERM DEBT (CONTINUED)

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%. During the year ended July 31, 2016, the City entered into a lease-purchase agreement with the Georgia Municipal Association for the purchase of a vehicle in the amount of $768,055 for the public safety department. The lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and have been recorded at the present value of the future minimum lease payments as of the date of their inception. The vehicle leases are being serviced by Building Fund payments with annual interest rates of 2.54%.

The City reported accumulated depreciation and depreciation expense in the respective amounts of $197,180 and $148,157 on the above leased assets as of July 31, 2016.

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, 2016:

Year Ending July 31,	
2017	$ 221,107
2018	120,688
2019	87,215
2020	87,215
2021	87,215
2022-2026	392,463
Total minimum lease payments	995,903
Less amount representing interest	(97,244)
Present value of future minimum lease payments	898,659
Less current maturities	(200,504)
	$ 698,155

NOTE 8. LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended July 31, 2016, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	$ 1,600,000	$ -	$ (215,000)	$ 1,385,000	$ 215,000
Certificates of participation	2,805,000	-	(205,000)	2,600,000	210,000
Notes payable	670,161	-	(55,804)	614,357	59,351
Capital leases	292,919	768,055	(162,315)	898,659	200,504
Net pension liability	3,963,716	1,923,722	(761,438)	5,126,000	-
Compensated absences	455,219	532,389	(452,250)	535,358	267,680
Governmental activities Long-term liabilities	$ 9,787,015	$ 3,224,166	$ (1,851,807)	$ 11,159,374	$ 952,535
Business-type activities:					
Bonds payable:					
Revenue bonds	$ 18,610,000	$ -	$ (700,000)	$ 17,910,000	$ 715,000
Deferred amount:					
Premium	77,366	-	(16,370)	60,996	-
Total bonds payable	18,687,366	-	(716,370)	17,970,996	715,000
Net pension liability	929,760	451,244	(178,610)	1,202,394	-
Business-type activites Long-term liabilities	$ 19,617,126	$ 451,244	$ (894,980)	$ 19,173,390	$ 715,000

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, 2016, the total outstanding amount of bonds considered defeased was $1,043,000 for the water and sewer bonds and $1,290,000 for the Downtown Development Authority bonds.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of July 31, 2016, is as follows:

	Payable Fund						
Receivable Fund	General Fund	SPLOST Fund	Building Fund	Water and Sewer Fund	Nonmajor Enterprise Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 4,076	$ -	$ 130,049	$ -	$ 15,084	$ 149,209
Building Fund	462,032	-	-	-	-	44,368	506,400
Water and Sewer Fund	32,433	-	-	-	46,403	-	78,836
Nonmajor governmental funds	1,633	-	16,890	139	-	95,978	114,640
Nonmajor enterprise fund	-	-	-	75,344	-	-	75,344
Total	$ 496,098	$ 4,076	$ 16,890	$ 205,532	$ 46,403	$ 155,430	$ 924,429

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	Building Fund	Wate and Sewer Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ -	$ 17,056	$ 8,061	$ 25,117
Building Fund	651,943	-	-	289,308	941,251
SPLOST Fund	1,000,000	-	-	-	1,000,000
Nonmajor enterprise fund	-	-	18,577	-	18,577
Nonmajor governmental funds	27,500	233,408	-	494,978	755,886
Total	$ 1,679,443	$ 233,408	$ 35,633	$ 792,347	$ 2,740,831

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, 2016, 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, 2016, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	64
Inactive plan members entitled to but not receiving benefits	73
Active plan members	108
	245

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, 2016, the City's contribution rate was 17.03% of annual payroll. City contributions to the Plan were $761,413 for the year ended July 31, 2016.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2015.

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75% - 8.00%, 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

Cost of living adjustments were assumed to be 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, 2015, 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, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at July 31, 2015	$ 16,613,598	$ 11,720,122	$ 4,893,476
Changes for the year:			
Service cost	208,146	-	208,146
Interest	1,251,294	-	1,251,294
Differences between expected and actual experience	893,993	-	893,993
Assumption changes	-	-	-
Contributions - employer	-	770,628	(770,628)
Contributions - employee	-	29,259	(29,259)
Net investment income	-	140,161	(140,161)
Benefit payments, including refunds of employee contributions	(935,731)	(935,731)	-
Administrative expense	-	(21,533)	21,533
Net changes	1,417,702	(17,216)	1,434,918
Balances at July 31, 2016	$ 18,031,300	$ 11,702,906	$ 6,328,394

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	$ 8,900,098	$ 6,328,394	$ 4,208,879

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, 2015 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, 2016, the City recognized pension expense of $855,104. At July 31, 2016, 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	$ 902,344	$ -
Changes in assumptions	-	(212,960)
Net difference between projected and actual earnings on pension plan investments	609,640	(239,259)
City contributions subsequent to the measurement date	634,511	-
Total	$ 2,146,495	$ (452,219)

City contributions subsequent to the measurement date of $634,511 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:	
2017	$ 305,600
2018	305,600
2019	296,155
2020	152,410
Total	$ 1,059,765

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, 2016, the City's contribution to the Plan was $45,051. The amount contributed by employees was $120,999.

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	$	199,416
Inventories		10,671
Building Fund		
Prepaid items		21,804
Downtown Development Authority Fund		
Prepaid items		1,714
Main Street Tourism Association Fund		
Prepaid items		3,204
Inventories		16,551

- ***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.	$	139,385
Veterans Memorial Park Fund - used for the design and construction of a Veterans Memorial.		119
Cemetery Fund - accounts for the revenues earned from a trust set up for cemetery improvements.		41,958
Downtown Development Authority Fund - used for housing and development within the City.		379,443
Main Street Tourism Association Fund - used for the promotion of tourism in the City of Fayetteville, Georgia.		374,955
Capital Projects Funds		
SPLOST Fund - used to account for capital projects financed with SPLOST.		936,706
Impact Fee Fund - accounts for capital projects activity funded by development impact fees.		1,953,148
Building Fund - accounts for capital projects activity funded by state road maintenance fees.		754,287

NOTE 14. FUND EQUITY (CONTINUED)

A. Fund Balances: (Continued)

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

General Fund	
Three-month operating reserve, as provided for in adopted City policy	$ 3,092,983

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Contingencies

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

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at July 31, 2016, the City has contractual commitments on uncompleted construction contracts of approximately $2,864,298.

