







Est. 1823

FAYETTEVILLE

GEORGIA

















City of Fayetteville, Georgia

Comprehensive Annual Financial Report

For the Year Ended July 31, 2017

CITY OF FAYETTEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JULY 31, 2017

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, 2017

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 – 13
- Basic Financial Statements:
  - Government-wide Financial Statements:
    - Statement of Net Position 14
    - Statement of Activities ..... 15 and 16
  - Fund Financial Statements:
    - Balance Sheet – Governmental Funds ..... 17 and 18
    - Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds ..... 19 and 20
    - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 21
    - General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual ..... 22 and 23
    - Statement of Net Position – Proprietary Funds ..... 24 and 25
    - Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 26
    - Statement of Cash Flows – Proprietary Funds ..... 27 and 28
  - Notes to Financial Statements ..... 29 – 60
- Required Supplementary Information:
  - Schedule of Changes in the City's Net Pension Liability and Related Ratios 61
  - Schedule of City Contributions 62
- Combining and Individual Fund Statements and Schedules:
  - Combining Balance Sheet – Nonmajor Governmental Funds ..... 63 and 64
  - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds ..... 65 and 66
  - Special Revenue Funds – Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual ..... 67 – 73
  - Capital Projects Funds – Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual ..... 74 – 77

CITY OF FAYETTEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JULY 31, 2017

TABLE OF CONTENTS

Page

STATISTICAL SECTION

- Net Position by Component ..... 78 and 79
- Changes in Net Position ..... 80 – 83
- Governmental Activities Tax Revenues by Source ..... 84 and 85
- Fund Balances of Governmental Funds ..... 86 and 87
- Changes in Fund Balances of Governmental Funds ..... 88 and 89
- General Governmental Tax Revenues by Source ..... 90 and 91
- Assessed Value and Estimated Actual Value of Taxable Property ..... 92 and 93
- Property Tax Rates – Direct and Overlapping Governments 94
- Principal Property Taxpayers 95
- Property Tax Levies and Collections 96
- Water Sold by Customer Type 97
- Water and Sewer User Rates ..... 98 and 99
- Ten Largest Water Customers 100
- Ten Largest Sewer Customers 101
- Ratios of Outstanding Debt by Type ..... 102 and 103
- Direct and Overlapping Governmental Activities Debt 104
- Legal Debt Margin Information ..... 105 and 106
- Pledged-Revenue Coverage 107
- Demographic and Economic Statistics 108
- Principal Employers 109
- Full-Time Equivalent City Government Employees by Function 110
- Operating Indicators by Function ..... 111 and 112
- Capital Asset Statistics by Function 113

CONTINUING DISCLOSURE SECTION

- Water Supply by Source 114
- Wastewater Treatment Plant Average Flow 115
- Water and Sewer Customers 116
- Water and Sewer User Fees and Charges 117

CITY OF FAYETTEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JULY 31, 2017

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* ..... **118 and 119**

Independent Auditor's Report on Compliance for Each Major Program And On Internal Control Over Compliance Required by the Uniform Guidance ..... **120 and 121**

Schedule of Expenditures of Federal Awards **122**

Notes to Schedule of Expenditures of Federal Awards **123**

Schedule of Findings and Responses ..... **124 and 125**

Summary Schedule of Prior Year Findings **126**

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City of Fayetteville
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MAYOR
Edward Johnson

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

CITY MANAGER
Ray Gibson

CITY CLERK
Anne Barksdale

January 23, 2018

Honorable Edward Johnson Jr., Mayor
Members of the City Council
And Citizens of Fayetteville, Georgia

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Fayetteville, Georgia (the "City") for the fiscal year ended July 31, 2017 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 2017, the City was required to undergo a Single Audit for the GEFA Grant.

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 16,705. The median housing value in Fayetteville is $229,898. Renters make up about 25% of the City's population; while 68.7% own homes. 6.3% of the homes and apartments are vacant in the City. The City remains affordable to residents as the per capita income is $32,762

The total number of new commercial permits issued during fiscal year 2017 was eleven (11), valued at $63,415.31 as compared to twenty-three (23) permits issued during fiscal year 2016. The city's vacant inventory by percentage is 6.88% overall, with 5.92% retail, 7.0% industrial and 9.32% office.

The unemployment rate for Fayetteville raised from 4.4% to 5.2% with a job growth of 2.2%. Sales and office type jobs are the most prominent jobs in Fayetteville, followed by management, business, and financial operation.

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

The Mayor and City Council have set the goals that our financial planning adheres to by providing the necessary and available resources. The overall goals are (1) Achieve all goals while striving for the lowest total cost for public services. (2) Maintain a managed growth policy that requires quality development in concert with our economic development strategy. (3) Provide for the public safety and welfare by committing appropriate resources to police, fire, streets, recreation, water and sewer, and support services. (4) Continue cooperative efforts with other governments and government agencies. (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 2017, the City was able to add 39 new employees. Thirteen were in General Government position, thirteen in the Police Department, six in the Fire Department, three in the Economic Development, and four more in the Public Services Department. Once again, the City had an increase in personal services and benefits. The increase was due mainly to the increasing cost of health insurance. 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 2017, Mainstreet Tourism Authority reinvested in its 15-year old amphitheater with additional lawn seating and general long-term maintenance projects totaling over 65,000.

The most significant project occurred was within Finance Department with the implementation of the final module to the New Software System, which was the payroll module.

Within the Capital Projects 2 Fund, 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.

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, 2016. This was the twentieth-first 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 2016. This was the tenth consecutive year that the government has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

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

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

Respectfully submitted,





Ray Gibson
City Manager

Mike Bush
Director of Finance and Administrative Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fayetteville

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

July 31, 2016

Christopher P. Morrill

Executive Director/CEO

CITY OF FAYETTEVILLE, GEORGIA

LIST OF PRINCIPAL OFFICIALS

MAYOR
Edward Johnson

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

CITY MANAGER
Ray Gibson

CITY CLERK
Anne Barksdale

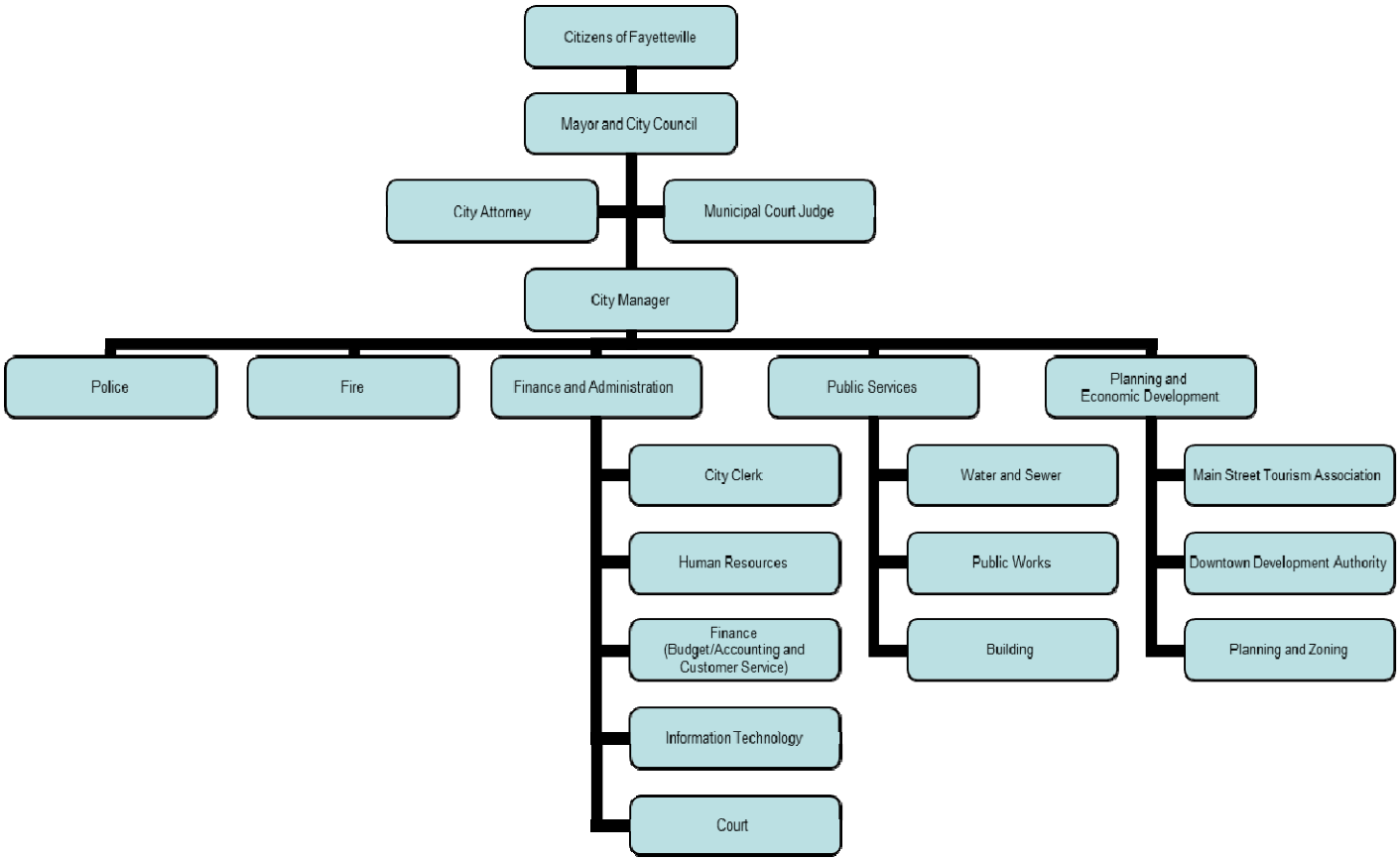
DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES
Mike Bush

CITY ATTORNEY
David Winkle

CITY AUDITORS
Mauldin & Jenkins, LLC

CITY OF FAYETTEVILLE, GEORGIA

ORGANIZATIONAL CHART



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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, 2017, 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, 2017, 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 13), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 61), and the Schedule of City Contributions (on page 62) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fayetteville, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Fayetteville, Georgia. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of the City.

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

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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2018, on our consideration of the City of Fayetteville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Fayetteville, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fayetteville, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
January 23, 2018

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CITY OF FAYETTEVILLE, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JULY 31, 2017

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, 2017. 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 2017 are as follows:
In total, combined net position increased by $2,753,743 which represents a 3.06% increase over FY 2016. This increase can primarily be attributed to investments in capital assets.

- Combined tax revenues accounted for $11,726,623 or 66.4% 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 $5,904,773 or 25.1% of total revenues of $17,663,535 from governmental activities.

- The City had $15,038,578 in expenses related to governmental activities; $$5,904,773 of these expenses were offset by charges for services, grants, and contributions. General revenues (primarily taxes) of $11,726,623 provided for these services as well as increasing the City's net position by $2,624,957.

- Total Water and Sewer Fund revenues for fiscal year 2017 were $6,468,741. Total expenses for fiscal year 2017 were $5,758,719. Capital contributions were recorded in the amount of $124,147, including but not limited to donated property and sewer proportionate share. The change in net position after depreciation and non-operating revenues/expenses was $148,135 for the fiscal year-end 2017.

- Revenues from the General Fund were $12,623,937 fiscal year 2017, an increase of approximately 6.7% over the prior fiscal year, due to an increase in taxes and fines and forfeitures. General Fund expenditures totaled $12,160,037 for the fiscal year ending July 31, 2017, an increase of 9.9% 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 (3) Capital Projects 2 Fund.and (4) 2017 Special Purpose Local Option Sales Tax (SPLOST) Fund.

