CITY OF LAFAYETTE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The

Fiscal Year Ended September 30, 2014

David Hamilton

City Manager

By Authority Of

Mayor and Council

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INTRODUCTORY SECTION

CITY OF LAFAYETTE
SOUTH DUKE STREET
P.O. BOX 89
LAFAYETTE, GEORGIA 30728

March 2, 2015

To the Honorable Mayor, Members of the City Council
And Citizens of the City of LaFayette

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of LaFayette, Georgia, for the fiscal year ended September 30, 2014. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. 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 activities of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State law requires local governments to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) as promulgated by the GASB. This report is presented in three sections and includes the following information.

Introductory section – Includes this letter of transmittal with comments on the operations of the City, the City's organizational chart, and a list of principal elected and appointed officials.

Financial section – Includes management's discussion and analysis, government-wide financial statements, fund financial statements, notes to basic financial statements, and required supplementary information, as well as the report of independent public accounts on the financial statements and schedules. The City also includes an additional supplemental section that includes the combining fund financial statements for nonmajor funds, but it is not a required section of the report.

Statistical section – Includes selected financial and demographic information, generally presented on a multi-year basis, and various continuing disclosure information.

The new reporting model issued by the GASB requires 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's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

LaFayette, the county seat of Walker County, was incorporated on September 30, 1835. The City is located approximately 35 miles south of Chattanooga, Tennessee and has an incorporated area of approximately seven square miles.

The City is governed by a Mayor and a City Council comprised of five members. The Mayor is elected citywide every four years for a four-year term. Council members are elected from each of the five wards of the City for a four-year term. The City Manager is appointed by the Mayor and Council.

The Reporting Entity

The accompanying CAFR includes all governmental activities, organizations, and functions for which the City is financially accountable.

The City provides a full range of municipal government and utility services. Included in these services are traditional city functions such as police and fire protection, highway and street maintenance, culture and recreation, public improvements, planning and zoning, and general administrative services. In addition to general government activities, the City has several enterprise operations including electric, gas, solid waste, water and sewer, golf and a municipal airport.

A related organization not included as part of the reporting entity is the LaFayette Housing Authority, which provides low-income housing to eligible City residents. The reason for not including this entity is that the City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the organization.

Economic conditions and outlook

LaFayette remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. The assessed value of all taxable property (2013 digest) increased by 7.6% over the 2012 valuation. The business environment outlook for LaFayette continues to be favorable despite the economic downturn experienced by other regions of the country. The City's broadly diversified economic base supports several nationally known companies, including GE, Shaw and Syntec, as well as other smaller commercial and industrial companies. Some of the reasons that these enterprises chose LaFayette as a local or regional business center include: the City's strategic Southeast location, convenience to local and national highways, rail and air transportation, city owned utilities at low rates, abundant labor, educational and cultural resources, and overall quality of life.

As the Council was considering the fiscal year 2014 adopted budget, the City was still feeling the effects of the local and national slowdown in the economy. Department Heads were instructed to take a very conservative approach toward revenue and expenditure projections, but also to look at ways to make their department (and the City) safer and more secure. During the year, budgets were amended mostly to adjust for additional revenue and expenditures. The expected growth within the community should help to increase revenue so as to prevent the requirements to obtain additional funding through loans in the foreseeable future. As part of the City's long-term financial planning efforts, and also to take advantage of currently lower interest rates and to allow for additions and improvements of capital projects even in a downturning economy, the City issued bonds in October, 2008. While this budget has been one of the most challenging to manage in many years, all city employees helped by continuing to provide quality services and to meet the needs of our citizens.

FINANCIAL INFORMATION

Accounting Systems and Budgetary Control

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

Transactions are executed in accordance with management's general or specific authorization.

Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.

Access to assets is permitted only in accordance with management's authorization.

The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The City's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. Reasonable assurance recognizes that the cost of a control should not exceed the expected benefit.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The official level of City budget control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the activity (department) level. The City Manager and all department heads are provided with monthly budget reports showing appropriations, expenditures to date, remaining balances and percentages. The City's budget procedures are more fully explained in the accompanying Notes to the Financial Statements.

Local Economy

Major industries located within the government's boundaries include a home appliance manufacturer, and several industrial component manufacturers supplying the automotive and textile industries. All have been ongoing business concerns for at least the last ten years, and their economic viability is expected to continue, in spite of the national economic downturn, which has had a fairly substantial impact on the local economy, mainly in the form of layoffs and reduced production shifts. None of the aforementioned industries currently anticipates total business closure.

The previous ten years' trend data indicates that an economic upswing at the national level would also have an effect at the local level, allowing these industries to return to production and employment levels previously enjoyed.

Relevant Financial Policies

It is the City of LaFayette's policy that "onetime" resource inflows not be used for operating purposes. Accordingly, grants, outside contributions, or court judgments which might financially benefit the City would be designated for capital acquisition or construction endeavors.

Major Initiatives

With the voters' approval of a proposed special purpose local option sales tax (SPLOST) referendum, City management decided to issue general obligation bonds equal to the City's share of the expected revenue from the one cent SPLOST tax over its five-year life. This bond issue allows the City to expedite completion of various projects and equipment acquisitions to better, and in a more timely fashion, serve the citizenry. The bonds will be repaid over five years with future SPLOST proceeds.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Williamson & Company was selected by the City Council. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the general-purpose financial statements and combining and individual fund statements is included in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in the last section of this report.

Awards

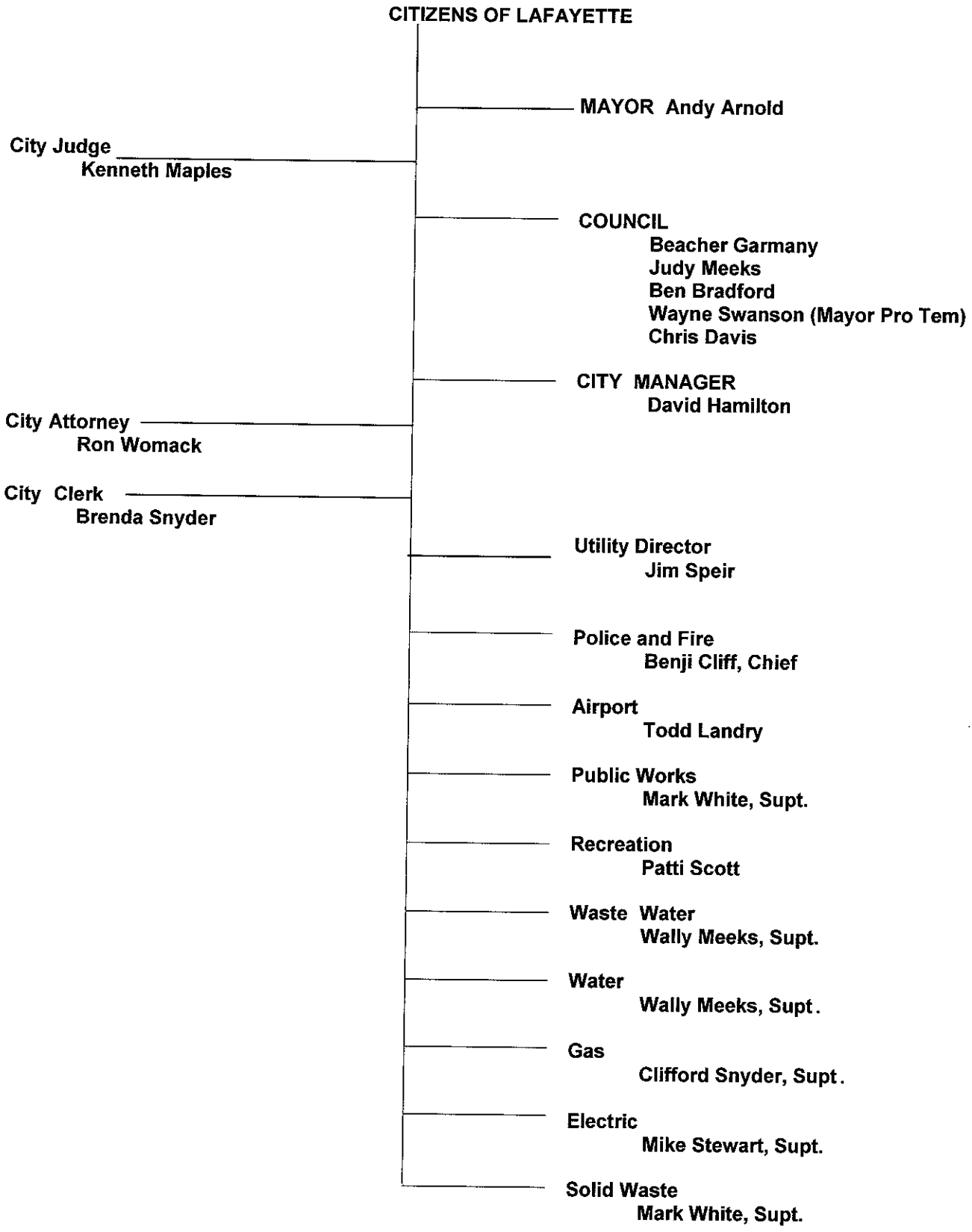
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of LaFayette for its comprehensive annual financial report for the year ended September 30, 2012. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.
A Certificate of Achievement is valid for a period of one year only.

Acknowledgments

We wish to take this opportunity to thank the Mayor and Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the City Clerk's office. We would like to express our appreciation to all members of the staff who assisted and contributed to its preparation.

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CITY OF LAFAYETTE, GEORGIA
ORGANIZATIONAL CHART AND
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2014



FINANCIAL SECTION

P.O. BOX 473
CARTERSVILLE, GA 30120
(770) 382-3361
FAX (770) 386-8382
WWW.WCPAS.COM

WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
City of LaFayette
LaFayette, 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 LaFayette, Georgia as of and for the year ended September 30, 2014, 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, business-type activities, each major fund and the aggregate remaining fund information of the City of LaFayette, Georgia as of and for the year ended September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Hotel/Motel, 2008 and 2014 SPLOST, Police, Police Forfeiture, and Police Technology Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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 13 through 24 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 inquires 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 LaFayette's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical section, and the schedules of projects constructed with special local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of LaFayette, Georgia.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2015, on our consideration of the City of LaFayette, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of LaFayette, Georgia's internal control over financial reporting and compliance.

Williamson & Company

Williamson & Company
Certified Public Accountants
March 2, 2015

Management's Discussion and Analysis

This section of the City of Lafayette's annual financial report is designed to provide the reader a better understanding of the City's financial activity for the fiscal year that ended September 30, 2014. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

Financial Highlights

- The City's total assets exceed liabilities by $31,241,967 at the end of the year. This amount includes $27,952,548 invested in capital assets net of accumulated depreciation and related debt, restricted net position of $2,672,807 and unrestricted net position of $776,612. Significant portions of restricted net position include amounts for debt service and construction.

- The City's total net position increased by $674,693, or 2.16% to $31,241,967. The net position for governmental activities increased by $787,662, or 11.02% and the business-type net position decreased by $112,969, or 0.47%.

- The City's revenues for governmental activities were $4,136,309, excluding transfers, leases, and bonds issued. Expenses, excluding transfers, were $5,531,536.

- The City's business-type activities, excluding transfers, had revenues of $18,583,332, while expenses, excluding transfers, were $15,780,327.