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, 2016, the City collected $259,805 of hotel/motel taxes, and transferred 100% of the lodging tax received during the year ended July 31, 2016 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, 2016, 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, 2016:

Revenues	$167,983
Expenditures	$167,983

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

	2016	2015
Total pension liability		
Service cost	$ 208,146	$ 157,698
Interest on total pension liability	1,251,294	1,215,070
Differences between expected and actual experience	893,993	463,700
Changes of assumptions	-	(425,920)
Benefit payments, including refunds of employee contributions	(935,731)	(950,553)
Net change in total pension liability	1,417,702	459,995
Total pension liability - beginning	16,613,598	16,153,603
Total pension liability - ending (a)	$ 18,031,300	$ 16,613,598
Plan fiduciary net position		
Contributions - employer	$ 770,628	$ 735,096
Contributions - employee	29,259	10,870
Net investment income	140,161	1,221,044
Benefit payments, including refunds of employee contributions	(935,731)	(950,553)
Administrative expenses	(21,533)	(17,333)
Net change in plan fiduciary net position	(17,216)	999,124
Plan fiduciary net position - beginning	11,720,122	10,720,998
Plan fiduciary net position - ending (b)	$ 11,702,906	$ 11,720,122
City's net pension liability (a) - (b)	$ 6,328,394	$ 4,893,476
Plan fiduciary net position as a percentage of the total pension liability	64.9%	70.5%
Covered-employee payroll	$ 4,388,256	$ 4,101,931
City's net pension liability as a percentage of covered payroll	144.2%	119.3%

Notes to the Schedule

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

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CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JULY 31

	2016	2015
Actuarially determined contribution	$ 761,413	$ 772,471
Contributions in relation to the actuarially determined contribution	761,413	772,471
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	4,388,256	4,101,931
Contributions as a percentage of covered-employee payroll	17.4%	18.8%

Notes to the Schedule

Valuation date	January 1, 2016
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.

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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 Fund

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, 2016

	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	$ -	$ 139,385	$ -	$ 1,545	$ 41,958
Taxes receivable	12,386	-	54,179	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Restricted assets	-	-	-	-	-
Total assets	$ 12,386	$ 139,385	$ 54,179	$ 1,545	$ 41,958
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 1,406	$ -
Accrued Liabilities	-	-	-	-	-
Due to other funds	12,386	-	54,179	20	-
Unearned revenue	-	-	-	-	-
Total liabilities	12,386	-	54,179	1,426	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	139,385	-	119	41,958
Total fund balances	-	139,385	-	119	41,958
Total liabilities and fund balances	$ 12,386	$ 139,385	$ 54,179	$ 1,545	$ 41,958

Downtown Development Authority Fund	Main Street Tourism Association Fund	Capital Projects Fund Impact Fee Fund	Total Nonmajor Governmental Funds
$ 283,197	$ 440,399	$ 2,023,521	$ 2,930,005
-	-	-	66,565
-	1,700	-	1,700
58,689	54,318	1,633	114,640
1,714	3,204	-	4,918
-	16,551	-	16,551
56,202	-	-	56,202
$ 399,802	$ 516,172	$ 2,025,154	$ 3,190,581
$ 16,164	$ 63,673	$ -	$ 81,243
236	773	-	1,009
2,245	14,594	72,006	155,430
-	42,422	-	42,422
18,645	121,462	72,006	280,104
1,714	19,755	-	21,469
379,443	374,955	1,953,148	2,889,008
381,157	394,710	1,953,148	2,910,477
$ 399,802	$ 516,172	$ 2,025,154	$ 3,190,581

CITY OF FAYETTEVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2016

	Special Revenue Funds				
	Vehicle Excise Tax Fund	Confiscated Assets Fund	Hotel/Motel Tax Fund	Veterans Memorial Park Fund	Cemetery Fund
Revenues:					
Other taxes	$ 167,983	$ -	$ 259,805	$ -	$ -
Fines and forfeitures	-	7,813	-	-	-
Charges for services	-	-	-	-	-
Impact fees	-	-	-	-	-
Contributions	-	-	-	-	10,683
Rental income	-	-	-	-	-
Other revenues	-	-	-	120	-
Total revenues	167,983	7,813	259,805	120	10,683
Expenditures:					
Current:					
Public safety	-	20,318	-	-	-
Culture and recreation	-	-	-	1,756	-
Housing and development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	20,318	-	1,756	-
Excess (deficiency) of revenues over (under) expenditures	167,983	(12,505)	259,805	(1,636)	10,683
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(167,983)	-	(259,805)	-	-
Total other financing sources (uses)	(167,983)	-	(259,805)	-	-
Net change in fund balances	-	(12,505)	-	(1,636)	10,683
Fund balances, beginning of year	-	151,890	-	1,755	31,275
Fund balances, end of year	$ -	$ 139,385	$ -	$ 119	$ 41,958

		Capital Projects Funds	
Downtown Development Authority Fund	Main Street Tourism Association Fund	Impact Fee Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 427,788
-	-	-	7,813
-	234,125	-	234,125
-	-	767,735	767,735
59,572	80,742	-	150,997
-	35,414	-	35,414
-	4,674	-	4,794
59,572	354,955	767,735	1,628,666
-	-	-	20,318
-	-	-	1,756
105,312	568,020	-	673,332
270,804	-	-	270,804
61,966	-	-	61,966
438,082	568,020	-	1,028,176
(378,510)	(213,065)	767,735	600,490
468,581	287,305	-	755,886
(175)	(316)	(364,068)	(792,347)
468,406	286,989	(364,068)	(36,461)
89,896	73,924	403,667	564,029
291,261	320,786	1,549,481	2,346,448
$ 381,157	$ 394,710	$ 1,953,148	$ 2,910,477