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

Proprietary Funds

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

Financial Analysis

The fiscal year 2017 total net position represents an increase of 3.31% over fiscal year 2016. 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	
	2017	2016	**2017**	2016	**2017**	2016
Current and other assets	$ 12,476,547	$ 12,513,777	$ 8,146,997	$ 7,183,355	$ 20,623,544	$ 19,697,132
Capital assets	78,031,976	75,938,494	25,183,876	25,732,679	103,215,852	101,671,173
Total assets	90,508,523	88,452,271	33,330,873	32,916,034	123,839,396	121,368,305
Deferred outflows of resources	1,428,457	1,820,756	414,258	562,669	1,842,715	2,383,425
Long-term liabilites	11,073,365	11,159,374	19,256,470	19,173,390	30,329,835	30,332,764
Other liabilities	1,520,691	2,137,647	808,404	693,314	2,329,095	2,830,961
Total liabilities	12,594,056	13,297,021	20,064,874	19,866,704	32,658,930	33,163,725
Deferred outflows of resources	108,258	366,297	25,394	85,922	133,652	452,219
Net position:						
Net investment in capital assets	72,963,871	70,522,573	7,233,909	7,916,518	80,197,780	78,439,091
Restricted	3,866,029	3,825,714	3,004,607	2,998,621	6,870,636	6,824,335
Unrestricted	2,404,766	2,261,422	3,416,347	2,610,938	5,821,113	4,872,360
Total net position	$ 79,234,666	$ 76,609,709	$ 13,654,863	$ 13,526,077	$ 92,889,529	$ 90,135,786

TABLE 2 – CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total Activities	
	2017	2016	**2017**	2016	**2017**	2016
Revenues						
Program revenues:						
Charges for services	$ 2,322,531	$ 2,953,898	$ 7,106,351	$ 6,962,265	$ 9,428,882	$ 9,916,163
Operating grants and contributions	574,307	609,313	-	-	574,307	609,313
Capital grants and contributions	3,007,935	1,804,969	124,147	309,040	3,132,082	2,114,009
Total program revenues	5,904,773	5,368,180	7,230,498	7,271,305	13,135,271	12,639,485
General revenues:						
Property taxes	3,377,638	3,224,290	-	-	3,377,638	3,224,290
Other taxes	8,348,985	7,516,465	-	-	8,348,985	7,516,465
Unrestricted investment earnings	32,139	16,929	852	931	32,991	17,860
Gain on sale of capital assets	-	-	8,234	31,564	8,234	31,564
Transfers	-	17,056	-	(17,056)	-	-
Total general revenues	11,758,762	10,774,740	9,086	15,439	11,767,848	10,790,179
Total revenues	17,663,535	16,142,920	7,239,584	7,286,744	24,903,119	23,429,664
Expenses						
General government	1,897,428	1,499,530	-	-	1,897,428	1,499,530
Judicial	588,769	649,968	-	-	588,769	649,968
Public safety	8,804,976	8,307,210	-	-	8,804,976	8,307,210
Public works	1,782,748	1,784,682	-	-	1,782,748	1,784,682
Culture and recreation	30	1,756	-	-	30	1,756
Housing and development	1,807,358	1,445,102	-	-	1,807,358	1,445,102
Interest on long-term debt	157,269	151,836	-	-	157,269	151,836
Water and sewer	-	-	6,088,714	5,652,208	6,088,714	5,652,208
Stormwater	-	-	365,125	413,917	365,125	413,917
Solid waste	-	-	656,959	631,887	656,959	631,887
Total expenses	15,038,578	13,840,083	7,110,798	6,698,012	22,149,376	20,538,095
Change in net position	2,624,957	2,302,837	128,786	588,732	2,753,743	2,891,569
Net position, beginning of year, as restated	76,609,709	74,306,872	13,526,077	12,937,345	90,135,786	87,244,217
Net position, end of year	$ 79,234,666	$ 76,609,709	$ 13,654,863	$ 13,526,077	$ 92,889,529	$ 90,135,786

Governmental Activities

Please note that public safety expenses of $7,796,665 represent 64% of the total governmental expenses. The next most significant program expense is general government, which totals $1,892,285 or 15.6% of the total.

Business-Type Activities

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

Cost of Program Services

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

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

TABLE 3 – Governmental and Business Type Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	**2017**	2016
General government	$ 1,897,428	$ 1,499,530	$ (1,228,880)	$ (760,992)
Judicial	588,769	649,968	318,861	499,426
Public safety	8,804,976	8,307,210	(8,151,162)	(7,682,126)
Public works	1,782,748	1,784,682	1,052,216	(119,150)
Culture and recreation	30	1,756	(30)	(1,756)
Housing and development	1,807,358	1,445,102	(967,541)	(255,470)
Interest on long-term debt	157,269	151,836	(157,269)	(151,836)
Total governmental activities	15,038,578	13,840,083	(9,133,805)	(8,471,903)
Business-type activities	7,110,798	6,698,012	119,700	573,293
Total expenses	$ 22,149,376	$ 20,538,095	$ (9,014,105)	$ (7,898,610)

Governmental Fund Balance

At the end of the fiscal year 2017, the combined ending fund balances for the City's Governmental Funds were $10,921,982. Of the total fund balance, $10,625,509 is available as working capital for current spending in accordance with the purposes of the specific funds. The remainder of the fund balance, $296,473, 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 2017 was $6,706,678, which indicates an increase in fund balance over the previous year by $1,002,899. The increase in the General Fund's fund balance is due to $301,000 being transferred back from the Capital Projects 2 Fund. During the prior year, the General Fund transferred $1,000,000 to the Capital Projects 2 Fund to finish a capital project. During the fiscal year ending 2017, the Capital Projects 2 Fund transferred back unspent monies of $301,000 to the General Fund after the project was completed. The Capital Projects 2 Fund's fund balance has decreased by $777,155 due to the transfers between the General Fund during the prior year and current year for the completion of one of the final construction projects left in that program. There is only one account left open in this Capital Projects 2 Fund's program. Information provided in Table 4 is from the *Governmental Funds Balance Sheet* on pages 17 and 18.

TABLE 4 – Governmental Fund Balance

	2017	2016
General Fund	$ 6,706,678	$ 5,703,779
Capital Projects 2 Fund*	159,551	936,706
Other Governmental Funds	4,055,753	3,686,568
Total	$ 10,921,982	$ 10,327,053

*Formerly referred to as the SPLOST Fund.

Proprietary Net Position

At the end of the fiscal year 2017, the combined net position of the City's Proprietary Funds were $13,654,863. The most significant event that took place in the Water and Sewer Funds was the increase of supplies and contracted services and the increase in revenue collections.

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 $12,623,937 were less than the final budgeted amount of $12,881,932 by $257,995.
- The actual expenditures of $12,160,037 were less than the final budgeted amount of $13,685,432 by $1,525,395. This difference was primarily due to less capital outlay than expected during the current year.
- The original budget had to be increased by $824,500 due to the change in revenues. Sales taxes were originally budgeted as $3,183,607 with actual revenues of $3,627,566 for a total increase of $443,959; other taxes were originally budgeted as $4,001,315 with actual revenues of $4,241,517 for a total increase of $240,202; intergovernmental revenues were originally budgeted as $243,130 with actual revenues of $399,837 for an increase of $156,707; and fines and forfeitures were originally budgeted as $1,050,000 with actual revenues of $853,628 for a decrease of $196,372.

Capital Assets and Debt Administration

At the end of fiscal year 2017, the City had $103,215,852 invested in capital assets, which is an increase over fiscal year 2016 of $1,544,679. Table 5 shows fiscal years 2017 and 2016 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	
	2017	2016	**2017**	2016	**2017**	2016
Land	$ 7,844,071	$ 7,343,564	$ 1,630,139	$ 1,630,139	$ 9,474,210	$ 8,973,703
Historical treasures	91,279	91,279	-	-	91,279	91,279
Construction in progress	791,965	4,597,540	1,039,521	953,031	1,831,486	5,550,571
Buildings	4,741,644	5,819,813	-	-	4,741,644	5,819,813
Land improvements	1,007,263	1,043,246	-	-	1,007,263	1,043,246
Equipment	3,476,646	3,132,222	319,457	269,854	3,796,103	3,402,076
Infrastructure	60,079,108	53,910,830	22,194,759	22,879,655	82,273,867	76,790,485
Total	$ 78,031,976	$ 75,938,494	$ 25,183,876	$ 25,732,679	$ 103,215,852	$ 101,671,173

Debt

The City reported outstanding debt of $19,256,470 as of July 31, 2017. Debt for the Business-type activities relates to the Water and Sewerage Revenue Bonds that were issued in FY2013 to refinance the cost of the 2003 Water and Sewerage Revenue Bonds, the Water and Sewer Fund's allocated portion of the net pension liability, and Water and Sewerage issuance of GEFA note payable in FY2017 to make improvements to the city's stormwater infrastructure. The amount of outstanding debt in Governmental Activities includes Certificates of Participation (COPS) with Georgia Municipal Association (GMA), revenue bonds, compensated absences, capital leases, net pension liability, and notes payable totaling $11,073,365. This amount increased over the prior year as a result of an additional lease purchase transaction and additional compensated absences and the implementation of GASB Statement No. 68 and 71 requiring the City to report a net pension liability. Table 6 – *Outstanding Long-Term Liabilities* reflects information provided in Note 8.

TABLE 6 – Outstanding Long-Term Liabilities

	Governmental Activities		Business-type Activities	
	2017	2016	**2017**	2016
Notes payable	$ 389,925	$ 614,357	$ 801,206	$ -
Compensated absences	773,018	535,358	-	-
Net pension liability	5,165,442	5,126,000	1,211,646	1,202,394
Capital leases	1,184,980	898,659	-	-
Certificates of participation	2,390,000	2,600,000	-	-
Bonds payable:				
Revenue bonds	1,170,000	1,385,000	17,195,000	17,910,000
Deferred amounts:				
Premium	-	-	48,618	60,996
Total bonds payable	1,170,000	1,385,000	17,243,618	17,970,996
Total long-term liabilities	$ 11,073,365	$ 11,159,374	$ 19,256,470	$ 19,173,390

Current Issues

Economic Factors and Next Year's Budget and Rates

Today, the population for the City of Fayetteville decreased by 285 and is estimated to be 16,705. Despite the decrease in population, the City continued to see growth in the City's General Fund revenues, which have increased from $3,840,328 in 1994 to $16,623,937 in 2017. 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, 2017

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 5,929,234	$ 2,111,947	$ 8,041,181
Investments	4,811,245	-	4,811,245
Taxes receivable	695,816	-	695,816
Accounts receivable, net of allowances	142,649	906,469	1,049,118
Due from other governments	336,323	-	336,323
Internal balances	(24,380)	24,380	-
Inventories	25,992	144,586	170,578
Prepaid expenses	270,481	22,963	293,444
Restricted assets, cash and cash equivalents	289,187	4,936,652	5,225,839
Capital assets, nondepreciable	8,727,315	2,669,660	11,396,975
Capital assets, depreciable, net of accumulated depreciation	69,304,661	22,514,216	91,818,877
Total assets	90,508,523	33,330,873	123,839,396
DEFERRED OUTFLOWS OF RESOURCES			
Pension	1,361,657	319,401	1,681,058
Deferred charge on refunding	66,800	94,857	161,657
Total deferred outflows of resources	1,428,457	414,258	1,842,715
LIABILITIES			
Accounts payable	892,495	508,038	1,400,533
Accrued liabilities	119,482	300,366	419,848
Unearned revenues	508,714	-	508,714
Capital leases due within one year	304,846	-	304,846
Capital leases due in more than one year	880,134	-	880,134
Compensated absences due within one year	386,495	-	386,495
Compensated absences due in more than one year	386,523	-	386,523
Certificates of participation due within one year	215,000	-	215,000
Certificates of participation due in more than one year	2,175,000	-	2,175,000
Notes payable due within one year	45,511	-	45,511
Notes payable due in more than one year	344,414	801,206	1,145,620
Bonds payable due within one year	220,000	735,000	955,000
Bonds payable due in more than one year	950,000	16,508,618	17,458,618
Net pension liability	5,165,442	1,211,646	6,377,088
Total liabilities	12,594,056	20,064,874	32,658,930
DEFERRED INFLOWS OF RESOURCES			
Pension	108,258	25,394	133,652
Total deferred inflows of resources	108,258	25,394	133,652
NET POSITION			
Net investment in capital assets	72,963,871	7,233,909	80,197,780
Restricted for:			
Debt service	-	3,004,607	3,004,607
Law enforcement	132,572	-	132,572
Cemetery improvements	23,128	-	23,128
Veterans memorial	229	-	229
Downtown development	610,101	-	610,101
Tourism	419,654	-	419,654
Other capital projects	2,680,345	-	2,680,345
Unrestricted	2,404,766	3,416,347	5,821,113
Total net position	$ 79,234,666	$ 13,654,863	$ 92,889,529