- The General Fund, which is the City's primary operating fund, reported an increase in fund balance of $83,880 in fiscal year 2014.

- The City's governmental activities debt balance (Note 8) had a net increase of $1,500,521. This change represents the issuance of additional revenue bonds payable of $2,085,000, and the payment of outstanding revenue bond principal of $605,000. This change also reflects a compensated absences increase of $18,185, while capital lease transactions increased $2,336. The balance on the outstanding debt for business-type activities had a net decrease of $595,544. This change represents the payment of revenue bonds payable of $452,015, payment of notes payable principle of $85,524, and payment of capital leases payable principle of $60,910. This change also reflects an additional compensated absences increase of $2,905.

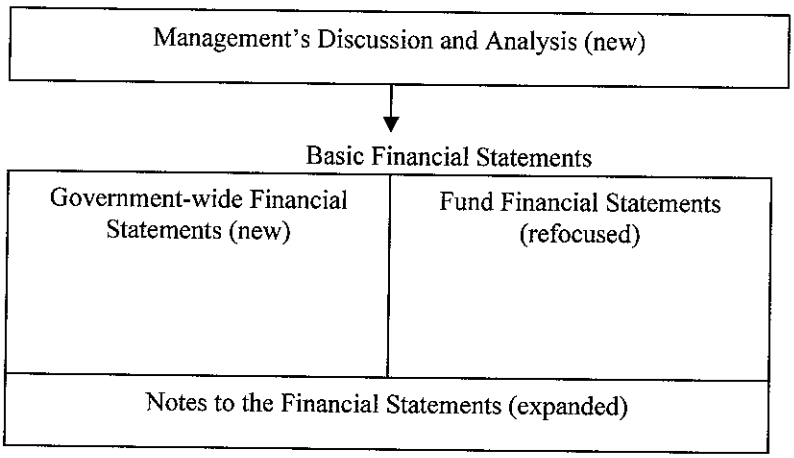
- Total cash (Note 3) at September 30, 2014 was $5,218,030.

- The capital assets (Note 6), net of accumulated depreciation, of the City at the end of the 2014 fiscal year totaled $37,140,044. This includes net capital assets for governmental activities of $7,507,980 and business-type activities of $29,632,064.

An Overview of the Financial Statements

In light of the fact that this is a different presentation from the pre-GASB Statement 34 model, the following graph is provided to assist in understanding the component parts.

Required Components of the City's Annual Financial Report



The focus of the financial statements is on both the City's overall financial status and the major individual funds. The following briefly describes the component parts.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are designed to report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets combines all of the City's current financial resources with capital assets and long-term obligations. Net assets, the difference between the City's assets and liabilities, are one way to measure the City's financial health.

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** – These include the basic services provided by the City including police, fire, parks and recreation, public works and general administration.

- **Business-type activities** – These include services for which the City charges specific fees which are meant to cover the cost of providing the services. These include electric, gas, water and sewer services, solid waste collection, municipal airport and golf.

Governmental activities and business-type activities are consolidated and add to the total for the primary government.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's major funds rather than the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has two types of funds as described in the chart below.

Fund Financial Statements

	Governmental Funds	**Proprietary Funds**	**Fiduciary Funds**
Scope	Includes the City's basic services such as police, fire, traffic control, cultural activities, and parks	Services provided by the City that are operated similar to private businesses and for which the City charges a fee	Funds for which the City is the trustee or agent for someone else's resources
Examples	Police, fire, street and sidewalks, parks, and recreational activities	Electric, Gas, Water and Sewer and Solid Waste	City's revolving loan fund
Required financial statements	- Balance Sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of net assets - Statement of revenues, expenses, and changes in net assets - Statement of cash flows	- Statement of fiduciary net assets - Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short and long-term	All assets and liabilities, both short and long-term; capital assets, if any, are included
Type of inflow / outflow information	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Position for the current year. The City's net position increased by $674,693, or 2.16% in fiscal year 2014. The net position of the governmental activities include $6,823,674 investment in capital assets. Capital assets of $7,507,980 include land, buildings, park improvements, equipment and current year infrastructure additions. Related debt includes revenue bonds of $2,710,000.

The net position of the business-type activities include $20,968,874 investment in capital assets. Capital assets of $29,632,064 include land, utility system, building, other improvements, equipment, airport and golf course. Related debt includes notes and revenue bonds of $9,834,209.

For more detailed information, see the Statement of Net Position on page 27 of the financial statements and the notes to the financial statements.

Table 1
Statement of Net Position
As of September 30
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2014	2013	2014	2013	2014	2013	2014-13
ASSETS							
Current and other assets	$ 2,983	$ 990	$ 6,173	$ 6,867	$ 9,156	$ 7,857	16.53%
Capital assets	7,508	7,300	29,632	29,344	37,140	36,644	1.35%
Total Assets	10,491	8,290	35,805	36,211	46,296	44,501	4.03%
LIABILITIES							
Current and other liabilities	417	1,234	1,639	2,057	2,056	3,291	-37.53%
Long-term debt outstanding	2,929	699	10,068	9,943	12,997	10,642	22.13%
Total Liabilities	3,346	1,933	11,707	12,000	15,053	13,933	8.04%
NET ASSETS							
Invested in capital assets, net of related debt	6,824	6,013	20,969	28,041	27,793	34,054	-18.39%
Restricted	2,410	1,480	263	-	2,673	1,480	80.61%
Unrestricted	(2,089)	(1,136)	2,866	(3,831)	777	(4,967)	-115.64%
Total Net Assets	$ 7,145	$ 6,357	$ 24,098	$ 24,210	$ 31,243	$ 30,567	2.21%

CHANGES IN NET POSITION

The City's total revenues before transfers were $22,709,960 in the 2014 fiscal year. Expenses before transfers were $22,035,266 during that same period. Governmental and business-type activities combined provided a $674,693 increase in net assets.

Governmental activities revenues were $4,158,117 and included $1,083,333 charges for services, $332,449 grant revenues, $558,081 property taxes and $1,160,083 sales taxes. The largest governmental activities expenses were for public safety of $2,242,401 (police, fire and animal control), public works of $857,663, general government of $1,308,976 and recreation of $877,852. Expenses include depreciation expense as explained in the notes to the financial statements (Note 6).

Business-type activity revenues were $18,551,843 and included $18,536,523 charges for services, $18,474 intergovernmental revenues, and $28,336 interest. The largest business-type activity expenses were for purchases of energy for resale to customers, electricity for $7,014,897 and gas for $1,718,548.

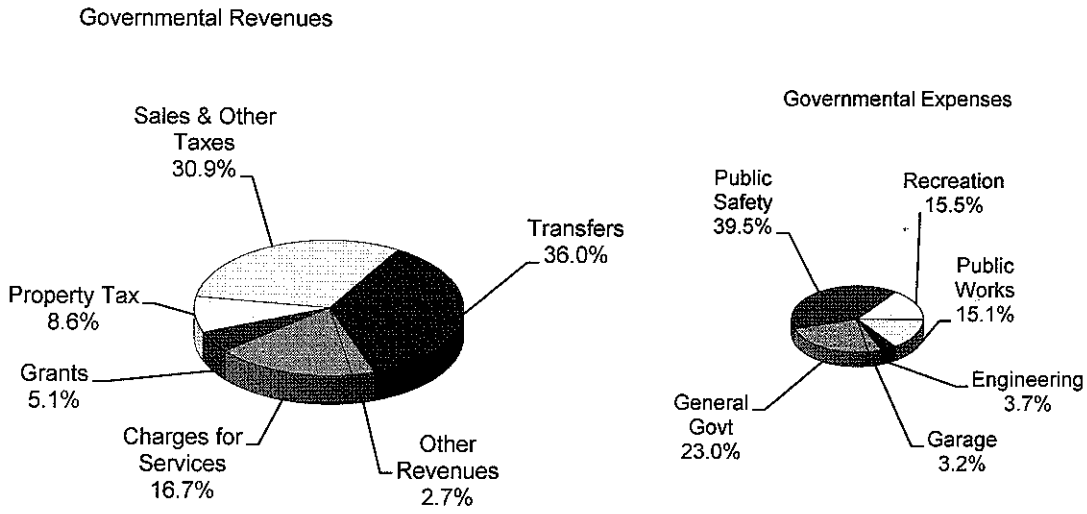
Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2014	2013	2014	2013	2014	2013	
REVENUES							
Program Revenues							
Charges for services	$ 1,083	$ 1,132	$ 18,537	$ 16,707	$ 19,620	$ 17,839	10.0%
Operating grants and contributions	214	310	-	-	214	310	-31.0%
Capital grants and contributions	119	245	18	681	137	926	-85.2%
General revenues							
Property taxes	558	496	-	-	558	496	12.5%
Local option sales tax	1,161	1,062	-	-	1,161	1,062	9.3%
Other taxes	847	868	-	-	847	868	-2.4%
Investment income	17	2	28	8	45	10	350.0%
Other general revenues	160	67	(32)	1	128	68	88.2%
Total Revenues	4,159	4,182	18,551	17,397	22,710	21,579	5.2%
EXPENSES							
General	1,309	1,118	-	-	1,309	1,118	17.1%
Police	1,866	1,798	-	-	1,866	1,798	3.8%
Fire	355	398	-	-	355	398	-10.8%
Public Works	858	833	-	-	858	833	3.0%
Engineering	213	216	-	-	213	216	-1.4%
Recreation	878	886	-	-	878	886	-0.9%
Garage	181	174	-	-	181	174	4.0%
Animal Control	21	35	-	-	21	35	-40.0%
Interest on long-term debt	31	39	-	-	31	39	-20.5%
Electric	-	-	8,302	7,663	8,302	7,663	8.3%
Gas	-	-	2,443	2,058	2,443	2,058	18.7%
Water/Sewer	-	-	3,742	3,571	3,742	3,571	4.8%
Solid Waste	-	-	582	647	582	647	-10.0%
Golf	-	-	828	825	828	825	0.4%
Airport	-	-	426	419	426	419	1.7%
Total Expenses	5,712	5,497	16,323	15,183	22,035	20,680	6.6%
Excess (Deficiency) before transfers	(1,553)	(1,315)	2,228	2,214	675	899	-24.9%
Transfers	2,341	2,549	(2,341)	(2,549)	-	-	0.0%
Increase (Decr.) in Net Position	$ 788	$ 1,234	$ (113)	$ (335)	$ 675	$ 899	-24.9%

GOVERNMENTAL ACTIVITIES

See pages 28-29 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's governmental revenues and expenditures.

Table 3 – Governmental Activities
Fiscal Year 2014



Revenue Impacts:

- Property taxes of $558,081 provided 8.6% of governmental revenues for general operations. The millage rate was set at 2.99 in the current year.
- Revenues from local option sales taxes were $1,160,083. This represents an overall increase of .08% from the prior year.
- The transfers from proprietary funds were $2,341,208, which was $207,792 or an 8.88% decrease from the prior year.
- Charges for services include amounts charged for providing utility billing and collection services to the enterprise funds of $684,000. Municipal court fines were $110,801.

Expense Impacts

- General Government expenditures increased by $191,168 or 15% compared to the prior year. This increase is primarily due to paying a City Manager including relocation, repairs to City Hall bill pay window. It is also driven by a small pay increase across the funds.