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, 2016

	Vehicle Excise Tax Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ 169,000	$ 167,983	$ (1,017)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	169,000	167,983	(1,017)
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	169,000	-	169,000
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	169,000	-	169,000
Excess (deficiency) of revenues over (under) expenditures	-	167,983	167,983
	-		
Other financing sources (uses):			
Transfers out	-	(167,983)	(167,983)
Total other financing sources (uses)	-	(167,983)	(167,983)
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	7,813	(37,187)
-	-	-
500	-	(500)
-	-	-
-	-	-
45,500	7,813	(37,687)
45,500	20,318	25,182
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
45,500	20,318	25,182
-	(12,505)	(12,505)
-	-	-
-	-	-
-	(12,505)	(12,505)
151,890	151,890	-
$ 151,890	$ 139,385	$ (12,505)

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, 2016

	Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ 266,400	$ 259,805	$ (6,595)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	266,400	259,805	(6,595)
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	266,400	-	266,400
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	266,400	-	266,400
Excess (deficiency) of revenues over (under) expenditures	-	259,805	259,805
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	(259,805)	(259,805)
Total other financing sources (uses)	-	(259,805)	(259,805)
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	120	(60)
180	120	(60)
-	-	-
-	-	-
3,180	1,756	1,424
-	-	-
-	-	-
-	-	-
3,180	1,756	1,424
(3,000)	(1,636)	1,364
-	-	-
-	-	-
-	-	-
(3,000)	(1,636)	1,364
1,755	1,755	-
$ (1,245)	$ 119	$ 1,364

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, 2016

	Cemetery Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ -	$ -	$ -
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	13,000	10,683	(2,317)
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	13,000	10,683	(2,317)
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	13,000	10,683	(2,317)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(13,000)	-	13,000
Total other financing sources (uses)	(13,000)	-	13,000
Net change in fund balances	-	10,683	10,683
Fund balances, beginning of year	31,275	31,275	-
Fund balances, end of year	$ 31,275	$ 41,958	$ 10,683

Downtown Development Authority Fund		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
-	-	-
-	-	-
61,334	59,572	(1,762)
-	-	-
-	-	-
-	-	-
61,334	59,572	(1,762)
-	-	-
-	-	-
-	-	-
186,726	105,312	81,414
271,971	270,804	1,167
66,383	61,966	4,417
525,080	438,082	86,998
(463,746)	(378,510)	85,236
471,629	468,581	(3,048)
-	(175)	(175)
471,629	468,406	(3,223)
7,883	89,896	82,013
291,261	291,261	-
$ 299,144	$ 381,157	$ 82,013

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CITY OF FAYETTEVILLE, GEORGIA
SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JULY 31, 2016

	Main Street Tourism Association Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ -	$ -	$ -
Charges for services	283,055	234,125	(48,930)
Fines and forfeitures	-	-	-
Contributions	81,500	80,742	(758)
Interest income	-	-	-
Rental income	35,439	35,414	(25)
Other revenues	4,718	4,674	(44)
Total revenues	404,712	354,955	(49,757)
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	636,468	568,020	68,448
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	636,468	568,020	68,448
Excess (deficiency) of revenues over (under) expenditures	(231,756)	(213,065)	18,691
Other financing sources (uses):			
Transfers in	296,400	287,305	(9,095)
Transfers out	-	(316)	(316)
Total other financing sources (uses)	296,400	286,989	(9,411)
Net change in fund balances	64,644	73,924	9,280
Fund balances, beginning of year	320,786	320,786	-
Fund balances, end of year	$ 385,430	$ 394,710	$ 9,280

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, 2016

	Building Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property taxes	$ 868,918	$ 868,918	$ -
Intergovernmental	150,000	150,000	-
Impact fees	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Total revenues	1,018,918	1,018,918	-
Expenditures:			
Capital outlay:			
General government	250,000	189,668	60,332
Public safety	1,453,280	1,328,764	124,516
Public works	402,689	-	402,689
Housing and development	23,633	23,628	5
Debt service:			
Principal	409,964	367,315	42,649
Interest	83,535	76,396	7,139
Total expenditures	2,623,101	1,985,771	637,330
Excess (deficiency) of revenues over	2,623,101		
(under) expenditures	(1,604,183)	(966,853)	637,330
Other financing sources (uses):			
Proceeds from capital leases	790,000	768,055	(21,945)
Transfers in	929,892	941,251	11,359
Transfers out	(233,709)	(233,408)	301
Total other financing sources (uses)	1,486,183	1,475,898	(10,285)
Net change in fund balances	(118,000)	509,045	627,045
Fund balances, beginning of year	267,046	267,046	-
Fund balances, end of year	$ 149,046	$ 776,091	$ 627,045

Impact Fee Fund		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
-	-	-
778,106	767,735	(10,371)
-	-	-
-	-	-
778,106	767,735	(10,371)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
778,106	767,735	(10,371)
-	-	-
-	-	-
(531,087)	(364,068)	167,019
(531,087)	(364,068)	167,019
247,019	403,667	156,648
1,549,481	1,549,481	-
$ 1,796,500	$ 1,953,148	$ 156,648

(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, 2016

	Special Purpose Local Option Sales Tax Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property taxes	$ -	$ -	$ -
Sales taxes	-	-	-
Intergovernmental	3,126,081	1,654,849	(1,471,232)
Impact fees	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Other revenues	-	-	-
Total revenues	3,126,081	1,654,849	(1,471,232)
Expenditures:			
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public works	4,210,408	2,317,609	1,892,799
Housing and development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	4,210,408	2,317,609	1,892,799
Excess (deficiency) of revenues over (under) expenditures	(1,084,327)	(662,760)	421,567
Other financing sources (uses):			
Transfers in	1,084,327	1,000,000	(84,327)
Transfers out	-	-	-
Total other financing sources (uses)	1,084,327	1,000,000	(84,327)
Net change in fund balances	-	337,240	337,240
Fund balances, beginning of year	599,466	599,466	-
Fund balances, end of year	$ 599,466	$ 936,706	$ 337,240

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JULY 31, 2016

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, 2016 are expenditures and transfers out funded by intergovernmental revenue of $3,317,609. These amounts are excluded from the above schedule.