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, 2017

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	$ 1,897,428	$ 668,408	$ -	$ 140
Judicial	588,769	907,630	-	-
Public safety	8,804,976	69,557	405,256	179,001
Public works	1,782,748	-	6,170	2,828,794
Culture and recreation	30	-	-	-
Housing and development	1,807,358	676,936	162,881	-
Interest on long-term debt	157,269	-	-	-
Total governmental activities	15,038,578	2,322,531	574,307	3,007,935
Business-type activities:				
Water and sewer	6,088,714	5,709,452	-	124,147
Stormwater	365,125	759,289	-	-
Solid waste	656,959	637,610	-	-
Total business-type activities	7,110,798	7,106,351	-	124,147
Total primary government	$ 22,149,376	$ 9,428,882	$ 574,307	$ 3,132,082
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Alcoholic beverage excise taxes				
Business and occupation taxes				
Insurance premium taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (1,228,880)	$ -	$ (1,228,880)
318,861	-	318,861
(8,151,162)	-	(8,151,162)
1,052,216	-	1,052,216
(30)	-	(30)
(967,541)	-	(967,541)
(157,269)	-	(157,269)
(9,133,805)	-	(9,133,805)
-	(255,115)	(255,115)
-	394,164	394,164
-	(19,349)	(19,349)
-	119,700	119,700
(9,133,805)	119,700	(9,014,105)
3,377,638	-	3,377,638
3,627,566	-	3,627,566
1,418,440	-	1,418,440
366,163	-	366,163
1,132,578	-	1,132,578
1,006,241	-	1,006,241
797,997	-	797,997
32,139	852	32,991
-	8,234	8,234
11,758,762	9,086	11,767,848
2,624,957	128,786	2,753,743
76,609,709	13,526,077	90,135,786
$ 79,234,666	$ 13,654,863	$ 92,889,529

CITY OF FAYETTEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JULY 31, 2017

ASSETS	General Fund	Capital Projects 2 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 2,199,947	$ 219,855	$ 3,509,432	$ 5,929,234
Investments	4,811,245	-	-	4,811,245
Taxes receivable	616,895	-	78,921	695,816
Accounts receivable	142,649	-	-	142,649
Due from other governments	-	26,827	309,496	336,323
Due from other funds	176,753	499,200	528,497	1,204,450
Inventories	8,323	-	17,669	25,992
Prepaid expenditures	248,371	-	22,110	270,481
Restricted assets	-	-	289,187	289,187
Total assets	$ 8,204,183	$ 745,882	$ 4,755,312	$ 13,705,377
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 240,341	$ 586,331	$ 65,823	$ 892,495
Accrued liabilities	96,293	-	3,057	99,350
Due to other funds	637,299	-	591,531	1,228,830
Unearned revenue	469,566	-	39,148	508,714
Total liabilities	1,443,499	586,331	699,559	2,729,389
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	54,006	-	-	54,006
Total deferred inflows of resources	54,006	-	-	54,006

CITY OF FAYETTEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JULY 31, 2017

	General Fund	Capital Projects 2 Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES				
Fund balances:				
Nonspendable	$ 256,694	$ -	$ 39,779	$ 296,473
Restricted	-	159,551	4,015,974	4,175,525
Assigned	3,385,000	-	-	3,385,000
Unassigned	3,064,984	-	-	3,064,984
Total fund balances	6,706,678	159,551	4,055,753	10,921,982
Total liabilities, deferred inflows of resources, and fund balances	$ 8,204,183	$ 745,882	$ 4,755,312	
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.				$ 78,031,976
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.				54,006
The net pension liability and related deferred outflows and inflows of resources are not financial resources and, therefore, are not reported in the governmental funds.				(3,912,043)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.				(5,861,255)
Net position of governmental activities				$ 79,234,666

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

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2017

	General Fund	Capital Projects 2 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 10,554,211	$ -	$ 1,180,434	$ 11,734,645
Licenses and permits	530,484	-	-	530,484
Intergovernmental	399,837	2,519,298	488,497	3,407,632
Fines and forfeitures	853,628	-	20,514	874,142
Charges for services	164,966	-	265,650	430,616
Impact fees	-	-	403,916	403,916
Contributions	5,419	-	104,566	109,985
Interest income	32,019	-	120	32,139
Rental income	-	-	36,275	36,275
Other revenues	83,373	-	28,350	111,723
Total revenues	12,623,937	2,519,298	2,528,322	17,671,557
Expenditures				
Current:				
General government	1,892,285	-	-	1,892,285
Judicial	581,762	-	-	581,762
Public safety	7,796,665	-	27,447	7,824,112
Public works	1,011,184	-	-	1,011,184
Culture and recreation	-	-	30	30
Housing and development	878,141	-	1,361,234	2,239,375
Capital outlay:				
General government	-	-	134,865	134,865
Judicial	-		-	-
Public safety	-	-	365,316	365,316
Public works	-	2,995,653	444,285	3,439,938
Housing and development	-	-	21,994	21,994
Debt service:				
Principal	-	-	943,811	943,811
Interest	-	-	134,793	134,793
Total expenditures	12,160,037	2,995,653	3,433,775	18,589,465
Excess (deficiency) of revenues over (under) expenditures	463,900	(476,355)	(905,453)	(917,908)

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JULY 31, 2017

	General Fund	Capital Projects 2 Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses):				
Proceeds from capital leases	$ -	$ -	$ 580,700	$ 580,700
Proceeds from sale of assets	32,137	-	900,000	932,137
Transfers in	548,419	-	961,271	1,509,690
Transfers out	(41,557)	(300,800)	(1,167,333)	(1,509,690)
Total other financing sources (uses)	538,999	(300,800)	1,274,638	1,512,837
Net change in fund balances	1,002,899	(777,155)	369,185	594,929
Fund balances, beginning of year	5,703,779	936,706	3,686,568	10,327,053
Fund balances, end of year	$ 6,706,678	$ 159,551	$ 4,055,753	$ 10,921,982

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

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CITY OF FAYETTEVILLE, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JULY 31, 2017

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

Net change in fund balances - total governmental funds	$	594,929
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.		2,849,428
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(755,946)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(8,022)
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.		363,111
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.		(418,543)
Change in net position - governmental activities	$	2,624,957

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 2,824,751	$ 2,552,751	$ 2,685,128	$ 132,377
Sales taxes	3,183,607	3,627,607	3,627,566	(41)
Other taxes	4,001,315	4,355,815	4,241,517	(114,298)
Licenses and permits	517,350	545,350	530,484	(14,866)
Intergovernmental	243,130	400,080	399,837	(243)
Fines and forfeitures	1,050,000	1,050,000	853,628	(196,372)
Charges for services	164,806	223,856	164,966	(58,890)
Contributions	8,505	9,505	5,419	(4,086)
Interest income	10,000	33,000	32,019	(981)
Other revenues	53,968	83,968	83,373	(595)
Total revenues	12,057,432	12,881,932	12,623,937	(257,995)
Expenditures:				
Current:				
General government:				
Mayor and council	153,012	222,012	174,775	47,237
Clerk of council	55,686	113,807	102,338	11,469
City manager	137,938	143,939	142,940	999
Financial administration	590,228	632,927	607,024	25,903
Public information	-	83,250	44,033	39,217
Law	113,946	140,946	129,841	11,105
Data processing	260,771	278,271	257,246	21,025
Human resources	79,867	117,423	93,227	24,196
Building and plant	105,787	360,288	340,861	19,427
Total general government	1,497,235	2,092,863	1,892,285	200,578
Judicial:				
Municipal court	659,001	659,001	581,762	77,239
Public safety:				
Police administration	721,328	1,217,558	334,138	883,420
Investigations	800,425	820,041	809,611	10,430
Patrol	2,504,059	2,458,635	2,421,917	36,718
Police stations and buildings	91,828	110,728	104,820	5,908
Support services	705,721	738,021	680,211	57,810
Fire administration	373,005	377,005	366,825	10,180
Fire fighting	2,714,254	2,789,754	2,768,788	20,966
Fire prevention	167,137	256,393	232,789	23,604
Fire training	103,256	-	-	-
Fire station 91 and headquarters	56,580	56,580	46,872	9,708
Fire station 92	33,662	33,662	18,792	14,870
Fire station 93	17,900	17,400	11,902	5,498
Total public safety	8,289,155	8,875,777	7,796,665	1,079,112

(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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Public works:				
Public works administration	$ 133,909	$ 133,909	$ 114,354	$ 19,555
Highways and streets	886,273	944,273	896,830	47,443
Total public works	1,020,182	1,078,182	1,011,184	66,998
Housing and development:				
Inspection	349,278	349,278	328,872	20,406
Planning and zoning	307,891	319,141	317,555	1,586
Engineering and development	50,340	132,340	132,271	69
Economic development	98,850	98,850	95,798	3,052
Park area	80,000	80,000	3,645	76,355
Total housing and development	886,359	979,609	878,141	101,468
Total expenditures	12,351,932	13,685,432	12,160,037	1,525,395
Excess (deficiency) of revenues over (under) expenditures	(294,500)	(803,500)	463,900	1,267,400
Other financing sources (uses):				
Proceeds from sale of assets	12,500	32,500	32,137	(363)
Transfers in	15,000	549,000	548,419	(581)
Transfers out	(20,000)	(20,000)	(41,557)	(21,557)
Total other financing sources (uses)	7,500	561,500	538,999	(22,501)
Net change in fund balances	(287,000)	(242,000)	1,002,899	1,244,899
Fund balances, beginning of year	5,703,779	5,703,779	5,703,779	-
Fund balances, end of year	$ 5,416,779	$ 5,461,779	$ 6,706,678	$ 1,244,899

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

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JULY 31, 2017

ASSETS	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	$ 1,986,320	$ 125,627	$ 2,111,947
Accounts receivable, net of allowances	906,469	-	906,469
Due from other funds	61,416	-	61,416
Inventories	144,586	-	144,586
Prepaid expenses	22,963	-	22,963
Restricted assets, cash, and cash equivalents	4,936,652	-	4,936,652
Total current assets	8,058,406	125,627	8,184,033
NONCURRENT ASSETS			
Capital assets:			
Capital assets, nondepreciable	2,669,660	-	2,669,660
Capital assets, depreciable, net of accumulated depreciation	22,514,216	-	22,514,216
Total capital assets	25,183,876	-	25,183,876
Total noncurrent assets	25,183,876	-	25,183,876
Total assets	33,242,282	125,627	33,367,909
DEFERRED OUTFLOWS OF RESOURCES			
Pension	319,401	-	319,401
Deferred charge on refunding	94,857	-	94,857
Total deferred outflows of resources	414,258	-	414,258
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	398,605	109,433	508,038
Accrued liabilities	141,011	-	141,011
Due to other funds	18,264	18,772	37,036
Current portion of revenue bonds payable from restricted assets	735,000	-	735,000
Accrued interest	159,355	-	159,355
Total current liabilities	1,452,235	128,205	1,580,440
NONCURRENT LIABILITIES			
Net pension liability	1,211,646	-	1,211,646
Revenue bonds payable, net of current portion	16,508,618	-	16,508,618
Notes payable, net of current portion	801,206	-	801,206
Total noncurrent liabilities	18,521,470	-	18,521,470
Total liabilities	19,973,705	128,205	20,101,910

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JULY 31, 2017

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
DEFERRED INFLOWS OF RESOURCES			
Pension	25,394	-	25,394
Total deferred inflows of resources	25,394	-	25,394
NET POSITION			
Net investment in capital assets	$ 7,233,909	$ -	$ 7,233,909
Restricted for debt service	3,004,607	-	3,004,607
Unrestricted	3,418,925	(2,578)	3,416,347
Total net position	$ 13,657,441	$ (2,578)	$ 13,654,863

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, 2017

	Major Enterprise Fund	Nonmajor Enterprise Fund	
	Water and Sewer Fund	Solid Waste Fund	Totals
OPERATING REVENUES			
Charges for services:			
Water sales pledged as security for revenue bonds	$ 2,639,024	$ -	$ 2,639,024
Sewer sales pledged as security for revenue bonds	2,991,613	-	2,991,613
Stormwater sales pledged as security for revenue bonds	759,289	-	759,289
Sanitation charges	-	637,610	637,610
Other fees and charges	78,815	-	78,815
Total operating revenues	6,468,741	637,610	7,106,351
OPERATING EXPENSES			
Personal services and employee benefits	1,715,170	-	1,715,170
Contracted services	1,025,571	656,959	1,682,530
Supplies	1,637,912	-	1,637,912
Depreciation	1,380,066	-	1,380,066
Total operating expenses	5,758,719	656,959	6,415,678
Operating income (loss)	710,022	(19,349)	690,673
NON-OPERATING INCOME (EXPENSES)			
Gain on disposal of assets	8,234	-	8,234
Interest income	852	-	852
Interest expense	(695,120)	-	(695,120)
Total non-operating expenses, net	(686,034)	-	(686,034)
Income (loss) before capital contributions	23,988	(19,349)	4,639
CAPITAL CONTRIBUTIONS	124,147	-	124,147
Change in net position	148,135	(19,349)	128,786
NET POSITION, beginning of year	13,509,306	16,771	13,526,077
NET POSITION, end of year	$ 13,657,441	$ (2,578)	$ 13,654,863