- Police, fire and animal control expenditures increased by $68,870 or 3.7% from the prior year. Rebuilt animal control truck, moved animal control under police, rebuild pump on fire engine. It is also driven by a small pay increase across the funds.

- Public Works expenditures increased by $24,450 or 2.85% compared to the prior year. This is primarily driven by the purchase of a Bobcat Tract loader / trencher, a knuckleboom truck, and leafwagon truck. It is also driven by a small pay increase across the funds.

- Culture and Recreation expenditures decreased by $7,603 or .87%. This decrease was primarily driven by a reduction in capital expenditures at the Golf Course and Recreation departments.

BUSINESS-TYPE ACTIVITIES

Table 4
Business-type Activities
(in thousands)

	Operating Revenues		Operating Expenses		Operating Income	
	2014	2013	2014	2013	2014	2013
Electric	$ 9,996	$ 8,721	$ 8,302	$ 7,663	$ 1,694	$ 1,058
Gas	3,063	2,669	2,435	2,049	628	620
Water/Sewer	4,248	4,110	3,503	3,321	745	789
Solid Waste	516	513	579	643	(63)	(130)
Golf	591	572	823	817	(232)	(245)
Airport	123	122	426	420	(303)	(298)
Total	$ 18,537	$ 16,707	$ 16,068	$ 14,913	$ 2,469	$ 1,794

Operating revenues for business-type activities for the fiscal year 2014 were $18,536,522, a $1,829,445 increase compared to the prior year. Operating expenses were $16,067,710 in 2014, $1,154,554 more than the prior year. The operating income was $2,468,812 in 2014 compared to $1,793,921 in 2013. Activities for individual funds are summarized below.

- Electric program revenues increased by $1,275,462 from the prior year in addition to expenses increasing by $639,159. The program revenue increase is attributable to the adoption of an electric rate increase in April FY13 and weather-related factors.

- Gas program revenues increased by $393,713 and expenses increased by $385,540. Natural gas prices remained stable, revenues and expenditures increased due to volume increases through gas line extension and colder weather during the winter.

- Water & Sewer program revenues increased by $137,233, while expenses increased by $182,007 from the prior year. Sewer rates were increased from 75% to 120%, driving revenues up. Expenses were driven up by painting a water tank, capital expenditures on Waste Water treatment and a small pay increase.

- Solid Waste program revenues increased $2,939 from the prior year and expenses decreased $64,300. Revenue increase is driven by additional customer base, expense decrease driven by headcount reduction in Solid Waste department.

- Golf revenues increased by $19,335 over the prior year, Expenses were up by $5,342. Revenues increased due to increase in membership, more efficient management practices, and café management.

- Airport revenues increased by $763, mostly due to selling oil at the terminal Expenses increased by $6,806 from the prior year. Expenses increased due to part time employee going to full time to help cut trees.

The City's Funds
Table 5
Financial Analysis of the City's Funds

Fund	Fund Balances 09-30-13	Revenues/ Sources	Expenditures/ Uses	Revenues/Sources Over (Under) Expenditures/Uses	Fund Balances 09-30-14
General Fund	$ 261,819	$ 5,741,886	$ 5,658,006	$ 83,880	$ 345,699
Cap. Proj.-2008 SPLOST	301,981	607,714	617,406	(9,692)	292,289
Cap. Proj.-2014 SPLOST	-	2,095,043	235,053	1,859,990	1,859,990
Total City Funds	$ 563,800	$ 8,444,643	$ 6,510,465	$ 1,934,178	$ 2,497,978

At September 30, 2014, the City's governmental funds reported a combined fund balance of $2,556,957 (see Statement on page 30), which is $1,932,091 greater than the previous year-end. The unreserved portion of fund balance was $213,912. The unreserved fund balance may serve as a useful indicator of the City's ability to operate without external financing. The reserved portion represents amounts reserved for debt service payments related to the issuance of revenue bonds to finance capital projects construction.

General Fund
The General Fund had an $83,880 increase in fund balance, to end the fiscal year at $345,699. More detailed information for the general fund is presented on page 31.

Operating revenues and other financing sources increased $1,829,131. This increase was related to both an Electric and Sewer rate increase.

Overall expenditures and other uses increased $335,702. Transfers out increased $7,240.

Capital Projects Funds
The capital projects funds account for the proceeds from special purpose local option sales tax that are used to construct various improvements which benefit City residents. In June 2008, voters approved continuation of the one-percent special purpose local option sales tax. The period during which this tax is collected began October 2008 and ended September 2013. In June 20013, voters approved continuation of the one-percent special purpose local option sales tax. The period during which this tax is collected began October 2014 and ends September 2019. Capital outlay expenditures are to be primarily for street and road improvements, recreation, water and sewer improvements, solid waste and street equipment. The major sources of revenue were:

- Sales tax $607,577
- Interest earned $137

The revenue bond issue will be repaid with special purpose local option sales tax proceeds over the approved period of the tax. The bond issue allows the City to proceed at an accelerated pace with acquisition/improvements of equipment and infrastructure to better serve its citizens.

The fund balance is reserved for completion of SPLOST projects as identified in the Schedule of Special Purpose Local Option Sales Tax on page 90.

GENERAL FUND BUDGETARY HIGHLIGHTS

A statement comparing the original and final budgets and the variance from the final budget to the actual results is included on page 33 of the financial statements.

In September 2013, the City Council appropriated $5,214,213 for general fund expenditures in the 2014 fiscal year budget.

Primary reasons for the differences between the final budget and actual results in the General Fund include:
Revenues:

- Revenues were within $13,000 of expectations on a $3.3 million dollar revenue budget.

Expenditures:

- Capital Expenditures were ~$347,468 higher than budget driven by an aggressive zero capital budget.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounted to $37,140,044 (net of accumulated depreciation). Investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 1.33%. For more detailed information concerning capital assets see the notes to the financial statements.

Table 6
Capital Assets
(net of depreciation)

	Governmental Activities	Business-type Activities	Total
Land and Improvements	$ 3,336,429	$ 5,465,990	$ 8,802,419
Construction in progress	33,928	1,915,317	1,949,245
Buildings and structures	1,608,186	3,317,057	4,925,243
Infrastructure	1,546,905	-	1,546,905
Utility systems	-	17,227,840	17,227,840
Improvements other than buildings	-	-	-
Furniture, machinery and equipment	982,532	1,705,860	2,688,392
Total	$ 7,507,980	$ 29,632,064	$ 37,140,044

This year's major capital asset additions included:

Governmental Activities:

- Admin – New Radios - $24,168
- Public Works – Infrastructure & Equipment - $221,933
- Economic Development – New Auto - $14,869

Business-type Activities:

- Water and Sewer Fund Equipment - $77,523
- Water and Sewer Fund Improvements - $1,666,198
- Electric Fund Improvements - $8,677
- Gas Fund Equipment - $49,627
- Gas Fund Improvements - $58,972
- Airport Fund Improvements - $18,948

LONG-TERM DEBT

At the end of the 2014 fiscal year, the City had $12,997,182 in outstanding debt. This is a net increase of $904,977 compared to the prior year. More detailed information about the City's long-term liabilities is included in the notes to the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the total tax digest. The current debt limitation for the City is $13,846,594 and the City has no outstanding general obligation debt.

Table 7
Outstanding Debt at September 30, 2014

	Governmental Activities	Business-type Activities
Revenue Bonds	$ 2,710,000	$ 8,553,138
Capital Leases	59,306	563,389
Notes Payable	-	717,682
Total	$ 2,769,306	$ 9,834,209

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economy has continued to improve, increasing our tax revenue and helping reduce pressure on our financial status. Our percentage of LOST revenue has increased by 2% due to negotiations with the County. We have made one adjustment to our Utility Cost Adjustment to offset some increased Electric Supply cost. As of this narrative, we are five months into the next budget year and are experiencing significant favorability to budget, despite pressure in Electric Cost and a SPLOST shortfall that had to be covered from the General Fund. We have already experienced a colder than average winter which is driving increased volume in Electric and Gas Revenue

The 2014 budget included no capital expenditures in an effort to increase all fund balances through no non-emergency capital expenditures. A Zero Capital budget is not sustainable in the long run, and as a result, the 2015 budget includes substantially more capital. Regardless of the capital budget increase, we still expect an improvement in fund balance at year end.

Financial Contact

This financial report is designed to provide the citizens, taxpayers, customers and creditors of the City with a general overview of the City of LaFayette finances and demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the City of LaFayette at P.O. Box 89, LaFayette, Georgia 30728.

BASIC FINANCIAL STATEMENTS

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	$ 352,216	$ 1,049,986	$ 1,402,202
Receivables - net	213,111	2,430,921	2,644,032
Prepaids	16,787	-	16,787
Inventory	19,849	727,757	747,606
Restricted assets:			
Restricted cash	2,274,836	1,628,794	3,903,630
Capital assets:			
Land and construction in progress	3,370,357	4,192,901	7,563,258
Other capital assets - net	4,137,623	25,439,163	29,576,786
Total capital assets	7,507,980	29,632,064	37,140,044
Unamortized bond issue costs	105,807	335,091	440,898
Total assets	10,490,586	35,804,613	46,295,199
LIABILITIES			
Cash overdraft	87,802	-	87,802
Internal balances	229,882	(229,882)	-
Accounts payable	51,655	1,265,638	1,317,293
Accrued wages payable and withholdings	30,218	-	30,218
Customer deposits	-	601,832	601,832
Accrued Interest payable	17,488	1,417	18,905
Noncurrent liabilities:			
Due within one year	770,223	771,364	1,541,587
Due in more than one year - net	2,158,772	9,296,823	11,455,595
Total liabilities	3,346,040	11,707,192	15,053,232
NET POSITION			
Net investment in capital assets	6,823,674	20,968,874	27,792,548
Restricted for:			
Capital projects	1,931,363	-	1,931,363
Compliance	-	262,739	262,739
Debt service reserve	331,456	-	331,456
Law enforcement activities	147,249	-	147,249
Unrestricted	(2,089,196)	2,865,808	776,612
Total net position	$ 7,144,546	$ 24,097,421	$ 31,241,967

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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	$ 1,308,976	$ 758,906	$ 323	$ 630,949
Police	1,866,355	110,801	213,183	-
Fire	354,798	-	-	-
Public Works	857,663	40,825	-	95,571
Engineering	212,957	26,930	-	-
Recreation	877,852	145,871	-	-
Garage	181,154	-	-	-
Animal Control	21,248	-	-	-
Interest on Long-term Debt	30,660	-	-	-
Total governmental activities	5,711,663	1,083,333	213,506	726,520
Business-type activities:				
Airport	426,215	122,746	-	18,474
Electric	8,302,308	9,996,147	-	-
Gas	2,443,124	3,062,966	-	-
Golf	828,138	590,906	-	-
Water/Sewer	3,741,994	4,247,519	-	-
Solid Waste	581,824	516,238	-	-
Total business-type activities	16,323,603	18,536,523	-	18,474
Total primary government	$ 22,035,266	$ 19,619,856	$ 213,506	$ 744,994