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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..... 80 – 93

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 ..... 94 – 103

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

Debt Capacity ..... 104 – 109

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 .....110 and 111

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 ..... 112 – 115

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			
	2007	2008	2009	2010
Governmental Activities				
Net investment in capital assets	$ 60,009,707	$ 60,352,897	$ 60,089,837	$ 60,622,894
Restricted	1,214,750	1,566,870	1,954,676	2,036,624
Unrestricted	5,768,939	5,197,192	5,586,322	5,239,070
Total governmental activities net position	$ 63,137,934	$ 66,993,396	$ 67,630,835	$ 67,898,588
Business-Type Activities				
Net investment in capital assets	$ 12,776,513	$ 12,195,150	$ 13,532,153	$ 11,607,708
Restricted	1,923,585	1,091,708	134,721	1,350,819
Unrestricted	1,061,924	2,707,452	2,422,675	2,730,595
Total business-type activities net position	$ 14,717,295	$ 15,762,022	$ 16,089,549	$ 15,689,122
Primary Government				
Net investment in capital assets	$ 68,368,578	$ 72,786,220	$ 72,548,047	$ 72,230,602
Restricted	4,855,044	3,138,335	2,658,578	3,387,443
Unrestricted	4,631,607	6,830,863	7,904,644	7,969,665
Total primary government net position	$ 77,855,229	$ 82,755,418	$ 83,111,269	$ 83,587,710

Fiscal Year					
2011	2012	2013	2014	2015	2016
$ 64,398,879	$ 64,305,483	$ 66,251,170	$ 67,435,901	$ 68,600,004	$ 70,522,573
2,714,174	1,837,952	1,952,554	2,098,212	2,902,027	3,825,714
2,763,931	2,763,931	5,147,215	6,067,942	2,804,841	2,261,422
$ 69,876,984	$ 68,907,366	$ 73,350,939	$ 75,602,055	$ 74,306,872	$ 76,609,709
$ 10,733,529	$ 10,733,529	$ 8,699,625	$ 8,502,525	$ 7,962,881	$ 7,916,518
1,507,269	1,507,269	2,286,019	2,723,599	2,987,802	2,998,621
2,844,349	2,844,349	2,902,804	2,436,768	1,986,662	2,610,938
$ 15,085,147	$ 15,085,147	$ 13,888,448	$ 13,662,892	$ 12,937,345	$ 13,526,077
$ 75,132,408	$ 75,039,012	$ 74,950,795	$ 75,938,426	$ 76,562,885	$ 78,439,091
4,221,443	3,345,221	4,238,573	4,821,811	5,889,829	6,824,335
5,608,280	5,608,280	8,050,019	8,504,710	4,791,503	4,872,360
$ 84,962,131	$ 83,992,513	$ 87,239,387	$ 89,264,947	$ 87,244,217	$ 90,135,786

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	$ 1,349,586	$ 1,217,486	$ 1,158,496	$ 1,084,097
Judicial	849,251	860,758	896,534	820,922
Public safety	6,144,495	6,520,196	6,847,442	6,676,928
Public works	1,751,093	2,786,357 (2)	1,883,585	1,765,659
Culture and recreation	39,053	-	-	-
Housing and development	1,100,831	1,134,852	1,034,348	946,682
Interest on long-term debt	205,627	196,039	186,816	177,001
Total governmental activities expenses	11,439,936	12,715,688	12,007,221	11,471,289
Business-type activities:				
Water and sewer	5,403,258	5,500,306	5,490,099	5,460,020
Stormwater	142,592	112,889	273,320 (7)	294,409
Solid waste	697,810	727,089	716,104	616,359 (11
Total business-type activities	6,243,660	6,340,284	6,479,523	6,370,788
Total primary government	$ 17,683,596	$ 19,055,972	$ 18,486,744	$ 17,842,077
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 423,077	$ 348,843	$ 469,854	$ 271,628 (12
Judicial	1,679,139	1,188,335	1,620,845	1,748,018
Public safety	35,609	127,415	449,589	81,738
Public works	- (1)	115,816 (3)	74,522 (3)	-
Culture and recreation	-	-	-	-
Housing and development	710,715 (1)	384,464 (4)	122,168 (4)	38,190 (4)
Operating grants and contributions	112,863	126,400	448,281 (10)	365,152 (10
Capital grants and contributions	2,932,053	1,194,669	1,001,476	1,107,764
Total governmental activities program revenues	5,893,456	3,485,942	4,186,735	3,612,490
Business-type activities:				
Charges for services:				
Water and sewer	4,526,852	4,624,121	4,905,681	4,810,109
Stormwater	474,224	489,195	493,799	494,976
Solid waste	697,958	726,883	718,570	632,549 (11
Capital grants and contributions	1,319,076	650,687	452,785 (5)	32,686 (5)
Total business-type activities program revenues	7,018,110	6,490,886	6,570,835	5,970,320
Total primary government program revenues	$ 12,911,566	$ 9,976,828	$ 10,757,570	$ 9,582,810

(Continued)

Fiscal Year					
2011	2012	2013	2014	2015	2016
$ 1,020,074	$ 1,023,395	$ 918,357	$ 938,311	$ 1,090,268	$ 1,499,530
719,103	584,782	491,867	562,483	591,966	649,968
6,589,191	6,505,689	6,579,434	6,556,219	7,218,353	8,307,210
1,629,730	1,707,680	1,618,047	2,095,224	1,305,120	1,784,682
1,321 (13)	10	19,672	19,877	4,024	1,756
820,882	774,059	919,084	1,042,536	1,205,233	1,445,102
165,407	154,685	270,964	158,192	143,584	151,836
10,945,708	10,750,300	10,817,425	11,372,842	11,558,548	13,840,083
5,736,799	5,838,861	5,602,921	5,867,412	5,616,165	5,652,208
423,132	354,558	270,252	302,784	407,049	413,917
628,225	668,891	657,636	655,272	662,473	631,887
6,788,156	6,862,310	6,530,809	6,825,468	6,685,687	6,698,012
$ 17,733,864	$ 17,612,610	$ 17,348,234	$ 18,198,310	$ 18,244,235	$ 20,538,095
$ 261,382	$ 278,237	$ 428,003	$ 381,491	$ 491,211	$ 738,418
1,192,244	1,090,808	815,119	1,076,456	941,816	1,149,394
73,026	85,134	71,393	99,443	78,677	56,856
(208)	109,514	109,514	-	-	-
-	-	-	-	-	-
35,500	59,916	388,878	731,387	511,033	1,009,230
283,528	156,016	528,838	560,303	712,268	609,313
1,107,764	2,756,869	251,021	2,003,847	1,327,532	1,804,969
2,953,236	4,536,494	2,592,766	4,852,927	4,062,537	5,368,180
4,956,688	5,058,146	4,951,031	5,164,682	5,175,387	5,523,564
494,238	482,941	497,904	509,426	741,777	763,764
631,930	630,019	606,376	623,294	658,728	674,937
88,690	37,644	232,047	297,696	300,975	309,040
6,171,546	6,208,750	6,287,358	6,595,098	6,876,867	7,271,305
$ 9,124,782	$ 10,745,244	$ 8,880,124	$ 11,448,025	$ 10,939,404	$ 12,639,485