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, 2017

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 6,558,065	$ 712,954	$ 7,271,019
Payments to suppliers and service providers	(2,578,813)	(628,780)	(3,207,593)
Payments to employees	(1,829,493)	-	(1,829,493)
Net cash provided by operating activities	2,149,759	84,174	2,233,933
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property and equipment	(833,895)	-	(833,895)
Proceeds from sale of property and equipment	10,865	-	10,865
Proceeds from bonds	801,206	-	801,206
Principal paid on bonds	(715,000)	-	(715,000)
Interest paid	(650,344)	-	(650,344)
Capital contributions	124,147	-	124,147
Net cash used in capital and related financing activities	(1,263,021)	-	(1,263,021)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	852	-	852
Net cash provided by investing activities	852	-	852
Increase in cash and cash equivalents	887,590	84,174	971,764
Cash and cash equivalents:			
Beginning of year	6,035,382	41,453	6,076,835
End of year	$ 6,922,972	$ 125,627	$ 7,048,599
Classified as:			
Cash and cash equivalents	$ 1,986,320	$ 125,627	$ 2,111,947
Restricted assets, cash and cash equivalents	4,936,652	-	4,936,652
	$ 6,922,972	$ 125,627	$ 7,048,599

(Continued)

CITY OF FAYETTEVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2017

	Major Enterprise Fund Water and Sewer Fund	Nonmajor Enterprise Fund Solid Waste Fund	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 710,022	$ (19,349)	$ 690,673
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,380,066	-	1,380,066
Decrease in accounts receivable	89,324	-	89,324
Increase in inventories	(4,216)	-	(4,216)
Decrease in due from other funds	17,420	75,344	92,764
Decrease in deferred outflows of resources - pension	88,433	-	88,433
Decrease in prepaid expenses	45,149	-	45,149
Increase in accrued liabilities	35,788	-	35,788
Increase in accounts payable	26,317	55,810	82,127
Decrease in deferred inflows of resources - pension	(60,528)	-	(60,528)
Increase in net pension liability	9,252	-	9,252
Decrease in due to other funds	(187,268)	(27,631)	(214,899)
Net cash provided by operating activities	$ 2,149,759	$ 84,174	$ 2,233,933

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 in that the City manages the activities of the component unit in essentially the same manner in which it manages its own programs, departments, or agencies. The Main Street Tourism Association is reviewed and audited along with the primary government financial statements in accordance with the GASB statements noted above, however, separate financial statements are not prepared.

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 ***Capital Projects 2 Fund*** was formerly referred to as the Special Purpose Local Option Sales (SPLOST) Fund. This fund previously accounted for SPLOST and other expenditures relating to the renovation of existing City buildings, recreation projects and construction of roads, and all such projects under the former SPLOST referendum were completed with the close of fiscal year ended July 31, 2016, with a residual fund balance that was non-SPLOST in nature continuing forward to provide other capital projects whose funding is derived from other special sources of revenue.

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

E. Receivables and Payables

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

F. Inventories

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

G. Prepaid Expenditures/Expenses

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

H. Restricted Assets

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

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

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

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

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.

P. Tax Abatement Agreements

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

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 $5,861,255 difference are as follows:

Accrued interest payable	$ (20,132)
Compensated absences payable	(773,018)
Notes payable	(389,925)
Capital leases	(1,184,980)
Revenue bonds	(1,170,000)
Certificates of participation	(2,390,000)
Deferred refunding loss	66,800
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (5,861,255)

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 $2,849,428 difference are as follows:

Capital outlay	$ 4,390,233
Depreciation expense	(1,540,805)
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 2,849,428

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 $363,111 difference are as follows:

Debt issued:		
Capital leases	$	(580,700)
Principal repayments:		
Certificates of participation		210,000
Revenue bonds		215,000
Note payable		224,432
Capital leases		294,379
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	363,111

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 $418,543 difference are as follows:

Compensated absences	$	(237,660)
Accrued interest		(7,181)
Net pension liability and related deferred outflows and inflows of resources		(158,407)
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*	$	(418,543)

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, 2017, 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, 2017, 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, 2017, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	20 day weighted average	$ 4,561,418
Certificate of Deposit	August 2017	99,991
Certificate of Deposit	February 2018	149,836
		$ 4,811,245

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, 2017, all of the deposits for the City were fully collateralized in accordance with the state statutes.

NOTE 5. RECEIVABLES

Receivables at July 31, 2017 for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Water and Sewer	Nonmajor Governmental Funds	Total
Receivables:				
Taxes	$ 616,895	$ -	$ 78,921	$ 695,816
Accounts	173,413	1,028,861	-	1,202,274
Gross receivables	790,308	1,028,861	78,921	1,898,090
Less allowance for uncollectibles	30,764	122,392	-	153,156
Net total receivables	$ 759,544	$ 906,469	$ 78,921	$ 1,744,934

NOTE 6. PROPERTY TAXES

The City receives its property tax revenue from Fayette County, which assesses, levies, and collects the taxes, including real and personal property, mobile homes, and motor vehicles. Tax bills were levied to taxpayers on August 24, 2017, and were due and payable on November 15, 2017. All unpaid taxes became delinquent as of November 16, 2017. Property taxes attached as an enforceable lien on property as of January 15, 2018. Receivables are recorded when taxes are levied.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended July 31, 2017, is as follows:

A. Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 7,343,564	$ 500,507	$ -	$ -	$ 7,844,071
Historical treasures	91,279	-	-	-	91,279
Construction in progress	4,597,540	3,055,985	-	(6,861,560)	791,965
Total	12,032,383	3,556,492	-	(6,861,560)	8,727,315
Capital assets, being depreciated:					
Buildings	11,038,112	70,000	(885,982)	-	10,222,130
Land improvements	1,380,002	17,010	-	-	1,397,012
Infrastructure	66,101,745	331,399	-	6,611,560	73,044,704
Equipment	6,141,222	415,332	(129,540)	250,000	6,677,014
Total	84,661,081	833,741	(1,015,522)	6,861,560	91,340,860
Less accumulated depreciation for:					
Buildings	5,218,299	521,763	(259,576)	-	5,480,486
Land improvements	336,756	52,993	-	-	389,749
Infrastructure	12,190,915	774,681	-	-	12,965,596
Equipment	3,009,000	191,368	-	-	3,200,368
Total	20,754,970	1,540,805	(259,576)	-	22,036,199
Total assets, being depreciated, net	63,906,111	(707,064)	(755,946)	6,861,560	69,304,661
Governmental activities capital assets, net	$ 75,938,494	$ 2,849,428	$ (755,946)	$ -	$ 78,031,976

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	953,031	739,103	-	(652,613)	1,039,521
Total	2,583,170	739,103	-	(652,613)	2,669,660
Capital assets, being depreciated:					
Water and plant distribution system	11,809,986	-	-	-	11,809,986
Sewer plant and extensions	34,518,589	-	-	276,009	34,794,598
Stormwater system	3,254,199	-	(2,631)	376,604	3,628,172
Equipment	1,233,194	94,792	(41,650)	-	1,286,336
Total	50,815,968	94,792	(44,281)	652,613	51,519,092
Less accumulated depreciation for:					
Water and plant distribution system	10,183,279	361,195	-	-	10,544,474
Sewer plant and extensions	15,840,887	890,194	-	-	16,731,081
Stormwater system	678,953	83,489	-	-	762,442
Equipment	963,340	45,188	(41,649)	-	966,879
Total	27,666,459	1,380,066	(41,649)	-	29,004,876
Total assets, being depreciated, net	23,149,509	(1,285,274)	(2,632)	652,613	22,514,216
Business-type activities capital assets, net	$ 25,732,679	$ (546,171)	$ (2,632)	$ -	$ 25,183,876

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

Governmental activities:	
General government	$ 104,576
Public safety	566,577
Public works	742,993
Housing and development	126,659
Total depreciation expense - governmental activities	$ 1,540,805
Business-type activities:	
Water and sewer	$ 1,380,066
Total depreciation expense - business-type activities	$ 1,380,066

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, 2017, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Water and Sewer Fund	3.00 - 4.50%	23 years	2032	$ 9,870,000	$ 9,695,000

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 2013A and 2013B, and complete the refunding totaled $330,775. This refunding resulted in an economic gain of $567,355. Revenue bonds outstanding at July 31, 2017, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Water and Sewer Fund, Series 2013A	2.35 - 4.00%	20 years	2033	$ 6,750,000	$ 6,750,000
	Plus unamortized premium				45,757
	Total 2013A				6,795,757
2013B	2.00 - 2.25%	5 years	2019	2,635,000	750,000
	Plus unamortized premium				2,861
	Total 2013B				752,861
	Total 2013A and 2013B			$ 9,385,000	$ 7,548,618

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
2018	$ 735,000	$ 636,520
2019	745,000	621,145
2020	770,000	596,082
2021	790,000	573,282
2022	815,000	549,162
2023-2027	4,690,000	2,338,582
2028-2032	6,085,000	1,211,836
2033-2035	2,565,000	133,700
Total	$ 17,195,000	$ 6,660,309

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, 2017, the levied tax by the City totaled $2,291,083 and the total debt service related to the revenue bonds totaled $246,810. Amounts pledged equal total debt service for each applicable year. Revenue bonds outstanding at July 31, 2017, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Downtown Development Authority	2.49%	10 years	2021	$ 1,885,000	$ 1,170,000

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
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	$ 1,170,000	$ 74,326

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, 2017, the levied tax by the City totaled $2,291,083 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, 2017:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
4.17%	15 years	2023	$ 540,000	$ 275,280

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, 2017, the levied tax by the City totaled $2,291,083 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, 2017:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
4.70%	5 years	2019	$ 143,200	$ 114,645

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

Year Ending July 31,	Principal	Interest
2018	$ 45,511	$ 16,598
2019	146,116	13,806
2020	40,941	7,847
2021	42,666	6,122
2022	44,463	4,324
2023-2024	70,228	2,949
Total	$ 389,925	$ 51,646

The City has also incurred debt to the Georgia Environmental Facilities Authority for construction of various water and sewer system projects. This note is a construction line of credit agreement with a rate of 2.03% for $801,206, of which $1,465,000 had been drawn as of July 31, 2017. A debt service requirements to maturity schedule is not presented for the construction line of credit as this note payable is in the draw down phase as of July 31, 2017, and repayment will be determined when construction is complete and all draws have been made.

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, 2017, are as follows:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2.27%	13 years	2026	$ 3,115,000	$ 2,390,000

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

Year Ending July 31,	Principal	Interest
2018	$ 215,000	$ 51,699
2019	220,000	46,772
2020	225,000	41,733
2021	230,000	39,185
2022	235,000	33,975
2023-2027	1,265,000	87,429
Total	$ 2,390,000	$ 300,793

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%. During the year ended July 31, 2017, the City entered into a lease-purchase agreement with the Georgia Municipal Association for the purchase of a vehicle in the amount of $580,700 for the public safety department. The lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and have been recorded at the present value of the future minimum lease payments as of the date of their inception. The vehicle leases are being serviced by Building Fund payments with annual interest rates of 2.06%.

The City reported accumulated depreciation and depreciation expense in the respective amounts of $391,839 and $194,659 on the above leased assets as of July 31, 2017.