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets Primary Government Governmental Activities	Business-type Activities	Totals
Primary government:			
Governmental activities:			
General Government	$ 81,202		$ 81,202
Police	(1,542,371)		(1,542,371)
Fire	(354,798)		(354,798)
Public Works	(721,267)		(721,267)
Engineering	(186,027)		(186,027)
Recreation	(731,981)		(731,981)
Garage	(181,154)		(181,154)
Animal Control	(21,248)		(21,248)
Interest on Long-term Debt	(30,660)		(30,660)
Total governmental activities	(3,688,304)		(3,688,304)
Business-type activities:			
Airport		$ (284,995)	(284,995)
Electric		1,693,839	1,693,839
Gas		619,842	619,842
Golf		(237,232)	(237,232)
Water/Sewer		505,525	505,525
Solid Waste		(65,586)	(65,586)
Total business-type activities		2,231,393	2,231,393
Total primary government	(3,688,304)	2,231,393	(1,456,911)
General revenues:			
Taxes:			
Property	558,081	-	558,081
Sales	552,506	-	552,506
Hotel/Motel	24,151	-	24,151
Insurance premium	367,329	-	367,329
Malt beverage	118,576	-	118,576
Franchise	264,796	-	264,796
Occupation	72,046	-	72,046
Other	94,464	-	94,464
Investment earnings	16,512	28,336	44,848
Gain (Loss) on Sale of Capital Assets	43,122	(31,490)	11,632
Miscellaneous	23,175	-	23,175
Transfers	2,341,208	(2,341,208)	-
Total general revenues and transfers	4,475,966	(2,344,362)	2,131,604
Change in net position	787,662	(112,969)	674,693
Net position - beginning	6,356,884	24,210,390	30,567,274
Prior Period adjustment	-	-	-
Net position - ending	$ 7,144,546	$ 24,097,421	$ 31,241,967

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General	Capital Projects - 2008 SPLOST	Capital Projects - 2014 SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 900	$ -	$ -	$ 161,772	$ 162,672
Receivables (Net of Allowance for Uncollectibles):					
Accounts	43,896	-	-	-	43,896
Taxes	72,975	96,240	-	-	169,215
Prepaids	16,787	-	-	-	16,787
Inventory	19,849	-	-	-	19,849
Due from Other Funds	3,976,150	-	-	1,751	3,977,901
Cash - Restricted	78,308	331,456	1,865,072	-	2,274,836
Total Assets	$ 4,208,865	$ 427,696	$ 1,865,072	$ 163,523	$ 6,665,156
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft	$ 87,802	$ -	$ -	$ -	$ 87,802
Accounts Payable	51,655	-	-	-	51,655
Accrued Payables & Withholdings	30,218	-	-	-	30,218
Due to Other Funds	3,672,143	123,001	-	104,544	3,899,688
Accrued Interest Payable	-	12,406	5,082	-	17,488
Deferred Revenue	21,348	-	-	-	21,348
Total Liabilities	3,863,166	135,407	5,082	104,544	4,108,199
Fund Balances:					
Nonspendable:					
Prepaids	16,787	-	-	-	16,787
Inventory	19,849	-	-	-	19,849
Restricted for:					
Acquisition and construction of capital assets	-	(87,595)	1,865,072	-	1,777,477
Debt service reserve	-	331,456	-	-	331,456
Law enforcement activities	-	-	-	125,305	125,305
Committed to:					
Cemetery care	72,171	-	-	-	72,171
Unassigned	236,892	48,428	(5,082)	(66,326)	213,912
Total Fund Balances	345,699	292,289	1,859,990	58,979	2,556,957
Total Liabilities and Fund Balances	$ 4,208,865	$ 427,696	$ 1,865,072	$ 163,523	$ 6,665,156

Reconciliation of the Balance Sheet to the Statement of Net Position

Fund Balances - Total governmental funds		$ 2,556,957
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		7,507,981
An internal service fund is used by management to charge the costs of self-insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(118,551)
A portion of deferred revenue in the general fund represents property tax billed but uncollected and is eliminated in the statement of net position.		21,348
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Other related amounts include deferred issue costs.		
Bonds Payable	(2,710,000)	
Leases Payable	(59,306)	
Unamortized Bond Issuance Costs	105,807	
Compensated Absences	(159,689)	
		(2,823,188)
Effects of rounding		(1)
Net position of governmental activities		$ 7,144,546

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General	Capital Projects - 2008 SPLOST	Capital Projects - 2014 SPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 1,902,878	$ -	$ -	$ 24,151	$ 1,927,029
Grant Revenue	-	-	-	178,451	178,451
Licenses and Permits	30,592	-	-	-	30,592
Intergovernmental	95,571	607,577	-	-	703,148
Payments in lieu of taxes	12,223	-	-	-	12,223
Fines and Forfeitures	141,508	-	-	-	141,508
Charges for Services	246,224	-	-	-	246,224
Contributions and donations	1,103	-	-	-	1,103
Miscellaneous Income	858,831	-	-	-	858,831
Interest Income	6,087	137	10,043	245	16,512
Total Revenues	3,295,017	607,714	10,043	202,847	4,115,621
EXPENDITURES					
Current:					
General Government	1,257,012	-	64,927	-	1,321,939
Police	1,681,625	-	-	105,462	1,787,087
Fire	321,440	-	-	-	321,440
Public Works	771,127	-	-	-	771,127
Engineering	217,117	-	-	-	217,117
Recreation	822,309	-	-	-	822,309
Garage	185,935	-	-	-	185,935
Animal Control	21,833	-	-	-	21,833
Intergovernmental Expenditures	-	-	-	52,089	52,089
Debt Service:					
Principal	30,375	605,000	-	-	635,375
Interest	1,765	12,406	16,489	-	30,660
Capital Outlay:					
General Government	47,506	-	80,490	-	127,996
Public Works	291,396	-	73,147	-	364,543
Engineering	8,566	-	-	-	8,566
Total Expenditures	5,658,006	617,406	235,053	157,551	6,668,016
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,362,989)	(9,692)	(225,010)	45,296	(2,552,395)
OTHER FINANCING SOURCES (USES)					
Capital Leases	37,590	-	-	-	37,590
Special Assessment Bonds Issued	-	-	2,085,000	-	2,085,000
Transfers - Out	-	-	-	(47,383)	(47,383)
Transfers - In	2,388,591	-	-	-	2,388,591
Sale of capital assets	20,688	-	-	-	20,688
Total Other Financing Sources (Uses)	2,446,869	-	2,085,000	(47,383)	4,484,486
Net Change in Fund Balances	83,880	(9,692)	1,859,990	(2,087)	1,932,091
Fund Balance (Deficit) - Beginning of Year	261,819	301,981	-	61,066	624,866
Fund Balance - End of Year	$ 345,699	$ 292,289	$ 1,859,990	$ 58,979	$ 2,556,957

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net Change in Fund Balances - Total Governmental Funds		$ 1,932,091
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	501,105	
Less current year depreciation	(312,192)	
		188,913
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		22,565
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Unavailable deferred property tax revenues		(757)
Issuance of long-term debt (bonds, leases) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Capital Lease Proceeds	(37,590)	
Special Assessment Bonds Issued	(2,085,000)	
Principal Payments on Bonds	605,000	
Principal Payments on Leases	30,375	
		(1,487,215)
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 the governmental funds.		
Net change in long-term compensated absences		(18,185)
Internal service funds are used by management to charge the costs of self-insurance to individual funds.		
The net income of certain activities of internal service funds is reported with governmental activities.		150,250
Change in Net Position of Governmental Activities		$ 787,662

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 1,801,100	$ 1,801,100	$ 1,902,878	$ 101,778
Grant Revenue	250,000	250,000	-	(250,000)
Licenses and Permits	17,250	17,250	30,592	13,342
Intergovernmental	50,000	50,000	95,571	45,571
Payments in lieu of taxes	-	-	12,223	12,223
Fines and Forfeitures	163,700	163,700	141,508	(22,192)
Charges for Services	257,800	257,800	246,224	(11,577)
Contributions and donations	1,000	1,000	1,103	103
Miscellaneous Income	783,600	783,600	858,831	75,231
Interest Income	1,500	1,500	6,087	4,587
Total Revenues	3,325,950	3,325,950	3,295,017	(30,934)
EXPENDITURES				
Current:				
General Government	1,229,863	1,229,863	1,257,012	(27,149)
Police	1,617,425	1,617,425	1,681,625	(64,200)
Fire	342,345	342,345	321,440	20,905
Public Works	746,210	746,210	771,127	(24,917)
Engineering	232,150	232,150	217,117	15,033
Recreation	810,100	810,100	822,309	(12,209)
Garage	183,320	183,320	185,935	(2,615)
Animal Control	47,300	47,300	21,833	25,467
Debt Service:				
Principal	-	-	30,375	(30,375)
Interest	-	-	1,765	(1,765)
Capital Outlays:				
General Government	-	-	47,506	(47,506)
Police	-	-	-	-
Fire	4,500	4,500	-	4,500
Public Works	1,000	1,000	291,396	(290,396)
Recreation	-	-	8,566	(8,566)
Total Expenditures	5,214,213	5,214,213	5,658,006	(443,793)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,888,263)	(1,888,263)	(2,362,989)	(474,726)
OTHER FINANCING SOURCES (USES)				
Capital Leases	-	-	37,590	37,590
Transfers - Out	-	-	-	-
Transfers - In	2,351,508	2,351,508	2,388,591	37,083
Sale of capital assets	8,000	8,000	20,688	12,688
Total Other Financing Sources (Uses)	2,359,508	2,359,508	2,446,869	87,361
Net Change in Fund Balance	471,245	471,245	83,880	(387,365)
Fund Balance (Deficit) - Beginning of Year	261,819	261,819	261,819	-
Fund Balance (Deficit) - End of Year	$ 733,064	$ 733,064	$ 345,699	$ (387,365)

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Assets								
Current Assets:								
Cash and Cash Equivalents	$ -	$ -	$ 18,649	$ -	$ 1,031,337	$ -	$ 1,049,986	$ 189,544
Restricted Cash - MEAG	-	195,033	-	-	-	-	195,033	-
Accounts Receivable - Net	-	1,457,457	205,857	-	702,822	64,785	2,430,921	-
Due From Other Funds	6,338	2,336,183	1,093,844	-	394,529	141,422	3,972,316	-
Inventory	37,024	502,236	89,109	12,221	87,167	-	727,757	-
Total Current Assets	43,362	4,490,909	1,407,459	12,221	2,215,855	206,207	8,376,013	189,544
Non-Current Assets:								
Restricted Assets:								
Construction Cash	-	-	-	-	1,171,021	-	1,171,021	-
Compliance Account	-	-	-	-	262,739	-	262,739	-
Capital Assets:								
Land	10,000	9,000	7,000	1,340,395	843,741	67,448	2,277,584	-
Equipment	160,413	754,099	360,466	608,401	1,710,318	1,021,004	4,614,701	-
Buildings	1,534,082	576,114	47,917	2,333,326	452,420	5,206	4,949,065	-
Improvements Other Than Buildings	3,169,286	-	-	-	584,786	-	3,754,072	-
Utility Systems	-	4,471,925	766,195	-	31,358,786	-	36,596,906	-
Construction in Progress	18,948	-	49,509	-	1,846,860	-	1,915,317	-
Less Accumulated Depreciation	(1,739,882)	(4,442,283)	(529,796)	(960,125)	(16,059,795)	(743,700)	(24,475,581)	-
Unamortized Bond Issue Costs	-	-	-	-	335,091	-	335,091	-
Total Non-Current Assets	3,152,847	1,368,855	701,291	3,321,997	22,505,967	349,958	31,400,915	-
Total Assets	$ 3,196,209	$ 5,859,764	$ 2,108,750	$ 3,334,218	$ 24,721,822	$ 556,165	$ 39,776,928	$ 189,544