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2007	2008	2009	2010
Net (expense)/revenue				
Governmental activities	$ (5,546,480)	$ (9,229,746)	$ (7,820,486)	$ (7,858,799)
Business-type activities	774,450	150,602	91,312	(400,468)
Total primary government net expense	$ (4,772,030)	$ (9,079,144)	$ (7,729,174)	$ (8,259,267)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 2,489,094	$ 2,670,751	$ 2,764,455	$ 2,670,285
Sales taxes	3,294,819	3,127,513	2,147,990	2,259,642
Other taxes	3,286,540	3,326,490	3,381,128	3,171,974
Unrestricted investment earnings	331,489	182,744 (6)	40,789 (6)	13,315 (6)
Gain on sale of capital assets	-	45,811	-	11,336
Transfers	-	-	-	-
Total governmental activities	9,401,942	9,353,309	8,334,362	8,126,552
Business-type activities:				
Unrestricted investment earnings	270,277	81,686 (6)	3,927 (6)	41 (6)
Gain on sale of capital assets	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	270,277	81,686	3,927	41
Total primary government	$ 9,672,219	$ 9,434,995	$ 8,338,289	$ 8,126,593
Change in Net Position				
Governmental activities	$ 3,855,462	$ 123,563	$ 513,876	$ 267,753
Business-type activities	1,044,727	232,288	95,239	(400,427)
Total primary government	$ 4,900,189	$ 355,851	$ 609,115	$ (132,674)

(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.

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

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

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

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
	$ (7,992,472)	$ (6,213,806)	$ (8,224,659)	$ (6,519,915)	$ (7,496,011)	$ (8,471,903)
	(616,610)	(653,560)	(243,451)	(230,370)	191,180	573,293
	$ (8,609,082)	$ (6,867,366)	$ (8,468,110)	$ (6,750,285)	$ (7,304,831)	$ (7,898,610)
	$ 2,651,885	$ 2,664,133	$ 2,879,031	$ 3,094,181	$ 3,134,679	$ 3,224,290
	2,215,415	2,374,473	2,369,274	2,561,460	2,799,116	3,049,230
	3,409,190	3,662,347	3,690,062	3,787,465	4,150,689	4,467,235
	11,940	9,253	6,374	5,893	8,217	16,929
	33,333	-	-	-	17,582	-
	-	-	-	-	-	-
	8,321,763	8,710,206	8,944,741	9,448,999	10,110,283	10,757,684
	2,443	2,035	108	52	306	931
	10,192	5,039	1,554	4,762	-	31,564
	-	-	-	-	-	-
	12,635	7,074	1,662	4,814	306	32,495
	$ 8,334,398	$ 8,717,280	$ 8,946,403	$ 9,453,813	$ 10,110,589	$ 10,790,179
	$ 329,291	$ 2,496,400	$ 720,082	$ 2,929,084	$ 2,614,272	$ 2,285,781
	(603,975)	(646,486)	(241,789)	(225,556)	191,486	605,788
	$ (274,684)	$ 1,849,914	$ 478,293	$ 2,703,528	$ 2,805,758	$ 2,891,569

(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
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 (1)	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	3,163,272	2,799,116	1,398,004	406,527	868,188	925,729
2016	3,224,290	3,049,230	1,404,682	339,911	927,516	997,986

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

Other Taxes	Total
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
552,241	10,113,077
797,140	10,740,755

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Reserved	$ 294,565	$ 233,337	$ 251,234	$ 193,539
Unreserved	3,168,063	2,903,291	2,896,626	2,904,019
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	$ 3,462,628	$ 3,136,628	$ 3,147,860	$ 3,097,558
All Other Governmental Funds				
Reserved	$ -	$ -	$ 14,847 (1)	$ -
Unreserved, reported in:				
Special revenue funds	75,970	136,193	409,933	302,866
Capital project funds	3,733,553	3,766,360	4,205,072	4,126,822
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	$ 3,809,523	$ 3,902,553	$ 4,629,852	$ 4,429,688

(1) Prepaid expenditures.

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	
$ -	$ -	$ -	$ -	$ -	$ -	
-	-	-	-	-	-	
145,621 (2)	252,215	136,186	134,854	130,449	210,087	
2,358,940 (2)	2,381,335	2,352,026	2,061,010	2,885,387	3,092,983	
545,370 (2)	1,044,598	2,362,619	4,337,610	3,556,522	2,400,709	
$ 3,049,931	$ 3,678,148	$ 4,850,831	$ 6,533,474	$ 6,572,358	$ 5,703,779	
$ -	$ -	$ -	$ -	$ -	$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	31,630	37,843	43,887	21,469	
319,171 (2)	126,229	526,916	554,604	753,080	935,860	
2,395,003 (2)	1,711,723	1,797,568	1,543,608	2,148,947	2,889,854	
25,417 (2)	286,085	69,677	-	-	-	
-	-	-	(183,013)	267,046	-	
$ 2,739,591	$ 2,124,037	$ 2,425,791	$ 1,953,042	$ 3,212,960	$ 3,847,183	