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, 2017:

Year Ending July 31,	
2018	$ 320,795
2019	287,322
2020	187,269
2021	87,215
2022	87,215
2023-2026	305,689
Total minimum lease payments	1,275,505
Less amount representing interest	(90,525)
Present value of future minimum lease payments	1,184,980
Less current maturities	(304,846)
	$ 880,134

NOTE 8. LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended July 31, 2017, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	$ 1,385,000	$ -	$ (215,000)	$ 1,170,000	$ 220,000
Certificates of participation	2,600,000	-	(210,000)	2,390,000	215,000
Notes payable	614,357	-	(224,432)	389,925	45,511
Capital leases	898,659	580,700	(294,379)	1,184,980	304,846
Net pension liability	5,126,000	1,764,661	(1,725,219)	5,165,442	-
Compensated absences	535,358	610,281	(372,621)	773,018	386,495
Governmental activities Long-term liabilities	$ 11,159,374	$ 2,955,642	$ (3,041,651)	$ 11,073,365	$ 1,171,852
Business-type activities:					
Bonds payable:					
Revenue bonds	$ 17,910,000	$ -	$ (715,000)	$ 17,195,000	$ 735,000
Deferred amount:					
Premium	60,996	-	(12,378)	48,618	-
Total bonds payable	17,970,996	-	(727,378)	17,243,618	735,000
Notes payable	-	801,206	-	801,206	-
Net pension liability	1,202,394	413,933	(404,681)	1,211,646	-
Business-type activites Long-term liabilities	$ 19,173,390	$ 1,215,139	$ (1,132,059)	$ 19,256,470	$ 735,000

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, 2017, the total outstanding amount of bonds considered defeased was $521,000 for the water and sewer bonds and $1,100,000 for the Downtown Development Authority bonds.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of July 31, 2017, is as follows:

	Payable Fund				
Receivable Fund	General Fund	Water and Sewer Fund	Nonmajor Enterprise Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 18,264	$ -	$ 158,489	$ 176,753
Capital Projects 2 Fund	499,200	-	-	-	499,200
Water and Sewer Fund	42,644	-	18,772	-	61,416
Nonmajor governmental funds	95,455	-	-	433,042	528,497
Total	$ 637,299	$ 18,264	$ 18,772	$ 591,531	$ 1,265,866

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	Capital Projects 2 Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 300,800	$ 247,619	$ 548,419
Nonmajor governmental funds	41,557	-	919,714	961,271
Total	$ 41,557	$ 300,800	$ 1,167,333	$ 1,509,690

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, 2017, 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 (O.C.G.A.) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

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

NOTE 11. DEFINED BENEFIT PENSION PLAN

Plan Description

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

Plan Membership

As of January 1, 2017, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	66
Inactive plan members entitled to but not receiving benefits	72
Active plan members	125
	263

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. For the year ended July 31, 2017, the City's contribution rate was 15.53% of annual payroll. City contributions to the Plan were $910,444 for the year ended July 31, 2017.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2016.

Actuarial Assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25% plus service based merit increases
Investment rate of return	7.75%

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, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45 %	6.75 %
International equity	20	7.45
Real estate	10	4.55
Global fixed income	5	3.3
Domestic fixed income	20	1.75
Total	100 %	

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, 2017, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at July 31, 2016	$ 18,031,300	$ 11,702,906	$ 6,328,394
Changes for the year:			
Service cost	263,826	-	263,826
Interest	1,361,621	-	1,361,621
Differences between expected and actual experience	479,242	-	479,242
Assumption changes	-	-	-
Contributions - employer	-	784,036	(784,036)
Contributions - employee	-	37,550	(37,550)
Net investment income	-	1,308,314	(1,308,314)
Benefit payments, including refunds of employee contributions	(923,996)	(923,996)	-
Administrative expense	-	(21,005)	21,005
Other	52,900	-	52,900
Net changes	1,233,593	1,184,899	48,694
Balances at July 31, 2017	$ 19,264,893	$ 12,887,805	$ 6,377,088

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%, 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%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	$ 9,104,876	$ 6,377,088	$ 4,121,185

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, 2016 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, 2017, the City recognized pension expense of $1,103,793. At July 31, 2017, 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	$ 922,354	$ -
Changes in assumptions	-	(106,480)
Net difference between projected and actual earnings on pension plan investments	-	(27,172)
City contributions subsequent to the measurement date	758,704	-
Total	$ 1,681,058	$ (133,652)

City contributions subsequent to the measurement date of $758,704 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, 2018. 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:	
2018	$ 344,187
2019	334,742
2020	190,997
2021	(81,224)
Total	$ 788,702

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, 2017, the City's contribution to the Plan was $54,277. The amount contributed by employees was $138,454.

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	$	248,371
Inventories		8,323
Building Fund		
Prepaid items		21,804
Downtown Development Authority Fund		
Prepaid items		95
Main Street Tourism Association Fund		
Prepaid items		211
Inventories		17,669

- ***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.	$	132,572
Veterans Memorial Park Fund - used for the design and construction of a Veterans Memorial.		229
Cemetery Fund - accounts for the revenues earned from a trust set up for cemetery improvements.		23,128
Downtown Development Authority Fund - used for housing and development within the City.		610,101
Main Street Tourism Association Fund - used for the promotion of tourism in the City of Fayetteville, Georgia.		419,654
Capital Projects Funds		
Capital Projects 2 Fund - used to account for capital projects financed with intergovernmental revenues.		159,551
Impact Fee Fund - accounts for capital projects activity funded by development impact fees.		1,963,000
Building Fund - accounts for capital projects activity funded by state road maintenance fees.		557,794
General Fund		
Three-month operating reserve, as provided for in adopted City policy	$	3,385,000

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Contingencies

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

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at July 31, 2017, the City has contractual commitments on uncompleted construction contracts of approximately $675,410.

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, 2017, the City collected $289,638 of hotel/motel taxes, and transferred 100% of the lodging tax received during the year ended July 31, 2017 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, 2017, 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, 2017:

Revenues	$190,264
Expenditures	$190,264

NOTE 18. TAX ABATEMENT AGREEMENTS

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

The Fayette County Board of Commissioners authorizes industries which promote the development of trade, commerce, industry and employment opportunities in the City to participate in the Economic Development Program. Abatements of real and personal property taxes are provided to companies based on a criteria calculation which includes targeted industry, capital investment and employment. The abatement may reduce the amount of property taxes paid over ten or twenty years. The agreements may contain claw back provisions which would result in the re-payment of the annual tax abatement for each year the Company fails to meet its jobs/investment commitment. For the fiscal year ended July 31, 2017, the City abated property taxes totaling $ 111,937.

NOTE 19. 2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX

The City recognized special purpose local option sales tax (SPLOST) revenues of $309,496 for the fiscal year ended July 31, 2017, for which the City did not incur any expenditures related to the 2017 SPLOST Referendum. Therefore, the City did not present a schedule of expenditures of special purpose local option sales tax proceeds as part of the supplementary schedule in the financial statements.

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

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

Notes to the Schedule

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

SCHEDULE OF CITY CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JULY 31

	2017	2016	2015
Actuarially determined contribution	$ 910,444	$ 761,413	$ 772,471
Contributions in relation to the actuarially determined contribution	910,444	761,413	772,471
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	5,753,146	4,388,256	4,101,931
Contributions as a percentage of covered-employee payroll	15.8%	17.4%	18.8%

Notes to the Schedule

Valuation date	January 1, 2017
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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

Capital Project Funds

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

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

CITY OF FAYETTEVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JULY 31, 2017

	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	$ -	$ 132,572	$ -	$ 229	$ 23,128
Taxes receivable	22,592	-	56,329	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Restricted assets	-	-	-	-	-
Total assets	$ 22,592	$ 132,572	$ 56,329	$ 229	$ 23,128
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	22,592	-	56,329	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	22,592	-	56,329	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	132,572	-	229	23,128
Total fund balances	-	132,572	-	229	23,128
Total liabilities and fund balances	$ 22,592	$ 132,572	$ 56,329	$ 229	$ 23,128

		Capital Projects Funds			
Downtown Development Authority Fund	Main Street Tourism Association Fund	Building Fund	Impact Fee Fund	2017 SPLOST Fund	Total Nonmajor Governmental Funds
$ 240,813	$ 444,131	$ 645,891	$ 2,022,668	$ -	$ 3,509,432
-	-	-	-	-	78,921
-	-	-	-	309,496	309,496
321,035	63,908	95,910	47,644	-	528,497
95	211	21,804	-	-	22,110
-	17,669	-	-	-	17,669
56,202	-	232,985	-	-	289,187
$ 618,145	$ 525,919	$ 996,590	$ 2,070,312	$ 309,496	$ 4,755,312
$ 7,205	$ 46,924	$ 11,694	$ -	$ -	$ 65,823
744	2,313	-	-	-	3,057
-	-	405,298	107,312	-	591,531
-	39,148	-	-	-	39,148
7,949	88,385	416,992	107,312	-	699,559
95	17,880	21,804	-	-	39,779
610,101	419,654	557,794	1,963,000	309,496	4,015,974
610,196	437,534	579,598	1,963,000	309,496	4,055,753
$ 618,145	$ 525,919	$ 996,590	$ 2,070,312	$ 309,496	$ 4,755,312

CITY OF FAYETTEVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JULY 31, 2017

	Special Revenue Funds				
	Vehicle Excise Tax Fund	Confiscated Assets Fund	Hotel/Motel Tax Fund	Veterans Memorial Park Fund	Cemetery Fund
Revenues:					
Property taxes	$ -	$ -	$ -	$ -	$ -
Other taxes	190,264	-	289,638	-	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	20,514	-	-	-
Charges for services	-	-	-	-	-
Impact fees	-	-	-	-	-
Contributions	-	-	-	-	6,170
Interest income	-	120	-	-	-
Rental income	-	-	-	-	-
Other revenues	-	-	-	140	-
Total revenues	190,264	20,634	289,638	140	6,170
Expenditures:					
Current:					
Public safety	-	27,447	-	-	-
Culture and recreation	-	-	-	30	-
Housing and development	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Housing and development	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	27,447	-	30	-
Excess (deficiency) of revenues over (under) expenditures	190,264	(6,813)	289,638	110	6,170
Other financing sources (uses):					
Proceeds from capital leases	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(190,264)	-	(289,638)	-	(25,000)
Total other financing sources (uses)	(190,264)	-	(289,638)	-	(25,000)
Net change in fund balances	-	(6,813)	-	110	(18,830)
Fund balances, beginning of year	-	139,385	-	119	41,958
Fund balances, end of year	$ -	$ 132,572	$ -	$ 229	$ 23,128

		Capital Projects Funds			
Downtown Development Authority Fund	Main Street Tourism Association Fund	Building Fund	Impact Fee Fund	2017 SPLOST Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 700,532	$ -	$ -	$ 700,532
-	-	-	-	-	479,902
-	-	179,001	-	309,496	488,497
-	-	-	-	-	20,514
-	265,650	-	-	-	265,650
-	-	-	403,916	-	403,916
17,373	81,023	-	-	-	104,566
-	-	-	-	-	120
-	36,275	-	-	-	36,275
6,963	21,247	-	-	-	28,350
24,336	404,195	879,533	403,916	309,496	2,528,322
-	-	-	-	-	27,447
-	-	-	-	-	30
690,225	671,009	-	-	-	1,361,234
-	-	134,865	-	-	134,865
-	-	365,316	-	-	365,316
-	-	444,285	-	-	444,285
-	-	21,994	-	-	21,994
439,432	-	504,379	-	-	943,811
51,501	-	83,292	-	-	134,793
1,181,158	671,009	1,554,131	-	-	3,433,775
(1,156,822)	(266,814)	(674,598)	403,916	309,496	(905,453)
-	-	580,700	-	-	580,700
900,000	-	-	-	-	900,000
485,861	309,638	144,215	21,557	-	961,271
-	-	(246,810)	(415,621)	-	(1,167,333)
1,385,861	309,638	478,105	(394,064)	-	1,274,638
229,039	42,824	(196,493)	9,852	309,496	369,185
381,157	394,710	776,091	1,953,148	-	3,686,568
$ 610,196	$ 437,534	$ 579,598	$ 1,963,000	$ 309,496	$ 4,055,753

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, 2017

	Vehicle Excise Tax Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ 192,000	$ 190,264	$ (1,736)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	192,000	190,264	(1,736)
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	192,000	-	192,000
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	192,000	-	192,000
Excess (deficiency) of revenues over (under) expenditures	-	190,264	190,264
	-		
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Issuance of debt	-	-	-
Transfers in	-	-	-
Transfers out	-	(190,264)	(190,264)
Total other financing sources (uses)	-	(190,264)	(190,264)
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	20,514	(24,486)
-	-	-
-	120	120
-	-	-
-	-	-
45,000	20,634	(24,366)
45,500	27,447	18,053
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
45,500	27,447	18,053
(500)	(6,813)	(6,313)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(500)	(6,813)	(6,313)
139,385	139,385	-
$ 138,885	$ 132,572	$ (6,313)

(Continued)

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, 2017

	Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ 292,330	$ 289,638	$ (2,692)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	292,330	289,638	(2,692)
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	292,330	-	292,330
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	292,330	-	292,330
Excess (deficiency) of revenues over (under) expenditures	-	289,638	289,638
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Issuance of debt	-	-	-
Transfers in	-	-	-
Transfers out	-	(289,638)	(289,638)
Total other financing sources (uses)	-	(289,638)	(289,638)
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	140	(40)
180	140	(40)
-	-	-
-	-	-
1,805	30	1,775
-	-	-
-	-	-
-	-	-
1,805	30	1,775
(1,625)	110	1,735
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(1,625)	110	1,735
119	119	-
$ (1,506)	$ 229	$ 1,735