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Liabilities								
Current Liabilities:								
Accounts Payable	$ 8,422	$ 670,972	$ 70,734	$ 3,654	$ 511,856	$ -	$ 1,265,638	$ -
Compensated Absences Payable	457	10,583	8,947	11,647	26,149	3,955	61,738	-
Due to Other Funds	766,621	143,002	5,730	1,893,866	272,240	660,974	3,742,433	308,095
Customer Deposits	-	339,859	96,750	-	165,223	-	601,832	-
Notes Payable - current	-	-	-	-	87,433	-	87,433	-
Accrued Interest Payable	-	-	-	-	1,417	-	1,417	-
Capital leases payable - current	-	-	48,513	61,020	8,735	43,925	162,193	-
Revenue Bonds Payable	-	-	-	-	460,000	-	460,000	-
Total Current Liabilities	775,500	1,164,416	230,674	1,970,187	1,533,053	708,854	6,382,684	308,095
Noncurrent Liabilities:								
Compensated Absences	515	11,934	10,089	13,134	29,487	4,459	69,618	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	102,622	102,622	-
Notes Payable	-	-	-	-	630,249	-	630,249	-
Capital leases payable	-	-	291,656	33,343	15,966	60,231	401,196	-
Revenue Bonds Payable (Net)	-	-	-	-	8,093,138	-	8,093,138	-
Total Noncurrent Liabilities	515	11,934	301,745	46,477	8,768,840	167,312	9,296,823	-
Total Liabilities	776,015	1,176,350	532,419	2,016,664	10,301,893	876,166	15,679,507	308,095
Net Position								
Net Investment in Capital Assets	3,152,847	1,368,855	361,122	3,227,633	12,612,615	245,802	20,968,874	-
Restricted								
Compliance	-	-	-	-	262,739	-	262,739	-
Unrestricted	(732,653)	3,314,559	1,215,209	(1,910,079)	1,544,575	(565,803)	2,865,808	(118,551)
Total Net Position	$ 2,420,194	$ 4,683,414	$ 1,576,331	$ 1,317,554	$ 14,419,929	$ (320,001)	$ 24,097,421	$ (118,551)

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Operating Revenues								
Charges for Services	$ 86,236	$ 9,965,959	$ 2,922,991	$ 590,905	$ 3,899,626	$ 512,754	$ 17,978,471	$ -
Fees	36,510	-	-	-	220,624	-	257,134	-
Other Revenues	-	30,188	139,975	-	127,270	3,484	300,917	1,569,205
Total Operating Revenues	122,746	9,996,147	3,062,966	590,905	4,247,520	516,238	18,536,522	1,569,205
Operating Expenses								
Costs of Sales and Services	202,926	915,198	459,636	687,939	2,077,261	499,038	4,841,998	1,419,102
Administrative Expense	-	210,000	210,000	-	264,000	-	684,000	-
Cost of Water	-	-	-	-	255,948	-	255,948	-
Cost of Gas	-	-	1,718,548	-	-	-	1,718,548	-
Cost of Electricity	-	7,014,897	-	-	-	-	7,014,897	-
Depreciation Expense	223,289	162,081	46,673	134,753	905,859	79,664	1,552,319	-
Total Operating Expenses	426,215	8,302,176	2,434,857	822,692	3,503,068	578,702	16,067,710	1,419,102
Operating Income (Loss)	(303,469)	1,693,971	628,109	(231,787)	744,452	(62,464)	2,468,812	150,103
Nonoperating Revenues (Expenses)								
Interest Revenue	-	6,839	32	-	21,465	-	28,336	147
Interest Expense	-	(132)	(8,267)	(5,446)	(245,941)	(3,122)	(262,908)	-
Gain (Loss) on Sale of Capital Assets	-	(33,712)	-	-	2,222	-	(31,490)	-
Bond Issue Cost Amortization	-	-	-	-	7,015	-	7,015	-
Total Nonoperating Revenues (Expenses)	-	(27,005)	(8,235)	(5,446)	(215,239)	(3,122)	(259,047)	147
Income Before Contributions, Special Items and Transfers	(303,469)	1,666,966	619,874	(237,233)	529,213	(65,586)	2,209,765	150,250
Capital Contributions	18,474	-	-	-	-	-	18,474	-
Transfers	-	(1,455,111)	(429,208)	-	(456,889)	-	(2,341,208)	-
	18,474	(1,455,111)	(429,208)	-	(456,889)	-	(2,322,734)	-
Change in Net Position	(284,995)	211,855	190,666	(237,233)	72,324	(65,586)	(112,969)	150,250
Net Position - Beginning	2,705,189	4,471,559	1,385,665	1,554,787	14,347,605	(254,415)	24,210,390	(268,801)
Net Position - Ending	$ 2,420,194	$ 4,683,414	$ 1,576,331	$ 1,317,554	$ 14,419,929	$ (320,001)	$ 24,097,421	$ (118,551)

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Cash Flows From Operations								
Receipts from Customers and Users	$ 122,746	$ 9,286,163	$ 2,705,202	$ 590,905	$ 3,917,848	$ 511,635	$ 17,134,499	$ 1,569,205
Payments to Suppliers	(31,365)	(7,325,868)	(1,844,706)	(82,975)	(367,026)	(173,302)	(9,825,242)	(1,419,102)
Payments to/for Employees	(90,908)	(552,265)	(324,681)	(447,697)	(1,418,319)	(292,351)	(3,126,221)	-
Net cash Provided by (Used in) Operating Activities	473	1,408,030	535,815	60,233	2,132,503	45,982	4,183,036	150,103
Cash Flows from Noncapital Financing Activities								
Transfers to Other Funds	-	(1,400,000)	(429,208)	-	(512,000)	-	(2,341,208)	-
Net Cash from Noncapital Financing Activities	-	(1,400,000)	(429,208)	-	(512,000)	-	(2,341,208)	-
Cash Flows from Capital and Related Financing Activities								
Principal Payments - Bonds	-	-	-	-	(445,000)	-	(445,000)	-
Principal Payments - Notes	-	-	-	-	(85,523)	-	(85,523)	-
Principal Payments - Leases	-	-	(33,868)	(54,787)	(2,141)	(42,881)	(133,677)	-
Capital Lease Proceeds	-	-	45,927	-	26,843	-	72,770	-
Capital Contributions	18,475	-	-	-	-	-	18,475	-
Proceeds from Sales of Capital Assets	-	779	-	-	500	-	1,279	-
Acquisition and Construction of Capital Assets	(18,948)	(8,677)	(108,598)	-	(1,736,940)	-	(1,873,163)	-
Interest Paid	-	(132)	(8,267)	(5,446)	(245,942)	(3,122)	(262,909)	-
Net Cash from Capital and Related Financing Activities	(473)	(8,030)	(104,806)	(60,233)	(2,488,204)	(46,003)	(2,707,749)	-
Cash Flows from Investing Activities								
Interest Received	-	6,839	32	-	21,465	-	28,336	147
Net Increase(Decrease) in Cash	-	6,839	1,833	-	(846,236)	(21)	(837,585)	150,250
Cash (Overdraft) - October 1 (including restricted cash)	-	188,194	16,816	-	3,311,333	21	3,516,364	39,294
Cash (Overdraft) - September 30 (including restricted cash)	$ -	$ 195,033	$ 18,649	$ -	$ 2,465,097	$ -	$ 2,678,779	$ 189,544

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Operating Income (Loss)	$ (303,469)	$ 1,693,971	$ 628,109	$ (231,787)	$ 744,452	$ (62,464)	$ 2,468,812	$ 150,103
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities								
Depreciation	223,289	162,081	46,673	134,753	905,859	79,664	1,552,320	-
(Increase) Decrease in Assets:								
Accounts Receivable	-	(506,713)	(145,461)	-	(72,330)	(4,603)	(729,107)	-
Inventory	-	6,134	13,108	455	41,456	-	61,153	-
Increase (Decrease) in Liabilities:								
Accounts Payable	79,681	43,306	(1,804)	154,164	504,597	35,927	815,871	-
Compensated Absences Payable	972	2,521	(2,507)	2,648	1,811	(2,542)	2,903	-
Customer Deposits	-	6,730	(2,303)	-	6,658	-	11,084	-
Net Cash Provided by (Used in) Operating Activities	$ 473	$ 1,408,030	$ 535,815	$ 60,233	$ 2,132,503	$ 45,982	$ 4,183,036	$ 150,103
Noncash Investing, Capital and Financing Activities								
Acquisition of Capital Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accumulated Depreciation	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Accounts Payable	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Net Cash from Noncash Activities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
For purposes of reporting cash flows, cash includes the following amounts as presented in the Statement of Net Position:								
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted Cash:								
MEAG	-	-	-	-	-	-	-	-
GEFA	-	-	-	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-	-	-	-
Construction Cash	-	-	-	-	-	-	-	-
Bond Debt Service and Reserve Cash	-	-	-	-	-	-	-	-
Renewal and Replacement Cash	-	-	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of this financial statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of LaFayette was incorporated September 30, 1835. The City operates under an elected mayor and council who appoint a city manager. The City provides the following services as authorized by its charter or statues: culture and recreation, streets and roads, public utilities (electric, gas, water/sewer, sanitation), public safety (police and fire), community development, cemetery, garage, airport, golf and general and administrative services.

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements would present the primary government and its component units. Certain potential component units might be considered for inclusion in the financial report because of the significance of the City's influence over their operation or finances. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In accordance with the above criteria, the City does not include any component units in its financial report.

Related organization:

The LaFayette Housing Authority is a related organization that has not been included in the reporting entity. The Authority provides low-income housing to eligible families in the City. The Authority's Board consists of five members that are appointed by the Mayor of LaFayette. The City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

The Downtown Development Authority is a related organization that has not been included in the reporting entity. The Authority's current year cash balance was less than $5,800. Based upon the materiality level of the city the Authority was not included with the City's financial statements.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Fund financial statements emphasize major funds in either the governmental or proprietary funds. Non-major funds (if any) are reported as a separate column in the fund financial statements

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant FASB pronouncements and APB opinions issued on or prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City does not apply FASB pronouncements and APB opinions issued after November 30, 1989.

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 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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.

Taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, non-exchange transactions are recognized in accordance with GASB Statement 33.

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 fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned. Only the City Council may modify or rescind a committed fund balance. Intent to assign fund balance would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.

D. Fund Types and Major Funds

Governmental Funds

The general and capital project funds are the major governmental funds that the City reports. The general fund is the primary fund of the City and accounts for all financial resources not reported in other funds. The hotel/motel tax special revenue fund accounts for the proceeds of the hotel/motel tax. The capital projects fund accounts for the acquisition and construction of major capital assets other than those accounted for by proprietary funds.

Proprietary Funds

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting. The City reports the airport, electric, gas, golf, water and sewer, and solid waste funds as major funds. 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 are charges to customers for sales and services. These funds recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales 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.

Internal Service Funds

The Self Insurance internal service fund accounts for risk management activities of the City on a cost reimbursement basis. The internal service fund is a proprietary fund reported with governmental activities in the government-wide statements.

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 government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues include charges to customers for good, services or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. General revenues include all taxes.