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Taxes	$ 9,067,548	$ 9,102,276	$ 8,252,754 (1	$ 8,076,848
Licenses and permits	404,811	300,705 (5)	261,485 (5)	217,086 (5)
Intergovernmental	82,039	801,844 (6)	1,187,335 (10)	1,450,723 (14)
Fines and forfeitures	1,685,084	1,292,402 (7)	2,040,086 (11)	1,798,758
Charges for services	34,833	146,998	112,990	41,443
Main Street	- (2)	-	-	-
Impact fees	710,715 (4)	384,064 (5)	121,768 (5)	37,890 (5)
Contributions	58,608	20,460	12,079	18,146
Interest income	331,489	182,744 (8)	40,789 (8)	17,262 (8)
Other revenues	13,097	51,597	200,649 (12)	44,497
Total revenues	12,388,224	12,283,090	12,229,935	11,702,653
Expenditures				
General government	1,122,977	1,172,837	1,026,932	1,019,212
Judicial	825,873	862,715	895,312	828,909
Public safety	5,807,045	5,965,835	6,429,522	6,304,775
Public works	1,101,204	1,176,544	1,087,963	1,007,576
Culture and recreation	-	-	-	-
Housing and development	846,697	850,737	851,542	743,571
Capital outlay	1,320,032 (3)	2,246,574 (9)	573,427 (13)	1,526,584 (15)
Debt service				
Principal	468,652	474,107	456,149	378,721
Interest	192,204	185,217	173,579	165,971
Issuance costs	-	-	-	-
Total expenditures	11,684,684	12,934,566	11,494,426	11,975,319
Excess of revenues over (under) expenditures	703,540	(651,476)	735,509	(272,666)
Other financing sources (uses)				
Capital leases	284,664	367,209	-	-
Issuance of debt	-	-	-	-
Discount on certificates of participation	-	-	-	-
Proceeds from sale of assets	21,624	51,297	3,022	22,200
Payment to escrow agent	-	-	-	-
Transfers in	574,958	531,041	112,490	400,811
Transfers out	(574,958)	(531,041)	(112,490)	(400,811)
Total other financing sources (uses)	306,288	418,506	3,022	22,200
Net change in fund balances	$ 1,009,828	$ (232,970)	$ 738,531	$ (250,466)
Debt service as a percentage of noncapital expenditures	6.3%	5.5%	5.7%	5.1%

(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.

Fiscal Year						
2011	2012	2013	2014	2015	2016
$ 8,319,973	$ 8,704,436	$ 8,946,907	$ 9,439,385	$ 10,113,077	$ 10,748,014
217,496	229,816	369,157	321,693	391,641	605,257
745,573 (14)	393,202	2,171,246	1,537,932	1,676,503	2,219,017
1,236,945	1,143,693	854,263	1,072,854	917,448	1,103,205
34,528	148,823	352,612	312,492	401,364	427,977
-	-	29,288	31,710	35,071	35,414
35,229	57,836	196,424	526,850	262,447	767,735
21,472	12,806	281,436	307,452	322,768	155,057
14,311	10,282	6,419	5,893	8,217	16,929
37,746	43,441	91,121	63,976	55,295	54,518
10,663,273	10,744,335	13,298,873	13,620,237	14,183,831	16,133,123
959,036	929,487	871,018	900,303	1,038,603	1,396,104
718,830	580,976	492,832	563,783	597,843	654,217
6,167,299	6,354,094	5,863,779	5,802,578	6,778,141	7,454,179
912,264	928,008	906,708	914,808	870,572	921,742
1,321 (16)	10	19,672	19,877	4,024	1,756
640,226	625,145	1,095,329	1,130,669	1,089,323	1,328,880
2,543,618 (15)	739,582	2,765,825	2,859,150	2,230,877	3,859,669
338,899	429,955	259,615	232,102	561,212	638,119
154,232	144,508	198,312	144,888	141,391	138,362
-	-	76,048	-	-	-
12,435,725	10,731,765	12,549,138	12,568,158	13,311,986	16,393,028
(1,772,452)	12,570	749,735	1,052,079	871,845	(259,905)
-	-	-	-	388,760	768,055
-	-	3,115,000	143,200	-	-
-	-	-	-	-	-
34,728	93	7,676	14,615	32,197	16,529
-	-	(3,055,278)	-	-	-
912,284	489,601	459,829	807,129	1,835,032	2,722,254
(912,284)	(489,601)	(459,829)	(807,129)	(1,835,032)	(2,705,198)
34,728	93	67,398	157,815	420,957	801,640
$ (1,737,724)	$ 12,663	$ 817,133	$ 1,209,894	$ 1,292,802	$ 541,735
4.9%	5.7%	4.6%	3.7%	6.5%	6.1%

(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
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
2016	3,231,549	3,049,230	1,404,682	410,703	927,516

(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
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
997,986	726,348	10,748,014

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
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
2016	395,758,690	308,710,848	11,173,566	1,321,672	10,399,688	29,407,350

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)
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%
936,012	6,112,866	751,594,960	3.874	1,878,987,400	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
2016	0.05	5.84	21.35	3.02	0.86	3.87	31.11

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

CITY OF FAYETTEVILLE, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Fiscal Year 2016 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Fiscal Year 2007 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
DDRTC Fayette Pavilion I & II	$ 24,761,160	1	8.85%	$ 31,027,200	1	3.74%
DDRTC Fayette Pavilion III & IV	11,570,672	3	4.14%	22,646,940	2	2.73%
Piedmont Fayette Medical & Office Bldg	6,110,208	5	2.18%	-	.	-
Piedmont Hospital Inc	6,218,496	4	2.22%	6,708,628	3	0.81%
Chartwell Cobblestone, LLC	4,048,000	10	1.45%	-	.	-
AB Banks Crossing Limited Partnership	-	.	-	5,648,400	5	0.68%
CP Summit Retail LLC	6,033,076	6	2.16%	6,138,088	4	0.74%
Norbelle LLC	4,519,276	9	1.62%	4,757,352	10	0.57%
CA New Plan Acquisition Fund & LLC	-	.	-	5,183,600	7	0.62%
Pinewood Atlanta, LLC	5,350,018	8	1.91%	-	.	-
Inland South Fayette (Wal-Mart)	-	.	-	5,028,000	9	0.61%
Brent Scarborough & Company, Inc.	14,238,354	2	5.09%	5,356,153	6	0.65%
Fayetteville Towne Center	-	.	-	5,087,676	8	0.61%
NG Ban Crossing LLC	5,810,292	7	2.08%	-	.	-
Total	$ 88,659,552		31.70%	$ 97,582,037		11.76%