(Continued)

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, 2017

	Cemetery Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ -	$ -	$ -
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Contributions	13,000	6,170	(6,830)
Interest income	-	-	-
Rental income	-	-	-
Other revenues	-	-	-
Total revenues	13,000	6,170	(6,830)
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	6,170	(6,830)
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Issuance of debt	-	-	-
Transfers in	25,000	-	(25,000)
Transfers out	(25,000)	(25,000)	-
Total other financing sources (uses)	-	(25,000)	(25,000)
Net change in fund balances	13,000	(18,830)	(31,830)
Fund balances, beginning of year	41,958	41,958	-
Fund balances, end of year	$ 54,958	$ 23,128	$ (31,830)

Downtown Development Authority Fund		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
-	-	-
-	-	-
71,469	17,373	(54,096)
-	-	-
-	-	-
-	6,963	6,963
71,469	24,336	(47,133)
-	-	-
-	-	-
-	-	-
730,238	690,225	40,013
281,223	439,432	(158,209)
63,201	51,501	11,700
1,074,662	1,181,158	(106,496)
(1,003,193)	(1,156,822)	(153,629)
	900,000	900,000
-	-	-
487,598	485,861	(1,737)
-	-	-
487,598	1,385,861	898,263
(515,595)	229,039	744,634
381,157	381,157	-
$ (134,438)	$ 610,196	$ 744,634

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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, 2017

	Main Street Tourism Association Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other taxes	$ -	$ -	$ -
Charges for services	271,647	265,650	(5,997)
Fines and forfeitures	-	-	-
Contributions	83,525	81,023	(2,502)
Interest income	-	-	-
Rental income	39,507	36,275	(3,232)
Other revenues	21,448	21,247	(201)
Total revenues	416,127	404,195	(11,932)
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Housing and development	766,822	671,009	95,813
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	766,822	671,009	95,813
Excess (deficiency) of revenues over (under) expenditures	(350,695)	(266,814)	83,881
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Issuance of debt	-	-	-
Transfers in	317,330	309,638	(7,692)
Transfers out	-	-	-
Total other financing sources (uses)	317,330	309,638	(7,692)
Net change in fund balances	(33,365)	42,824	76,189
Fund balances, beginning of year	394,710	394,710	-
Fund balances, end of year	$ 361,345	$ 437,534	$ 76,189

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, 2017

	Building Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property taxes	$ 700,532	$ 700,532	$ -
Intergovernmental	180,000	179,001	(999)
Impact fees	-	-	-
Contributions	-	-	-
Interest income	50	-	(50)
Total revenues	880,582	879,533	(1,049)
Expenditures:			
Capital outlay:			
General government	135,332	134,865	467
Public safety	2,253,182	365,316	1,887,866
Public works	471,304	444,285	27,019
Housing and development	21,995	21,994	1
Debt service:			
Principal	576,675	504,379	72,296
Interest	99,957	83,292	16,665
Total expenditures	3,558,445	1,554,131	2,004,314
Excess (deficiency) of revenues over (under) expenditures	(2,677,863)	(674,598)	2,003,265
Other financing sources (uses):			
Proceeds from capital leases	2,447,300	580,700	(1,866,600)
Transfers in	249,848	144,215	(105,633)
Transfers out	(22,348)	(246,810)	(224,462)
Total other financing sources (uses)	2,674,800	478,105	(2,196,695)
Net change in fund balances	(3,063)	(196,493)	(193,430)
Fund balances, beginning of year	776,091	776,091	-
Fund balances, end of year	$ 773,028	$ 579,598	$ (193,430)

Impact Fee Fund		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
-	-	-
470,000	403,916	(66,084)
-	-	-
-	-	-
470,000	403,916	(66,084)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
470,000	403,916	(66,084)
-	-	-
-	21,557	21,557
(603,000)	(415,621)	187,379
(603,000)	(394,064)	208,936
(133,000)	9,852	142,852
1,953,148	1,953,148	-
$ 1,820,148	$ 1,963,000	$ 142,852

(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, 2017

	Capital Projects 2 Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property taxes	$ -	$ -	$ -
Intergovernmental	3,000,000	2,519,298	(480,702)
Impact fees	-	-	-
Contributions	-	-	-
Interest income	-	-	-
Total revenues	3,000,000	2,519,298	(480,702)
Expenditures:			
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public works	3,699,000	2,995,653	703,347
Housing and development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	3,699,000	2,995,653	703,347
Excess (deficiency) of revenues over (under) expenditures	(699,000)	(476,355)	222,645
Other financing sources (uses):			
Proceeds from capital leases	-	-	-
Transfers in	1,000,000	-	(1,000,000)
Transfers out	-	(300,800)	(300,800)
Total other financing sources (uses)	1,000,000	(300,800)	(1,300,800)
Net change in fund balances	301,000	(777,155)	(1,078,155)
Fund balances, beginning of year	936,706	936,706	-
Fund balances, end of year	$ 1,237,706	$ 159,551	$ (1,078,155)

2017 Special Purpose Local Option Sales Tax Fund		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
-	309,496	309,496
-	-	-
-	-	-
-	-	-
-	309,496	309,496
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	309,496	309,496
-	-	-
-	-	-
-	-	-
-	-	-
-	309,496	309,496
-	-	-
$ -	$ 309,496	$ 309,496

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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 ..... **78 – 91**

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 ..... **92 – 101**

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

Debt Capacity ..... **102 – 107**

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 ..... **108 and 109**

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 ..... **110 – 113**

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			
	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	$ 60,352,897	$ 60,089,837	$ 60,622,894	$ 64,398,879
Restricted	1,566,870	1,954,676	2,036,624	2,714,174
Unrestricted	5,197,192	5,586,322	5,239,070	2,763,931
Total governmental activities net position	$ 66,993,396	$ 67,630,835	$ 67,898,588	$ 69,876,984
Business-Type Activities				
Net investment in capital assets	$ 12,195,150	$ 13,532,153	$ 11,607,708	$ 10,733,529
Restricted	1,091,708	134,721	1,350,819	1,507,269
Unrestricted	2,707,452	2,422,675	2,730,595	2,844,349
Total business-type activities net position	$ 15,762,022	$ 16,089,549	$ 15,689,122	$ 15,085,147
Primary Government				
Net investment in capital assets	$ 72,786,220	$ 72,548,047	$ 72,230,602	$ 75,132,408
Restricted	3,138,335	2,658,578	3,387,443	4,221,443
Unrestricted	6,830,863	7,904,644	7,969,665	5,608,280
Total primary government net position	$ 82,755,418	$ 83,111,269	$ 83,587,710	$ 84,962,131

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 64,305,483	$ 66,251,170	$ 67,435,901	$ 68,600,004	$ 70,522,573	$ 72,963,871
1,837,952	1,952,554	2,098,212	2,902,027	3,825,714	3,866,029
2,763,931	5,147,215	6,067,942	2,804,841	2,261,422	2,404,766
$ 68,907,366	$ 73,350,939	$ 75,602,055	$ 74,306,872	$ 76,609,709	$ 79,234,666
$ 10,733,529	$ 8,699,625	$ 8,502,525	$ 7,962,881	$ 7,916,518	$ 7,233,909
1,507,269	2,286,019	2,723,599	2,987,802	2,998,621	3,004,607
2,844,349	2,902,804	2,436,768	1,986,662	2,610,938	3,416,347
$ 15,085,147	$ 13,888,448	$ 13,662,892	$ 12,937,345	$ 13,526,077	$ 13,654,863
$ 75,039,012	$ 74,950,795	$ 75,938,426	$ 76,562,885	$ 78,439,091	$ 80,197,780
3,345,221	4,238,573	4,821,811	5,889,829	6,824,335	6,870,636
5,608,280	8,050,019	8,504,710	4,791,503	4,872,360	5,821,113
$ 83,992,513	$ 87,239,387	$ 89,264,947	$ 87,244,217	$ 90,135,786	$ 92,889,529

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	$ 1,217,486	$ 1,158,496	$ 1,084,097	$ 1,020,074
Judicial	860,758	896,534	820,922	719,103
Public safety	6,520,196	6,847,442	6,676,928	6,589,191
Public works	2,786,357 (2)	1,883,585	1,765,659	1,629,730
Culture and recreation	-	-	-	1,321 (13)
Housing and development	1,134,852	1,034,348	946,682	820,882
Interest on long-term debt	196,039	186,816	177,001	165,407
Total governmental activities expenses	12,715,688	12,007,221	11,471,289	10,945,708
Business-type activities:				
Water and sewer	5,500,306	5,490,099	5,460,020	5,736,799
Stormwater	112,889	273,320 (7)	294,409 (7)	423,132
Solid waste	727,089	716,104	616,359	628,225
Total business-type activities	6,340,284	6,479,523	6,370,788	6,788,156
Total primary government	$ 19,055,972	$ 18,486,744	$ 17,842,077	$ 17,733,864
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 348,843	$ 469,854	$ 271,628	$ 261,382
Judicial	1,188,335	1,620,845	1,748,018	1,192,244
Public safety	127,415	449,589	81,738	73,026
Public works	115,816 (3)	74,522 (3)	- (3)	(208)
Culture and recreation	-	-	-	-
Housing and development	384,464 (4)	122,168 (4)	38,190 (4)	35,500
Operating grants and contributions	126,400	448,281 (10)	365,152 (10)	283,528
Capital grants and contributions	1,194,669	1,001,476	1,107,764	1,107,764
Total governmental activities program revenues	3,485,942	4,186,735	3,612,490	2,953,236
Business-type activities:				
Charges for services:				
Water and sewer	4,624,121	4,905,681	4,810,109	4,956,688
Stormwater	489,195	493,799	494,976	494,238
Solid waste	726,883	718,570	632,549	631,930
Capital grants and contributions	650,687	452,785 (5)	32,686 (5)	88,690
Total business-type activities program revenues	6,490,886	6,570,835	5,970,320	6,171,546
Total primary government program revenues	$ 9,976,828	$ 10,757,570	$ 9,582,810	$ 9,124,782

(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 1,023,395	$ 918,357	$ 938,311	$ 1,090,268	$ 1,499,529	$ 1,897,428
584,782	491,867	562,483	591,966	649,968	588,769
6,505,689	6,579,434	6,556,219	7,218,353	8,307,210	8,804,976
1,707,680	1,618,047	2,095,224	1,305,120	1,784,682	1,782,748
10	19,672	19,877	4,024	1,756	30
774,059	919,084	1,042,536	1,205,233	1,445,102	1,807,358
154,685	270,964	158,192	143,584	151,836	157,269
10,750,300	10,817,425	11,372,842	11,558,548	13,840,083	15,038,578
5,838,861	5,602,921	5,867,412	5,616,165	5,652,208	6,088,714
354,558	270,252	302,784	407,049	413,917	365,125
668,891	657,636	655,272	662,473	631,887	656,959
6,862,310	6,530,809	6,825,468	6,685,687	6,698,012	7,110,798
$ 17,612,610	$ 17,348,234	$ 18,198,310	$ 18,244,235	$ 20,538,095	$ 22,149,376
$ 278,237	$ 428,003	$ 381,491	$ 491,211	$ 738,418	$ 668,408
1,090,808	815,119	1,076,456	941,816	1,149,394	907,630
85,134	71,393	99,443	78,677	56,856	69,557
109,514	109,514	-	-	-	-
-	-	-	-	-	-
59,916	388,878	731,387	511,033	1,009,230	676,936
156,016	528,838	560,303	712,268	609,313	574,307
2,756,869	251,021	2,003,847	1,327,532	1,804,969	3,007,935
4,536,494	2,592,766	4,852,927	4,062,537	5,368,180	5,904,773
5,058,146	4,951,031	5,164,682	5,175,387	5,523,564	5,709,452
482,941	497,904	509,426	741,777	763,764	759,289
630,019	606,376	623,294	658,728	674,937	637,610
37,644	232,047	297,696	300,975	309,040	124,147
6,208,750	6,287,358	6,595,098	6,876,867	7,271,305	7,230,498
$ 10,745,244	$ 8,880,124	$ 11,448,025	$ 10,939,404	$ 12,639,485	$ 13,135,271