E. Assets, Liabilities, Net Position or Equity

1. **Cash.** Cash includes amounts in demand and time deposits that by law must be insured or collateralized. Investments, if any, are limited by law and bond ordinances to federal and state securities.

2. **Receivables.** All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise funds are recognized at the end of each year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

3. **Due To and Due From Other Funds/Internal Balances.** During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered or interfund loans. Interfund transactions are recorded by all funds affected in the period in which transactions are executed. In the government-wide financial statements, these balances are reported as internal balances.

4. **Interest Receivable**. Interest on investments and certain receivables is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

5. **Inventories**. Inventories for all governmental funds are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund and accounted for using the purchases method. . Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventories of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

6. **Prepaids.** Prepaids represent the amount paid in advance for Georgia sales tax on sales of electricity and gas.

7. **Other Assets.** Other assets held are recorded and accounted for at cost.

8. **Restricted Assets.** The Water and Sewer Fund, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt or for construction. The "bond debt service and reserve cash" accounts are used to segregate resources accumulated for debt service payments and to report resources set aside to cover the highest debt service requirement in any subsequent year. The "renewal and replacement cash" account is used to report resources set aside to meet unexpected contingencies or for asset replacement. The "construction cash" account is used to report resources set aside to fund construction projects.

9. **Capital Assets.** The City's property, buildings, equipment and infrastructure (streets, bridges, curbs, sidewalks, drainage systems, lighting system, etc.) with useful lives of more than one year and a cost greater than two thousand dollars are capitalized and depreciated. These assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer. Interest expense (net of related income) incurred during the construction phase of business-type capital assets is capitalized as part of the assets' cost.

   Capital assets are depreciated using the straight-line method. When these assets are disposed, the cost and related accumulated depreciation are removed from the accounts and the resulting gain/loss is recorded.

10. **Long-term Debt, Bond Discounts and Issuance Costs.** Outstanding debt and other obligations are reported as a liability in the government-wide and proprietary financial statements. Bond discounts/premiums and issuance costs for proprietary funds are capitalized and amortized over the term of the respective bonds using a method that approximates the effective interest method. Bond discounts are presented as a reduction in the face amount of bonds payable, premiums are presented as an increase of the face amount of bonds payable and issuance costs are recorded as deferred charges.

    In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as an other financing use.

11. **Pensions**. The provision for pension cost is recorded on the accrual basis, and the City's policy is to fund pension costs as they accrue.

12. **Compensated Absences.** Full-time, permanent employees are granted vacation and sick leave benefits. Vested or accumulated vacation leave is accrued in the government-wide and proprietary financial statements and governmental funds report only the portion expected to be liquidated within the current year. Governmental funds report compensated absences only when employees are no longer employed with the City. For governmental activities, compensated absences are liquidated by the general fund. No liability is reported for non-vesting accumulating rights to receive sick leave.

12. **Fund Equity/Net Position.** Fund equity at the governmental fund reporting level financial is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

    Fund Balance - represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications based 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 (for example, 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. Intent would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.

- Unassigned – fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in general fund. Negative unassigned fund balance may be reported in all funds.

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 fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned.

Net Position – represents the different between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any unspent borrowings for the acquisition and/or construction of capital assets. Net position may be reported as restricted or unrestricted.

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.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data. Formal budgetary accounting is employed as management control for all governmental funds of the City. Department heads submit their annual budget requests to the City Manager, who in turn compiles and submits the budget to the City Council. Public hearings are conducted to obtain taxpayer comments. By September 1, an annual operating budget is adopted for the general fund through passage of an annual budget ordinance and amended as required. The budget uses the same basis of accounting to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting basis. The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgeting control is the department level. The governing council made several supplemental budgetary appropriations throughout the year but they were not considered material. All appropriations lapse at the end of each fiscal year.

The capital projects fund has a project length budget which was adopted when voters approved the SPLOST referendum. This budget is prepared for the projected total SPLOST revenues and capital outlays.

Compliance with Bond Covenants. The City complied with its bond covenants in all material respects.

Deposits with Financial Institutions. State statutes require that the City's deposits be collateralized by securities held in the name of the City by the trust department of a bank that does not hold the collateralized deposits.

Deficit Fund Equity. The Lab Technology Fund had a deficit fund balance of $21,944 as of September 30, 2014, which is the effect of timing differences in outlays and revenues. This is expected to reverse itself in the next fiscal year. The Hotel Motel Fund had a deficit fund balance of $66,326 as of September 30, 2014, which is the effect of timing differences in outlays and revenues. This is expected to reverse itself in the next fiscal year.

NOTE 3. CASH AND INVESTMENTS

Cash and investments as of September 30, 2014 are classified in the financial statements as follows:

Statement of Net Position:		
Cash	$	1,314,401
Restricted Cash		3,903,629
Total Cash	$	5,218,030

All deposits with financial institutions are fully insured or collateralized by securities held in the City's name. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit. Investments are stated at fair value (the City has no investments other than cash.)

Cash and investments consist of the following:

Cash on hand	$	900
Cash deposits in financial institutions		5,022,097
Investments		195,033
Total Cash and Investments	$	5,218,030

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This can be measured by the assignment of a rating by a rating organization. The City does not have a formal policy that addresses credit risk.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The City has no investments that meet the criteria for concentration of credit risk disclosure. The City does not have a formal policy that addresses concentration of credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the City may not be able to recover the value of its investments. There is no custodial credit risk exposure for the City's investments because they are either insured or held in the City's name by the custodian. The City does not have a formal policy that addresses custodial credit risk.

NOTE 4. RECEIVABLES

Accounts receivable consists of amounts due from customers for charges related to providing electric, gas, water/sewer and sanitation services. Taxes due consist of property tax and LOST. Amounts due as of September 30, 2014, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Enterprise	Total
Receivables				
Accounts	$ 43,896	$ -	$ 4,347,445	$ 4,391,341
Taxes	94,833	96,240	-	191,073
Total	138,729	96,240	4,347,445	4,582,414
Less: Allowance for Uncollectible	(21,858)	-	(1,916,524)	(1,938,382)
Net Total Receivables	$ 116,871	$ 96,240	$ 2,430,921	$ 2,644,032

Property Tax

Property tax is levied upon receipt of the digest from Walker County and based upon the assessed value at January 1. Taxes were levied November 4, 2013 and due by January 4, 2014. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien and penalties and interest begins to accrue. Assessed values are established by the Walker County Board of Tax Assessors and are currently calculated at 40% of market value. The gross assessed value of property at January 1, 2013 was $134,200,299. Based on the 2013 millage levy of 2.99, a property owner would pay $2.99 per $1,000 of assessed valuation. Current tax collections of $341,882 were 92 percent of the tax levy.

All property taxes are recognized in compliance with NCGAI-3 (Revenue Recognition-Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of September 30, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General	Water/Sewer	$ 266,510
	Capital Projects	25,803
	Golf	1,893,580
	Airport	765,549
	Solid Waste	660,974
	Hotel Motel	66,326
	Technology	38,218
Drug Task Force	General	1,751
Electric	General	2,324,722
	Water/Sewer	5,730
	Gas	5,730
Gas	General	1,086,480
	Capital Projects	7,999
	Golf	286
Water/Sewer	Healthcare	308,095
	Solid Waste	2,652
	Capital Projects	82,861
	Gas	922

The interfund balances related to working capital loans between funds. No significant portion of the outstanding balances is expected to be repaid in the subsequent year.

As of September 30, 2014, interfund transfers were as follows:

Receiving Fund	Transferring Fund							
	General	DrugTask Force	Hotel Motel	Electric	Gas	W/S	Airport	Total
General	$ -	$ 12,932	$ 34,451	$ 1,400,000	$ 429,208	$ 512,000	$ -	$ 2,388,591
Water / Sewer	-	-	-	55,111	-	-	-	55,111
Total	$ -	$ 12,932	$ 34,451	$ 1,455,111	$ 429,208	$ 512,000	$ -	$ 2,443,702

Routine transfers and payments between funds are to subsidize operations, fund capital projects and asset acquisition. SPLOST funds are accumulated in the capital project fund to complete various projects identified in the SPLOST referendum.

NOTE 6. CAPITAL ASSETS

The following table provides a summary of the City's capital asset activity:

Primary Government

Governmental activities:	Balance October 1, 2013	Additions	Deletions & Transfers	Balance September 30, 2014
Capital assets, not being depreciated				
Land and improvements	$ 3,336,429	$ -	$ -	$ 3,336,429
Construction in progress	-	33,928	-	33,928
Total capital assets, not being depreciated	3,336,429	33,928	-	3,370,357
Capital assets, being depreciated				
Infrastructure	1,666,098	234,080	-	1,900,178
Buildings and improvements	2,401,747	25,648	-	2,427,395
Park improvements	2,385,276	-	-	2,385,276
Equipment	2,870,944	207,449	(1,818)	3,076,575
Total capital assets, being depreciated	9,324,065	467,177	(1,818)	9,789,424
Less accumulated depreciation for:				
Infrastructure	(281,096)	(72,177)	-	(353,273)
Buildings and improvements	(2,025,438)	(27,499)	-	(2,052,937)
Park improvements	(1,082,674)	(68,874)	-	(1,151,548)
Equipment	(1,971,037)	(143,642)	20,636	(2,094,043)
Total accumulated depreciation	(5,360,245)	(312,192)	20,636	(5,651,801)
Total capital assets, being depreciated, net	3,963,820	154,985	18,818	4,137,623
Governmental activities capital assets, net	$ 7,300,249	$ 188,913	$ 17,000	$ 7,507,980

Additions to capital assets consist of general fund additions of $439,281, 2014 SPLOST fund additions of $153,637, and enterprise fund transfers of $91,813.

Business-type activities:	Balance October 1, 2013	Additions	Deletions & Transfers	Balance September 30, 2014
Capital assets, not being depreciated				
Land	$ 2,272,084	$ 5,500	$ -	$ 2,277,584
Construction in progress	369,313	1,555,549	(9,545)	1,915,317
Total capital assets, not being depreciated	2,641,397	1,561,049	(9,545)	4,192,901
Capital assets, being depreciated				
Utility systems	35,549,070	159,366	888,470	36,596,906
Buildings	4,967,970	22,835	(41,740)	4,949,065
Improvements other than buildings	3,743,460	-	10,612	3,754,072
Equipment	5,836,356	336,580	(1,558,235)	4,614,701
Total capital assets, being depreciated	50,096,856	518,781	(700,893)	49,914,744
Less accumulated depreciation for:				
Utility systems	(18,357,527)	(1,077,712)	66,173	(19,369,066)
Buildings	(1,574,318)	(99,428)	41,738	(1,632,008)
Improvements other than buildings	(490,186)	(75,480)	-	(565,666)
Equipment	(2,972,234)	(299,700)	363,093	(2,908,841)
Total accumulated depreciation	(23,394,265)	(1,552,320)	471,004	(24,475,581)
Total capital assets, being depreciated, net	26,702,591	(1,033,539)	(229,889)	25,439,163
Business-type activities capital assets, net	$ 29,343,988	$ 527,510	$ (239,434)	$ 29,632,064

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

Governmental activities:	
General government	$ 21,897
Police	68,612
Fire	39,192
Public works	103,559
Engineering	-
Garage	332
Recreation	78,600
Total depreciation expense	$ 312,192
Business-type activities:	
Airport	$ 223,289
Electric	162,081
Gas	46,673
Golf	134,754
Water and Sewer	905,859
Solid Waste	79,664
Total depreciation expense	$ 1,552,320

Estimated useful lives used to compute depreciation are:

Infrastructure	30 years
Improvements	5-20 years
Equipment	3-10 years
Buildings	20-50 years
Utility Systems	20-75 years

NOTE 7. LEASES

Capital Leases

During the current fiscal year, the City entered into lease agreements with BB&T Governmental Finance as lessee for financing the acquisition of a Bobcat T650 Compact Tract Loader for $53,686, new frequency portable radios at a cost of $24,168, and a 2015 GMC service truck for $32,505. During fiscal year 2013, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of two 2012 Chevrolet Impala police cruisers for a total cost of $40,024. During fiscal year 2011, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of a 2011 Peterbilt garbage truck for $214,393. During fiscal year 2012, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the purchase of a New Holland Model B95B backhoe for $42,515. Additionally, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing natural gas line extensions for $356,673. The City also executed a lease agreement with PNC Equipment Finance as lessee for financing the purchase of sixty-one golf carts for the golf course for $179,097.