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
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
2016	2,827,868	2,822,251	99.8	-	2,822,251	99.8

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Residential (1)	383.18	335.84	321.75	300.96	289.10	308.97	271.12	273.35	274.86	282.87
Commercial (1)	113.27	112.95	44.51	91.13	95.51	93.85	98.84	85.05	85.49	88.56
Senior (1)	40.70	39.61	82.33	58.79	69.20	58.26	67.76	71.34	68.74	70.65
Other (1)	11.76	11.94	15.23	11.17	16.50	14.26	11.72	9.45	9.18	13.85
Total usage	548.91	500.34	463.82	462.05	470.31	475.34	449.44	439.19	438.27	455.93
Total direct rate per 1,000 gallons (2)	$ 2.65	$ 2.65	$ 2.90	$ 2.90	$ 2.90	$ 2.90	$ 2.90	$ 2.97	$ 3.04	$ 3.11

(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
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
2016	15.55	3.11	28.53	3.11	13.23	3.11

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
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
17.46	3.12	30.62	3.12	14.83	3.12

CITY OF FAYETTEVILLE, GEORGIA

TEN LARGEST WATER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2016			Fiscal Year 2007		
Taxpayer	Total Water Revenue	Rank	Percentage of Total Water Revenue	Total Water Revenue	Rank	Percentage of Total Water Revenue
Banks Station	$ 22,825	1	0.94%	$ 29,095	1	1.30%
HCCC, Inc.	14,282	7	0.59%	10,820	9	0.48%
Marksman Landscaping	-		-	11,057	8	0.49%
Fayette County Jail Complex	29,199	1	1.20%	13,580	4	0.61%
Swanbrook	26,715	2	1.10%	14,573	2	0.65%
Bay Branch Condo	18,165	4	0.75%	13,877	3	0.62%
Board of Commissioners	15,547	6	0.64%	12,896	5	0.58%
Cobblestone of Fayette	9,424	8	0.39%	12,812	6	0.57%
Summit Retail	16,531	5	0.68%	12,200	7	0.54%
Cassandra Bush	6,088	10	0.25%	-		-
Fayetteville Towne Center	-		-	8,108	10	0.36%
Magnolia Park Daycare (VANE)	11,318	7	0.47%	-		-
Centemarc Construction	8,054	9	0.33%	-		-
Subtotal (10 Largest)	178,147		7.34%	139,018		6.20%
			-			
Balance from Other Customers	2,250,067		92.66%	2,102,854		93.80%
Total	$ 2,428,214		100.00%	$ 2,241,872		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 2016			Fiscal Year 2007		
Taxpayer	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue
Piedmont Healthcare	$ 120,421	1	5.58%	$ -		-
Inland Group	50,054	2	2.32%	-		-
Banks Station	23,856	4	1.11%	24,229	1	1.08%
Fayette County Jail Complex	29,343	3	1.36%	10,304	6	0.46%
Marksman Landscaping	-		-	9,035	8	0.40%
Bay Branch Condo	19,738	6	0.92%	12,888	3	0.57%
Swanbrook	23,277	5	1.08%	13,248	2	0.59%
Board of Commissioners	16,181	8	0.75%	12,233	4	0.55%
Cobblestone Fayette	-		-	11,235	5	0.50%
HCCC, Inc	-		-	8,603	9	0.38%
Fayetteville Towne Center	-		-	6,915	10	0.31%
Summit Retail	17,111	7	0.79%	10,247	7	0.46%
Magnolia Park Daycare (VANE)	14,476	10	0.67%	-		-
Lafayette Nursing Home	14,595	9	0.68%	-		-
Subtotal (10 Largest)	329,051		15.26%	118,937		7.51%
Balance from Other Customers	1,827,593		84.74%	1,465,535		92.49%
Total	$ 2,156,644		100.00%	$ 1,584,472		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
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
2016	2,600,000	1,385,000	898,659	614,357	5,498,016

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			
$ 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
17,970,996	-	17,970,996	23,469,012	4.38	1,381

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CITY OF FAYETTEVILLE, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JULY 31, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Fayette County School District	$ 52,864,972	10 %	$ 5,286,497
Fayette County Public Facilities Authority	33,475,000	10 %	3,347,500
Total overlapping debt			8,633,997
City of Fayetteville direct debt			5,498,016
Total direct and overlapping debt			$ 14,132,013

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

	2007	2008	2009	2010
Debt limit	$ 83,212,043	$ 89,939,999	$ 93,588,199	$ 92,813,761
Total net debt applicable to limit	-	-	-	-
Legal debt margin	$ 83,212,043	$ 89,939,999	$ 93,588,199	$ 92,813,761
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.

2011	2012	2013	2014	2015	2016
$ 84,490,929	$ 79,656,146	$ 70,601,178	$ 69,975,823	$ 70,314,949	$ 75,770,783
-	-	-	-	-	-
$ 84,490,929	$ 79,656,146	$ 70,601,178	$ 69,975,823	$ 70,314,949	$ 75,770,783
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	$ 751,594,960
Add back: exempt real property	6,112,866
Total assessed value	757,707,826
Debt limit (10% of assessed value)	75,770,783
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	$ 75,770,783

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
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
2016	6,287,328	3,986,165	2,301,163	700,000	658,719	1.69

NOTES:

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

Utility service charges include tap fees, but exclude interest.

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

CITY OF FAYETTEVILLE, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

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
2016	16,990	536,119	31,555	41.3	20,078	4.4

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 2016			Fiscal Year 2007		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fayette County Board of Education	1,279	1	22.02%	585	4	9.52%
Fayette Hospital	185	4	3.19%	930	1	15.13%
CGL Facility Management LLC	250	3	4.30%	-		-
Brent Scarborough & Company, Inc.	161	5	2.77%	-		-
Wal-mart Stores, Inc	-		-	650	3	10.58%
Kroger	105	9	1.81%	219	6	3.56%
Publix	134	6	2.31%	145	9	2.36%
Lowes's	-		-	138	10	2.25%
Home Depot	112	8	1.93%	176	7	2.86%
Kindred Transitional Care/Rehabilitation	130	7	2.24%	-		-
Concrete Supply Company	725	2	12.48%	-		-
Fayette County Government	-		-	697	2	11.34%
Fayette Medical	-		-	230	5	3.74%
Target	55	10	0.95%	150	8	2.44%
Allan Vigil Ford of Fayetteville	-		-	-		-
Total	3,136		54.00%	3,335		63.78%

SOURCE:
City of Fayetteville, Georgia records.