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2008	2009	2010	2011
Net (expense)/revenue				
Governmental activities	$ (9,229,746)	$ (7,820,486)	$ (7,858,799)	$ (7,992,472)
Business-type activities	150,602	91,312	(400,468)	(616,610)
Total primary government net expense	$ (9,079,144)	$ (7,729,174)	$ (8,259,267)	$ (8,609,082)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 2,670,751	$ 2,764,455	$ 2,670,285	$ 2,651,885
Sales taxes	3,127,513	2,147,990	2,259,642	2,215,415
Other taxes	3,326,490	3,381,128	3,171,974	3,409,190
Unrestricted investment earnings	182,744 (6)	40,789 (6)	13,315 (6)	11,940
Gain on sale of capital assets	45,811	-	11,336	33,333
Transfers	-	-	-	-
Total governmental activities	9,353,309	8,334,362	8,126,552	8,321,763
Business-type activities:				
Unrestricted investment earnings	81,686 (6)	3,927 (6)	41 (6)	2,443
Gain on sale of capital assets	-	-	-	10,192
Transfers	-	-	-	-
Total business-type activities	81,686	3,927	41	12,635
Total primary government	$ 9,434,995	$ 8,338,289	$ 8,126,593	$ 8,334,398
Change in Net Position				
Governmental activities	$ 123,563	$ 513,876	$ 267,753	$ 329,291
Business-type activities	232,288	95,239	(400,427)	(603,975)
Total primary government	$ 355,851	$ 609,115	$ (132,674)	$ (274,684)

(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					
	2012	2013	2014	2015	2016	2017
	$ (6,213,806)	$ (8,224,659)	$ (6,519,915)	$ (7,496,011)	$ (8,471,903)	$ (9,133,805)
	(653,560)	(243,451)	(230,370)	191,180	573,293	119,700
	$ (6,867,366)	$ (8,468,110)	$ (6,750,285)	$ (7,304,831)	$ (7,898,610)	$ (9,014,105)
	$ 2,664,133	$ 2,879,031	$ 3,094,181	$ 3,134,679	$ 3,224,290	$ 3,377,638
	2,374,473	2,369,274	2,561,460	2,799,116	3,049,230	3,627,566
	3,662,347	3,690,062	3,787,465	4,150,689	4,467,235	4,721,419
	9,253	6,374	5,893	8,217	16,929	32,139
	-	-	-	17,582	-	-
	-	-	-	-	-	-
	8,710,206	8,944,741	9,448,999	10,110,283	10,757,684	11,758,762
	2,035	108	52	306	931	852
	5,039	1,554	4,762	-	31,564	8,234
	-	-	-	-	-	-
	7,074	1,662	4,814	306	32,495	9,086
	$ 8,717,280	$ 8,946,403	$ 9,453,813	$ 10,110,589	$ 10,790,179	$ 11,767,848
	$ 2,496,400	$ 720,082	$ 2,929,084	$ 2,614,272	$ 2,285,781	$ 2,624,957
	(646,486)	(241,789)	(225,556)	191,486	605,788	128,786
	$ 1,849,914	$ 478,293	$ 2,703,528	$ 2,805,758	$ 2,891,569	$ 2,753,743

(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
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
2017	3,377,638	3,627,566	1,418,440	366,163	1,006,241	1,132,578

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

Other Taxes	Total
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
797,997	11,726,623

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Reserved	$ 233,337	$ 251,234	$ 193,539	$ -
Unreserved	2,903,291	2,896,626	2,904,019	-
Nonspendable	-	-	-	145,621 (2)
Assigned	-	-	-	2,358,940 (2)
Unassigned	-	-	-	545,370 (2)
Total General Fund	$ 3,136,628	$ 3,147,860	$ 3,097,558	$ 3,049,931
All Other Governmental Funds				
Reserved	$ -	$ 14,847 (1)	$ - (1)	$ -
Unreserved, reported in:				
Special revenue funds	136,193	409,933	302,866	-
Capital project funds	3,766,360	4,205,072	4,126,822	-
Nonspendable, reported in:				
Special revenue funds	-	-	-	-
Restricted, reported in:				
Special revenue funds	-	-	-	319,171 (2)
Capital project funds	-	-	-	2,395,003 (2)
Assigned, reported in:				
Capital project funds	-	-	-	25,417 (2)
Unassigned, reported in:				
Capital project funds	-	-	-	-
Total all other governmental funds	$ 3,902,553	$ 4,629,852	$ 4,429,688	$ 2,739,591

(1) Prepaid expenditures.

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
252,215	136,186	134,854	130,449	210,087	256,694
2,381,335	2,352,026	2,061,010	2,885,387	3,092,983	3,385,000
1,044,598	2,362,619	4,337,610	3,556,522	2,400,709	3,064,984
$ 3,678,148	$ 4,850,831	$ 6,533,474	$ 6,572,358	$ 5,703,779	$ 6,706,678
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	31,630	37,843	43,887	21,469	39,779
126,229	526,916	554,604	753,080	935,860	1,185,684
1,711,723	1,797,568	1,543,608	2,148,947	2,889,854	2,680,345
286,085	69,677	-	-	-	-
-	-	(183,013)	267,046	-	-
$ 2,124,037	$ 2,425,791	$ 1,953,042	$ 3,212,960	$ 3,847,183	$ 3,905,808

CITY OF FAYETTEVILLE, GEORGIA

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes	$ 9,102,276	$ 8,252,754 (10)	$ 8,076,848	$ 8,319,973
Licenses and permits	300,705 (5)	261,485 (5)	217,086 (5)	217,496
Intergovernmental	801,844 (6)	1,187,335 (10)	1,450,723 (14)	745,573 (14)
Fines and forfeitures	1,292,402 (7)	2,040,086 (11)	1,798,758	1,236,945
Charges for services	146,998	112,990	41,443	34,528
Main Street	-	-	-	-
Impact fees	384,064 (5)	121,768 (5)	37,890 (5)	35,229
Contributions	20,460	12,079	18,146	21,472
Interest income	182,744 (8)	40,789 (8)	17,262 (8)	14,311
Other revenues	51,597	200,649 (12)	44,497	37,746
Total revenues	12,283,090	12,229,935	11,702,653	10,663,273
Expenditures				
General government	1,172,837	1,026,932	1,019,212	959,036
Judicial	862,715	895,312	828,909	718,830
Public safety	5,965,835	6,429,522	6,304,775	6,167,299
Public works	1,176,544	1,087,963	1,007,576	912,264
Culture and recreation	-	-	-	1,321 (16)
Housing and development	850,737	851,542	743,571	640,226
Capital outlay	2,246,574 (9)	573,427 (13)	1,526,584 (15)	2,543,618 (15)
Debt service				
Principal	474,107	456,149	378,721	338,899
Interest	185,217	173,579	165,971	154,232
Issuance costs	-	-	-	-
Total expenditures	12,934,566	11,494,426	11,975,319	12,435,725
Excess of revenues over (under) expenditures	(651,476)	735,509	(272,666)	(1,772,452)
Other financing sources (uses)				
Capital leases	367,209	-	-	-
Issuance of debt	-	-	-	-
Discount on certificates of participation	-	-	-	-
Proceeds from sale of assets	51,297	3,022	22,200	34,728
Payment to escrow agent	-	-	-	-
Transfers in	531,041	112,490	400,811	912,284
Transfers out	(531,041)	(112,490)	(400,811)	(912,284)
Total other financing sources (uses)	418,506	3,022	22,200	34,728
Net change in fund balances	$ (232,970)	$ 738,531	$ (250,466)	$ (1,737,724)
Debt service as a percentage of noncapital expenditures	5.5%	5.7%	5.1%	4.9%

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 8,704,436	$ 8,946,907	$ 9,439,385	$ 10,113,077	$ 10,748,014	$ 11,734,645
229,816	369,157	321,693	391,641	605,257	530,484
393,202	2,171,246	1,537,932	1,676,503	2,219,017	3,407,632
1,143,693	854,263	1,072,854	917,448	1,103,205	874,142
148,823	352,612	312,492	401,364	427,977	430,616
-	29,288	31,710	35,071	35,414	36,275
57,836	196,424	526,850	262,447	767,735	403,916
12,806	281,436	307,452	322,768	155,057	109,985
10,282	6,419	5,893	8,217	16,929	32,139
43,441	91,121	63,976	55,295	54,518	111,723
10,744,335	13,298,873	13,620,237	14,183,831	16,133,123	17,671,557
929,487	871,018	900,303	1,038,603	1,396,104	1,892,285
580,976	492,832	563,783	597,843	654,217	581,762
6,354,094	5,863,779	5,802,578	6,778,141	7,454,179	7,824,112
928,008	906,708	914,808	870,572	921,742	1,011,184
10	19,672	19,877	4,024	1,756	30
625,145	1,095,329	1,130,669	1,089,323	1,328,880	2,239,375
739,582	2,765,825	2,859,150	2,230,877	3,859,669	3,962,113
429,955	259,615	232,102	561,212	638,119	943,811
144,508	198,312	144,888	141,391	138,362	134,793
-	76,048	-	-	-	-
10,731,765	12,549,138	12,568,158	13,311,986	16,393,028	18,589,465
12,570	749,735	1,052,079	871,845	(259,905)	(917,908)
-	-	-	388,760	768,055	580,700
-	3,115,000	143,200	-	-	-
-	-	-	-	-	-
93	7,676	14,615	32,197	16,529	932,137
-	(3,055,278)	-	-	-	-
489,601	459,829	807,129	1,835,032	2,722,254	1,509,690
(489,601)	(459,829)	(807,129)	(1,835,032)	(2,705,198)	(1,509,690)
93	67,398	157,815	420,957	801,640	1,512,837
$ 12,663	$ 817,133	$ 1,209,894	$ 1,292,802	$ 541,735	$ 594,929
5.7%	4.6%	3.7%	6.5%	6.1%	7.6%

(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
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
2017	3,385,660	3,627,566	1,418,440	430,024	1,006,241

(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
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
1,132,578	734,136	11,734,645

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
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
2017	430,419,970	316,416,754	13,705,564	4,014,688	10,246,597	21,564,490

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)
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%
1,047,602	7,712,300	789,703,365	3.874	1,974,258,413	40%

CITY OF FAYETTEVILLE, GEORGIA

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

Fiscal Year	State	County	County School District	City of Fayetteville General Fund	City of Fayetteville Capital Projects Fund	City of Fayetteville Total City	Total
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
2017	0.00	5.59	21.10	3.07	0.81	3.87	30.56

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 2017 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Fiscal Year 2008 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
DDRTC Fayette Pavilion I & II	$ 23,701,820	2	7.73%	$ 35,535,600	1	3.96%
DDRTC Fayette Pavilion III & IV	11,337,208	4	3.70%	25,452,400	2	2.83%
Piedmont Fayette Medical & Office Bldg	6,110,208	10	1.99%	14,976,000	3	1.67%
Piedmont Hospital Inc	6,218,496	8	2.03%	7,142,628	4	0.80%
Chartwell Cobblestone, LLC	8,803,116	6	2.87%	5,092,000	9	0.57%
NG Banks Crossiing LLC	7,435,552	7	2.42%			
CP Summit Retail LLC	6,152,708	9	2.01%	6,138,088	5	0.68%
Norbelle LLC				5,640,952	7	0.63%
CA New Plan Acquisition Fund & LLC		.		5,813,600	6	0.58%
Pinewood Atlanta, LLC	9,773,309	5	3.19%			
Inland South Fayette (Wal-Mart)	25,955,688	1	8.46%			
Brent Scarborough & Company, Inc.	17,219,844	3	5.61%			
Fayetteville Towne Center				5,087,976	10	0.61%
BellSouth Telecommunication				5,169,117	8	0.58%
Total	$ 122,707,949		40.00%	$116,048,361		12.91%

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
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
2017	3,030,113	3,026,471	99.9	-	3,026,471	99.9

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Residential (1)	335.84	321.75	300.96	289.10	308.97	271.12	273.35	274.86	282.87	267.72
Commercial (1)	112.95	44.51	91.13	95.51	93.85	98.84	85.05	85.49	88.56	86.37
Senior (1)	39.61	82.33	58.79	69.20	58.26	67.76	71.34	68.74	70.65	65.17
Other (1)	11.94	15.23	11.17	16.50	14.26	11.72	9.45	9.18	13.85	4.35
Total usage	500.34	463.82	462.05	470.31	475.34	449.44	439.19	438.27	455.93	423.61
Total direct rate per 1,000 gallons (2)	$ 2.65	$ 2.90	$ 2.90	$ 2.90	$ 2.90	$ 2.90	$ 2.97	$ 3.04	$ 3.11	$ 3.18

(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
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
2017	15.92	3.18	29.21	3.18	13.55	3.18

SOURCE:
City of Fayetteville, Georgia ordinances.