These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date the equipment is acquired.

The City's equipment under lease has a cost of $943,061 and $155,735 of accumulated depreciation as of September 30, 2014. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at September 30, 2014. The effective interest rate at September 30, 2014 for the Bobcat T650 Compact Tract Loader is 3.16%, for the new frequency portable radios is 5.66%, for the 2015 GMC service truck is 3.24%, for the two police cruisers is 3.40%, for the garbage truck lease is 2.39%, for the backhoe lease is 3.39%, for the gas line extension lease is 2.59%, and for the golf carts lease is 2.79%

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014, are as follows:

Year Ending September 30	Governmental Activities	Business-Type Activities
2015	$ 39,963	$ 176,080
2016	14,645	144,198
2017	7,179	78,172
2018	-	40,910
2019	-	40,910
2020-2022	-	122,730
Total Minimum Lease Payments	61,787	603,000
Less Amount Representing Interest	(2,481)	(39,611)
Present Value of Future Minimum Lease Payments	$ 59,306	$ 563,389

NOTE 8. LONG-TERM DEBT

Debt outstanding as of September 30, 2014 is composed of the following:

General Obligation Bonds

	Interest Rates	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Governmental Activities:					
SPLOST Bonds	3.97%	11/06/08	6/1/2015	$ 3,400,000	$ 625,000
SPLOST Bonds	1.95%	03/04/14	1/1/2021	2,085,000	2,085,000
					$ 2,710,000

The following schedule presents debt service requirements to maturity for general obligation bonds:

Year Ending September 30	Governmental Activities Principal	Interest
2015	$ 625,000	$ 53,064
2016	310,000	37,635
2017	340,000	31,297
2018	345,000	24,619
2019	355,000	17,793
2020-2021	735,000	14,381
Total	$ 2,710,000	$ 178,789

Revenue Bonds

	Interest Rate	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Business-Type Activities:					
Water-Sewer Bonds	2.00%	02/19/13	9/30/32	$ 9,200,000	$ 8,553,138

The following schedule presents debt service requirements to maturity for revenue bonds:

Year Ending September 30	Business-Type Activities Principal	Interest
2015	$ 460,000	$ 216,736
2016	470,000	202,936
2017	480,000	189,536
2018	500,000	174,936
2019	510,000	160,936
2020-2024	2,495,000	642,469
2025-2029	2,235,000	374,211
2030-2032	1,403,138	74,506
Total	$ 8,553,138	$ 2,036,266

Notes Payable

	Interest Rates	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Business-type Activities:					
Water/Sewer - System	2.0%	08/01/01	08/01/18	$ 1,062,522	$ 283,337
Water/Sewer - System	3.0%	11/01/10	07/01/32	473,000	434,346
				$ 1,535,522	$ 717,683

Notes payable debt service requirements to maturity are presented below:

Year Ending September 30	Business-Type Activities Principal	Interest
2015	$ 87,433	$ 17,928
2016	89,387	15,974
2017	91,386	13,975
2018	93,431	11,930
2019	21,086	10,393
2020-2024	115,450	41,946
2025-2029	134,108	23,287
2030-2032	85,402	3,789
Total	$ 717,683	$ 139,222

The following is a summary of the City's long-term debt transactions for the year ended September 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Compensated Absences	$ 141,504	$ 101,237	$ 83,052	$ 159,689	$ 106,991
Capital Leases	56,970	37,590	35,254	59,306	38,232
General Obligation Bonds	1,230,000	2,085,000	605,000	2,710,000	625,000
Total Governmental Funds	$ 1,428,474	$ 2,186,237	$ 688,052	$ 2,928,995	$ 770,223
Business-type activities:					
Compensated Absences	$ 128,451	$ 91,573	$ 88,668	$ 131,356	$ 61,738
Notes Payable	803,206	-	85,524	717,682	87,433
Capital Leases	624,299	69,558	130,468	563,389	162,193
Revenue Bonds	9,005,153	-	452,015	8,553,138	460,000
Landfill Closure/Post Closure	102,622	-	-	102,622	-
	$ 10,663,731	$ 161,131	$ 756,675	$ 10,068,187	$ 771,364

Note 9. OTHER COMMITMENTS

Under the terms of a power sales contract dated October 1, 1975 and for a period not to exceed 50 years, the City agrees to purchase its electric power and energy through the Municipal Electric Authority of Georgia (MEAG). This energy is priced to cover MEAG's cost of operating the system and to retire any debt incurred by MEAG. In return, MEAG agrees to purchase or provide the generating capacity necessary for reliable and economical power output for the City to operate its electric system. In the event that the operating revenues of the City's electric system are insufficient to cover its obligation to MEAG, or the City does not purchase the required amount of electric power and energy as specified in the contract (calculated annually), the City has agreed to assess and collect property tax sufficient to make all remaining payments due under this contract. At September 30, 2014, the outstanding debt of MEAG was $5,845,446,468. The City's guarantee varies by individual project and totals $61,086,850.

NOTE 10. PENSION PLAN

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan was established by the City and the authority to amend or discontinue the plan is assigned to the City. The plan, the City of LaFayette Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple employer defined benefit plan. GMEBS policy direction and oversight for the fund is provided by a 15 member board comprised of elected and appointed municipal officials from among the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year and employees are vested after 5 years. Members may retire at age 65 with 5 years of service or at age 55 with 10 years of service. Benefits are calculated at 1% to 1.75% of the average monthly earnings for the period of the five highest years prior to retirement.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Funding Policy and Pension Cost.

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution as set forth in GASB Statement No. 27. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from May 1, 1982, and the current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. On the basis of the current valuation, it was determined that the current contribution rate is 9.07% of annual covered payroll.

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $309,779. The employer contributes the recommended contribution developed under the actuarial funding policy each year, so it meets or exceeds the requirements of this law.

The recommended contribution to the plan from the actuarial report dated January 1, 2013, was $418,853 ($0 employee and $418,853 employer; 0% and 10.24% of covered payroll respectively). The City's covered payroll for eligible employees was $3,985,333. Based upon the actuarial valuation of January 1, 2014, the recommended contribution for the coming year is $327,777, which is 9.07% of estimated payroll of $3,521,904.

Funded Status

GASB No. 27 requires disclosure of the City's annual pension cost, percentage of annual percentage cost contributed and net pension obligation for the most recent three years.

Three-Year Trend Information

Plan Year Ending	Employer Annual Pension Cost (APC)	Percentage Of APC Contributed	Net (EOY) Pension Obligation
January 1, 2014	$ 327,777	100%	$ -
January 1, 2013	418,853	100%	-
January 1, 2012	479,407	100%	-

Schedule of Funding Progress

Actuarial Valuation For Plan Year Ending 1/1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Unfunded Actuarial Accrued Liability (Excess) (2) – (1)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	(6) Unfunded Actuarial Accrued Liability as % Of Covered Payroll (3) / (5)
2014	$ 9,533,075	$ 10,209,566	$ 676,491	93.37%	$ 3,521,904	19.21%
2013	8,897,367	10,146,627	1,249,260	87.69%	3,985,333	31.35%
2012	8,317,550	9,888,648	1,571,098	84.11%	4,278,893	36.72%
2011	7,905,296	9,296,670	1,391,374	85.03%	4,016,372	34.64%
2010	7,347,268	8,773,552	1,426,284	83.74%	3,953,883	36.07%

Significant Actuarial Assumptions

The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation are:

Rate of Return on Investment	7.75% per year
Projected Salary Increase for Inflation	3.5% per year
Postretirement Benefit Increases	N/A
Economic Assumptions	
Annual Rates of increase in Salaries	Per rate tables
Future Social Security Wage Bases	3.5%
Inflation Rate	3.5%
Cost of Living Adjustment	N/A
Actuarial Methods	
Normal Cost and Actuarial Accrued Liability	Projected Unit Credit Cost Method
Amortization method	Level dollar, closed
Actuarial Value of Assets	Sum of actuarial value at the beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

The plan provisions and actuarial assumptions and cost methods are the same as those used to determine the contribution requirement for the preceding year.

As of January 1, 2014, the plan membership includes the following categories of participants:

Retirees and beneficiaries currently receiving benefits	80
Terminated employees entitled to benefits but not yet receiving them	52
Vested active participants	95
Nonvested participants	26
Total	253

NOTE 11. SPECIAL LOCAL OPTION SALES TAX

In June 2008, voters approved a referendum to continue collection of a 1% Special Local Option Sales Tax. Collections began on October 1, 2008 and are scheduled to end September 2014. The City's distributive share of this tax is projected to be $4,434,600, or 11.67%. The proceeds from this sales tax are to be used for acquisition and construction of improvements and the purchase of equipment for public safety, solid waste, recreation and water and sewer, the acquisition of public works equipment, the acquisition, construction and equipping of new streetscapes, new buildings and improvements for public works and equipment.

In November 2013, voters approved a referendum to continue collection of a 1% Special Local Option Sales Tax. Collections are to begin on October 1, 2014 and are scheduled to end September 2020. The City's distributive share of this tax is projected to be $2,880,000, or 8.73%. The proceeds from this sales tax are to be used for road, street, and bridge purposes, City Hall renovations, software, police radio system and technology/equipment for the library, various recreation purposes, and the construction/equipping of a train depot and trolley service.

NOTE 12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the following General Fund departments as follows:

General Government	$ 74,655
Police	64,200
Public Works	315,313
Recreation	20,775
Garage	2,615

Expenditures exceeded appropriations in the Hotel/Motel Special Revenue Fund.

Expenditures exceeded appropriations in the Police Special Revenue Fund.

Expenditures exceeded appropriations in the Police Forfeiture Special Revenue Fund.

In order to prevent excess expenditures in the following years, the City's management will monitor monthly budget reports and make adjustments or amendments when necessary, with approval from the City Council.

NOTE 13. RISK MANAGEMENT

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance, and the Worker's Compensation Self-Insurance Fund (WCSIF) for injuries to employees. Both are public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, cooperate with the pools' agents and attorneys, follow loss reduction procedures established by the funds and to promptly report all incidents which could results 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 again the City within the scope of loss protection furnished by the funds.
The funds are to defend and protect its members against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

During the past three fiscal years the cost of any settlements have not exceeded insurance coverage.