CITY OF FAYETTEVILLE, GEORGIA

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	13	13	10	14	14	13	13	13	15	18
Judicial	2	2	2	2	2	2	2	2	3	3
Public safety										
Police	49	54	48	45	45	44	46	42	45	48
Fire	26	30	36	36	36	35	35	37	31	33
Public works	14	14	13	12	12	11	11	10	11	9
Housing and development	9	9	6	5	5	6	6	3	6	8
Main Street Tourism	2	2	2	2	2	2	2	2	2	1
Water and Sewer										
Water	12	12	10	10	10	10	7	10	10	10
Wastewater	14	14	11	10	10	7	6	2	3	3
Total	141	150	138	136	136	130	128	121	126	133

SOURCE:
City of Fayetteville, Georgia records

CITY OF FAYETTEVILLE, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	2007	2008	2009	2010	2011	2012	2013
Mayor And Council							
Citizen contacts	4,859	4,626	7,000	5,000	5,000	4,600	4,600
Council meetings	25	26	24	26	26	25	25
Correspondence generated	85	81	150	100	100	80	65
Finance and Administration							
A/P checks processed	4,869	4,354	4,066	4,282	4,200	3,739	3,943
Business licenses processed	2,157	2,337	2,250	2,092	2,100	2,217	2,183
Utility bills generated	99,286	100,337	101,877	101,010	101,051	99,936	101,105
Information Technology							
Number of work orders received	529	530	528	600	600	600	600
Hits on City website per year	181,776	164,475	115,882	125,000	150,000	150,000	150,000
Municipal Court							
Citations processed	10,033	8,060	7,742	8,704	8,000	6,518	5,585
Cases adjudicated	11,990	7,319	7,900	9,131	9,000	5,301	4,845
Average inmates per month	16	20	12	14	12	9	5
Police							
Number of arrests	1,427	1,434	1,392	1,521	1,431	1,382	1,145
Number of traffic accidents	1,396	1,148	1,621	1,084	1,351	1,317	1,388
Citations/warnings issued	7,869	9,752	11,624	10,969	10,398	10,161	8,449
Fire							
Emergency calls	2,560	2,656	2,691	2,737	2,800	3,110	2,850
Hydrants maintained	1,250	1,250	1,289	1,300	1,315	1,261	1,280
Inspections completed	1,431	1,391	1,436	1,391	1,400	1,381	1,450
Public Works							
Miles resurfaced	1.3	1.3	1.3	1.5	1.5	1.3	1.5
Miles of cracks sealed	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Miles of right of way mowed	435	445	455	465	465	352	390
Housing And Development							
Building permit inspections	4,097	3,087	3,087	2,294	2,300	2,300	2,398
Development plan applications	28	15	9	-	8	7	11
Erosion control inspections	2,085	1,643	1,060	461	460	427	460
Water And Sewer							
Water - gallons processed (X 1,000)	388,624	319,419	359,764	427,071	322,906	300,269	224,093
Wastewater - gallons processed (X 1,000)	716,985	684,408	561,675	630,894	637,203	543,576	548,332
New meter installations	54	25	11	13	15	14	139

SOURCE:

City of Fayetteville, Georgia records.

2014	2015	2016
4,600	4,598	4,600
24	27	25
70	75	76
4,013	4,678	3,515
2,409	2,500	2,459
103,446	103,049	103,405
665	600	600
152,436	400,990	430,850
6,693	5,727	7,954
5,096	5,909	7,610
5	3	2
940	1,330	1,430
1,326	1,149	1,556
6,450	7,262	7,901
2,518	2,689	2,889
642	1,287	1,287
1,908	1,364	1,280
0.0	0.0	0.0
0.0	0.0	1.0
386	410	470
3,286	2,303	2,727
4	10	12
409	193	237
224,013	215,760	210,840
713,125	743,425	905,662
71	51	62

CITY OF FAYETTEVILLE, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	4	4	4	4	5
Public Works										
Parks	5	5	5	5	5	5	5	5	5	5
Highways/streets	63.30	63.30	63.30	63.30	63.30	63.30	63.30	63.30	63.30	66.30
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	3	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	26
Miles of sewer lines	126	126	126	126	126	126	126	126	126	129
Miles of water lines	108	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	2,848
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)

	Fayette County		System Well/Water Plant			
Calendar Year	Volume	Percent	Volume	Percent	Total Usage	Percent Change
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	1.9
2016	287,590	57.7	210,840	42.3	498,430	3.9

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
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
2016	2.34	N/A

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

Source: City of Fayetteville, Georgia records.

CITY OF FAYETTEVILLE, GEORGIA

WATER AND SEWER CUSTOMERS
LAST TEN CALENDAR YEARS

Calendar Year	Number of Water Customers	% Increase Water Customers	Number of Sewer Customers	% Sewer to Water Customers
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
2016	6,891	0.5	7,170	104.0

SOURCE:
City of Fayetteville, Georgia records.

CITY OF FAYETTEVILLE, GEORGIA

WATER AND SEWER USER FEES AND CHARGES

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

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

The minimum water and sewer bill is based on the first 2,000 gallons of water usage. In addition to the charges for water and sewerage usage, the City charges a connection fee for new water and sewer services based upon the size of water meter as indicated in the following table:

Meter Size	Meter Charge	Installed	Tap	Sewer	Total for Water and Sewer
5/8 - 3/4"	$ 900	Y	$ 400	$ 1,479	$ 2,779
1"	1,200	Y	400	2,464	4,064
1.5"	1,500	Y	400	4,928	6,828
2"	2,000	Y	400	7,885	10,285
3"	2,500	N	-	14,785	17,285
4"	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 $29.55 per month. The average residential sewer bill is approximately $31.50 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 26, 2017.

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 26, 2017

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JULY 31, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF FAYETTEVILLE, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JULY 31, 2016

STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.

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