Sewer (Residential)		Sewer (Commercial)		Sewer (Senior)	
Monthly Base Rate	Rate per 1000 Gallons	Monthly Base Rate	Rate per 1000 Gallons	Monthly Base Rate	Rate per 1000 Gallons
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
15.95	2.85	27.95	2.85	13.56	2.85
16.28	2.91	28.54	2.81	13.84	2.91
16.65	2.98	29.20	2.98	14.14	2.98
17.05	3.05	29.90	3.05	14.48	3.05
17.46	3.12	30.62	3.12	14.83	3.12
17.88	3.19	31.35	3.19	15.19	3.19

CITY OF FAYETTEVILLE, GEORGIA

TEN LARGEST WATER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2017			Fiscal Year 2008		
Taxpayer	Total Water Revenue	Rank	Percentage of Total Water Revenue	Total Water Revenue	Rank	Percentage of Total Water Revenue
Banks Station	$ 19,560	5	0.64%	$ 32,126	1	1.30%
HCCC, Inc.	-		-	11,862	9	0.48%
Marksman Landscaping	-		-	12,109	8	0.49%
Fayette County Jail Complex	31,253	1	1.02%	15,075	4	0.61%
Swanbrook	22,550	2	0.74%	16,063	2	0.65%
Bay Branch Condo	20,185	4	0.66%	15,322	3	0.62%
Board of Commissioners	20,273	3	0.66%	14,333	5	0.58%
Cobblestone of Fayette	14,440	10	0.47%	14,086	6	0.57%
Summit Retail	19,053	6	0.62%	13,345	7	0.54%
3 Minute Express Car Wash	18,387	7	0.60%	-		-
Fayetteville Towne Center	-		-	8,897	10	0.36%
Magnolia Park Daycare (VANE)	17,364	9	0.57%	-		-
CHMG Accts Payable	17,816	8	0.58%	-		-
Subtotal (10 Largest)	200,880		6.56%	153,218		6.20%
			-			
Balance from Other Customers	2,861,322		93.44%	2,318,049		93.80%
Total	$ 3,062,202		100.00%	$ 2,471,267		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 2017			Fiscal Year 2008		
Taxpayer	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue	Total Sewer Revenue	Rank	Percentage of Total Sewer Revenue
Piedmont Healthcare	$ 138,109	1	6.59%	$ 142,569	1	-
Inland Group	67,434	2	3.22%	89,707	2	-
Banks Station	-		-	24,230	3	0.98%
Fayette County Jail Complex	23,225	3	1.11%	12,304	6	0.50%
Marksman Landscaping	14,817	9	0.71%	9,035	10	0.37%
Bay Branch Condo	17,393	5	0.83%	12,888	5	0.52%
Swanbrook	19,518	4	0.93%	13,248	4	0.54%
Board of Commissioners	-		-	12,233	7	0.50%
Cobblestone Fayette	-		-	11,235	8	0.45%
3 Minute Express Car Wash	14,980	7	0.71%	-		-
Summit Retail	16,095	6	0.77%	10,247	9	0.41%
Magnolia Park Daycare (VANE)	14,476	10	0.69%	-		-
CHMG Accts Payable	-		-	-		-
Lafayette Nursing Home	14,870	8	0.71%	-		-
Subtotal (10 Largest)	340,918		16.27%	337,696		15.72%
Balance from Other Customers	1,754,853		83.73%	1,810,671		84.28%
Total	$ 2,095,771		100.00%	$ 2,148,367		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
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
2017	2,390,000	1,170,000	1,184,980	389,925	5,134,905

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			
12,010,066	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
17,243,618	801,206	18,044,824	23,179,729	4.24	1,388

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CITY OF FAYETTEVILLE, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JULY 31, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Fayette County School District	$ 47,869,972	10 %	$ 4,786,997
Fayette County Public Facilities Authority	31,640,000	10 %	3,164,000
Total overlapping debt			7,950,997
City of Fayetteville direct debt			5,134,905
Total direct and overlapping debt			$ 13,085,902

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

	2008	2009	2010	2011
Debt limit	$ 89,939,999	$ 93,588,199	$ 92,813,761	$ 84,490,929
Total net debt applicable to limit	-	-	-	-
Legal debt margin	$ 89,939,999	$ 93,588,199	$ 92,813,761	$ 84,490,929
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.

2012	2013	2014	2015	2016	2017
$ 79,656,146	$ 70,601,178	$ 69,975,823	$ 70,314,949	$ 75,770,783	$ 79,741,567
-	-	-	-	-	-
$ 79,656,146	$ 70,601,178	$ 69,975,823	$ 70,314,949	$ 75,770,783	$ 79,741,567
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	$ 789,703,365
Add back: exempt real property	7,712,300
Total assessed value	797,415,665
Debt limit (10% of assessed value)	79,741,567
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	$ 79,741,567

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
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
2017	6,468,741	4,378,653	2,090,088	715,000	644,869	1.54

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)
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
2017	16,705	547,289	32,762	41.7	20,238	5.2

SOURCES:

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

CITY OF FAYETTEVILLE, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2017			Fiscal Year 2008		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fayette County Board of Education	-	-	-	585	3	9.43%
Fayette Hospital	1,279	1	20.96%	1,143	1	18.42%
CGL Facility Management LLC	185	4	3.03%	-	-	-
Brent Scarborough & Company, Inc.	250	3	4.10%	-	-	-
Wal-mart Stores, Inc	167	5	2.74%	383	4	6.17%
Kroger	-	-	-	220	6	3.54%
Publix	113	10	1.85%	220	7	3.54%
Lowes's	113	9	1.85%	130	10	2.09%
Kindred Transitional Care/Rehabilitation	120	8	1.97%	-	-	-
Concrete Supply Company	130	7	2.13%	-	-	-
Fayette County Government	728	2	11.93%	700	2	11.28%
Fayette Medical	-	-	-	230	5	3.71%
Target	-	-	-	180	8	2.90%
City of Fayetteville	157	6	2.57%	141	9	2.27%
Total	3,242		53.13%	3,932		63.35%

SOURCE:
City of Fayetteville, Georgia records.

CITY OF FAYETTEVILLE, GEORGIA

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	13	10	14	14	13	13	13	15	18	21
Judicial	2	2	2	2	2	2	2	3	3	3
Public safety										
Police	54	48	45	45	44	46	42	45	48	55
Fire	30	36	36	36	35	35	37	31	33	39
Public works	14	13	12	12	11	11	10	11	9	12
Housing and development	9	6	5	5	6	6	3	6	8	7
Main Street Tourism	2	2	2	2	2	2	2	2	1	3
Water and Sewer										
Water	12	10	10	10	10	7	10	10	10	11
Wastewater	14	11	10	10	7	6	2	3	3	3
Total	150	138	136	136	130	128	121	126	133	154

SOURCE:
City of Fayetteville, Georgia records

CITY OF FAYETTEVILLE, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	2008	2009	2010	2011	2012	2013	2014
Mayor And Council							
Citizen contacts	4,626	7,000	5,000	5,000	4,600	4,600	4,600
Council meetings	26	24	26	26	25	25	24
Correspondence generated	81	150	100	100	80	65	70
Finance and Administration							
A/P checks processed	4,354	4,066	4,282	4,200	3,739	3,943	4,013
Business licenses processed	2,337	2,250	2,092	2,100	2,217	2,183	2,409
Utility bills generated	100,337	101,877	101,010	101,051	99,936	101,105	103,446
Information Technology							
Number of work orders received	530	528	600	600	600	600	665
Hits on City website per year	164,475	115,882	125,000	150,000	150,000	150,000	152,436
Municipal Court							
Citations processed	8,060	7,742	8,704	8,000	6,518	5,585	6,693
Cases adjudicated	7,319	7,900	9,131	9,000	5,301	4,845	5,096
Average inmates per month	20	12	14	12	9	5	5
Police							
Number of arrests	1,434	1,392	1,521	1,431	1,382	1,145	940
Number of traffic accidents	1,148	1,621	1,084	1,351	1,317	1,388	1,326
Citations/warnings issued	9,752	11,624	10,969	10,398	10,161	8,449	6,450
Fire							
Emergency calls	2,656	2,691	2,737	2,800	3,110	2,850	2,518
Hydrants maintained	1,250	1,289	1,300	1,315	1,261	1,280	642
Inspections completed	1,391	1,436	1,391	1,400	1,381	1,450	1,908
Public Works							
Miles resurfaced	1.3	1.3	1.5	1.5	1.3	1.5	0.0
Miles of cracks sealed	1.0	1.0	1.0	1.0	1.0	1.0	0.0
Miles of right of way mowed	445	455	465	465	352	390	386
Housing And Development							
Building permit inspections	3,087	3,087	2,294	2,300	2,300	2,398	3,286
Development plan applications	15	9	-	8	7	11	4
Erosion control inspections	1,643	1,060	461	460	427	460	409
Water And Sewer							
Water - gallons processed (X 1,000)	319,419	359,764	427,071	322,906	300,269	224,093	224,013
Wastewater - gallons processed (X 1,000)	684,408	561,675	630,894	637,203	543,576	548,332	713,125
New meter installations	25	11	13	15	14	139	71

SOURCE:

City of Fayetteville, Georgia records.

2015	2016	2017
4,598	4,600	4,780
27	25	24
75	76	70
4,678	3,515	3,513
2,500	2,459	2,379
103,049	103,405	98,404
600	600	1,700
400,990	430,850	577,917
5,727	7,954	5,209
5,909	7,610	253
3	2	3
1,330	1,430	1,102
1,149	1,556	1,634
7,262	7,901	6,990
2,689	2,889	3,237
1,287	1,287	1,304
1,364	1,280	1,969
0.0	0.0	0.0
0.0	1.0	1.0
410	470	490
2,303	2,727	3,613
10	12	0
193	237	383
215,760	210,840	265,000
743,425	905,662	825,538
51	62	37

CITY OF FAYETTEVILLE, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	4	4	4	4	5	6
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	66.30	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	3	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	26	26
Miles of sewer lines	126	126	126	126	126	126	126	126	129	130
Miles of water lines	108	108	108	108	108	108	108	108	108	109
Manholes	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,848	2,863
Stormwater detention	1	1	1	1	1	1	1	1	1	1
Lake	1	1	1	1	1	1	1	1	1	1
Wells	3	3	3	3	3	3	3	3	3	3

SOURCE:
City of Fayetteville, Georgia records.

CONTINUING DISCLOSURE SECTION

CITY OF FAYETTEVILLE, GEORGIA

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

Calendar Year	Fayette County Volume	Fayette County Percent	System Well/Water Plant Volume	System Well/Water Plant Percent	Total Usage	Percent Change
2008	153,581	31.5 %	334,700	68.5 %	488,281	(10.3) %
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
2017	342,039	61.9	210,450	38.1	552,489	10.8

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
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
2017	2.28	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
2008	6,631	(0.1) %	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
2017	6,820	(1.0)	7,212	105.7

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 $30.23 per month. The average residential sewer bill is approximately $32.24 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 23, 2018.

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 23, 2018

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance For Each Major Federal Program

We have audited the City of Fayetteville, Georgia's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended July 31, 2017. The City's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Macon, Georgia
January 23, 2018

Mauldin & Jenkins, LLC

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JULY 31, 2017

Grant Program	CFDA #	Grant I.D.	Expenditures	Passed Through to Subrecipients
Environmental Protection Agency				
Passed through Georgia Environmental Finance Authority				
Capitalization of Grants for Clean Water State Revolving Loan Funds	66.458	CWSRF 14-019	$ 646,179	$ -
Total Environmental Protection Agency			646,179	-
U.S. Department of Homeland Security				
Staffing for Adequate Fire and Emergency Response Grant	97.083	EMW-2013-FH-00836	331,570	-
Total U.S. Department of Homeland Security			331,570	-
Total Expenditures of Federal Awards			$ 977,749	$ -

CITY OF FAYETTEVILLE, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Measurement Focus

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

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding $750,000. The threshold of $750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The City did qualify as a low-risk auditee for the fiscal year ended June 30, 2017.

De-Minimis Indirect Cost Rate

During 2017, the City did not use the de-minimis indirect cost rate.

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JULY 31, 2017

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	____Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	____Yes __X__ None Reported
Noncompliance material to financial statements noted?	____Yes __X__ No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	____Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	____Yes __X__ None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____Yes __X__ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
66.458	**U.S. Environmental Protection Agency** Capital Grants for Clean Water State Revolving Loan Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__ Yes ____ No

CITY OF FAYETTEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JULY 31, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF FAYETTEVILLE, GEORGIA

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

STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.

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