NOTE 14. UNEARNED/DEFERRED REVENUES

Governmental fund unearned/deferred revenue at year-end is current year property tax revenues of $21,349.

NOTE 15. RESTRICTED ASSETS

At September 30, 2014, the restricted assets account balances are comprised of the following:

Governmental activities:

	General
Restricted assets:	
Cash-Perpetual care	$ 72,172
Cash-Shop With A Cop	6,136
Cash-2014 Bonds	1,865,071
Cash-Bond Debt Service	331,457
Total restricted assets	$ 2,274,836

Business-type activities

	Water/Sewer	Electric
Restricted assets:		
Cash-MEAG	$ -	$ 195,033
Cash-construction cash	67,887	-
Cash-Renewal and replacement	-	-
Cash-Capital lease	-	-
Cash-Compliance account	262,740	-
Cash-GEFA loan account	1,103,134	-
Total restricted assets	$ 1,433,761	$ 195,033

NOTE 16. FUND BALANCE/NET POSITION

Restricted amounts are used to indicate that a portion of the fund balance/net position is not available for appropriation or is legally segregated for specific future use. The following restricted amounts are used by the City:

Capital Projects Fund and Police Special Revenue Funds:

Restricted for capital projects - Restricted for completion of construction projects financed by SPLOST proceeds and debt retirement - Restricted for law enforcement activities – confiscated funds which must, by law, be utilized for specific activities/programs.

Water & Sewer Fund:

Reserved for Debt Service and Renewals and Replacement. These reserves were created in conjunction with the issuance of revenue bonds and are funded by initial deposits from the proceeds of such bonds and by transfers from the revenue accounts to accounts that are restricted to debt service and payments for system renewals and extensions.

Fiduciary Fund:

Held in trust for revolving loans - This reserve was created to segregate a portion of the net assets as required by grant agreement.

NOTE 17. LANDFILL CLOSURE/POSTCLOSURE COSTS

The City of LaFayette operates a municipal solid waste landfill for City use only and does not accept waste from any outside parties. State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions for a period of 30 years after closure. While the City has immaterial operating costs related to the current activity at the landfill, an expense provision and related liability are being recognized based on projected future closure and postclosure care costs that will be incurred.

The recognition of these costs is based on the amount of landfill space used to date. The liability for landfill closure and postclosure costs at September 30, 2014 is $102,622. Estimated total current cost of closure and postclosure care remaining to be recognized is $416,338. However, the actual cost of closure and postclosure care may be higher due to the effects of inflation, changes in technology, or changes in landfill laws and regulations. The City currently meets applicable financial assurance requirements.

The landfill capacity used to date is approximately 19.0%. According to the most recent study, at the current usage rate, the estimated remaining life of the landfill is 76 years.

NOTE 18. HOTEL/MOTEL TAX REVENUES AND TOURISM EXPENDITURES

The City of LaFayette levies a 5% hotel/motel tax in accordance with provisions of the Official Code of Georgia section 48-13-51. This code section requires that the City expend an amount equal to the amount by which the total taxes collected under this section exceed the taxes that would be collected at a rate of 3 percent. For the year ended September 30, 2014, the amount the City collected was $24,151. In accordance with a contractual agreement, 100% of the 2% difference in collections had been paid to the Walker County Chamber of Commerce and was to be used for promotion of tourism.

NOTE 19. JOINT VENTURE

The City of LaFayette is a member of the Coosa Valley Regional Development Center (RDC). The RDC was created under the laws of the State of Georgia and cities and counties in the area served by the RDC are required to be members. The membership of the RDC includes 10 counties and 35 municipalities. The City has no equity interest in the RDC nor does the City materially contribute to the continued existence of the RDC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RDC ceases operation, the membership can be assessed for any debt or obligation of the RDC. Separate financial statements may be obtained from: Coosa Valley Regional Development Center, P. O. Box 1793, Rome, Georgia 30162.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF LAFAYETTE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue				
	Police Technology	Police	Police Forfeiture	Hotel Motel	Total Nonmajor Governmental Funds
ASSETS					
Cash	$ 16,274	$ 144,532	$ 966	$ -	$ 161,772
Due from Other Funds	-	1,751	-	-	1,751
Total Assets	$ 16,274	$ 146,283	$ 966	$ -	$ 163,523
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds	$ 38,218	$ -	$ -	$ 66,326	$ 104,544
Total Liabilities	38,218	-	-	66,326	104,544
Fund Balance:					
Restricted for:					
Law enforcement activities	(21,944)	146,283	966	-	125,305
Unassigned	-	-	-	(66,326)	(66,326)
Total Fund Balances	(21,944)	146,283	966	(66,326)	58,979
Total Liabilities and Fund Balances	$ 16,274	$ 146,283	$ 966	$ -	$ 163,523

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue				
	Police Technology	Police	Police Forfeiture	Hotel Motel	Total Nonmajor Governmental Funds
REVENUES					
Taxes	$ -	$ -	$ -	$ 24,151	$ 24,151
Grant Revenue	-	178,451	-	-	178,451
Miscellaneous Income	-	-	-	-	-
Interest Income	22	221	2	-	245
Total Revenues	22	178,672	2	24,151	202,847
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Police	5,105	99,697	660	-	105,462
Intergovernmental Expenditures	-	52,089	-	-	52,089
Total Expenditures	5,105	151,786	660	-	157,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,083)	26,886	(658)	24,151	45,296
OTHER FINANCING SOURCES (USES)					
Transfers - Out	-	(12,932)	-	(34,451)	(47,383)
Transfers - In	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(12,932)	-	(34,451)	(47,383)
Net Change in Fund Balances	(5,083)	13,954	(658)	(10,300)	(2,087)
Fund Balance (Deficit) - Beginning of Year	(16,861)	132,329	1,624	(56,026)	61,066
Fund Balance - End of Year	$ (21,944)	$ 146,283	$ 966	$ (66,326)	$ 58,979

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HOTEL/MOTEL TAX SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 28,000	$ 28,000	$ 24,151	$ (3,849)
Total Revenues	28,000	28,000	24,151	(3,849)
EXPENDITURES				
Tourism Promotion	17,700	17,700	-	17,700
Total Expenditures	17,700	17,700	-	17,700
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,300	10,300	24,151	13,851
OTHER FINANCING SOURCES (USES)				
Transfers - Out	(10,300)	(10,300)	(34,451)	(24,151)
Total Other Financing Sources (Uses)	(10,300)	(10,300)	(34,451)	(24,151)
Net Change in Fund Balance	-	-	(10,300)	(10,300)
Fund Balance (Deficit) - Beginning of Year	(56,026)	(56,026)	(56,026)	-
Fund Balance (Deficit) - End of Year	$ (56,026)	$ (56,026)	$ (66,326)	$ (10,300)

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
2008 SPLOST
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 4,434,600	$ 4,434,600	$ 607,577	$ (3,827,023)
Intergovernmental	-	-	-	-
Interest Income	-	-	137	137
Total Revenues	4,434,600	4,434,600	607,714	(3,826,886)
EXPENDITURES				
Current:				
General Government	-	-	-	-
Debt Service:				
Principal	-	-	605,000	605,000
Interest	-	-	12,406	12,406
Bond Issuance Costs	-	-	-	-
Capital Outlays	4,434,600	4,434,600	-	(4,434,600)
Total Expenditures	4,434,600	4,434,600	617,406	(3,817,194)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(9,692)	(7,644,080)
OTHER FINANCING SOURCES (USES)				
2008 Bonds Issued	-	-	-	-
Transfers - In	-	-	-	-
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	(9,692)	(7,644,080)
Fund Balance (Deficit) - Beginning of Year	-	-	301,981	301,981
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 292,289	$ (7,342,099)

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
2014 SPLOST
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 2,882,220	$ 2,882,220	$ -	$ (2,882,220)
Intergovernmental	-	-	-	-
Interest Income	-	-	10,043	10,043
Total Revenues	2,882,220	2,882,220	10,043	(2,872,177)
EXPENDITURES				
Current:				
General Government	-	-	64,927	64,927
Debt Service:				
Principal	-	-	-	-
Interest	-	-	16,489	16,489
Bond Issuance Costs	-	-	-	-
Capital Outlays	2,882,220	2,882,220	153,637	(2,728,583)
Total Expenditures	2,882,220	2,882,220	235,053	(2,647,167)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(225,010)	(5,519,344)
OTHER FINANCING SOURCES (USES)				
2014 Bonds Issued	-	-	2,085,000	2,085,000
Transfers - In	-	-	-	-
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	2,085,000	2,085,000
Net Change in Fund Balance	-	-	1,859,990	(3,434,344)
Fund Balance (Deficit) - Beginning of Year	-	-	-	-
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 1,859,990	$ (3,434,344)

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Grant Revenue	$ 137,556	$ 137,556	$ 178,451	$ 40,895
Interest	98	98	221	123
Miscellaneous Income	-	-	-	-
Total Revenues	137,654	137,654	178,672	41,018
EXPENDITURES				
Current:				
Police	40,506	40,506	99,697	(59,191)
Total Expenditures	40,506	40,506	99,697	(59,191)
Excess (Deficiency) of Revenues Over (Under) Expenditures	97,148	97,148	78,975	(18,173)
OTHER FINANCING SOURCES (USES)				
Payments to Other Governments	(84,793)	(84,793)	(52,089)	32,704
Transfers - Out	(12,355)	(12,355)	(12,932)	(577)
Total Other Financing Sources (Uses)	(97,148)	(97,148)	(65,021)	32,127
Net Change in Fund Balance	-	-	13,954	13,954
Fund Balance (Deficit) - Beginning of Year	132,329	132,329	132,329	-
Fund Balance (Deficit) - End of Year	$ 132,329	$ 132,329	$ 146,283	$ 13,954

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE FORFEITURE SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fines and Forfeitures	$ -	$ -	$ -	$ -
Interest	-	-	2	2
Total Revenues	-	-	2	2
EXPENDITURES				
Current:				
Police	-	-	660	(660)
Total Expenditures	-	-	660	(660)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(658)	(658)
OTHER FINANCING SOURCES (USES)				
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	(658)	(658)
Fund Balance (Deficit) - Beginning of Year	1,624	1,624	1,624	-
Fund Balance (Deficit) - End of Year	$ 1,624	$ 1,624	$ 966	$ (658)

The accompanying notes are an integral part of this financial statement.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE TECHNOLOGY SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fine Add-Ons	$ 5,400	$ 5,400	$ -	$ (5,400)
Interest	20	20	22	2
Total Revenues	5,420	5,420	22	2
EXPENDITURES				
Current:				
Police	5,420	5,420	5,105	315
Total Expenditures	5,420	5,420	5,105	315
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(5,083)	318
OTHER FINANCING SOURCES (USES)				
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	(5,083)	318
Fund Balance (Deficit) - Beginning of Year	(16,861)	(16,861)	(16,861)	-
Fund Balance (Deficit) - End of Year	$ (16,861)	$ (16,861)	$ (21,944)	$ 318

The accompanying notes are an integral part of this financial statement.

STATISTICAL SECTION

This part of the City's Comprehensive Annual 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 **PAGES**

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 70-75

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue source, the property tax. 76-79

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the Agency's ability to issue additional debt in the future. 80-84

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 85-86

Operating Information

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. 87-89

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

City of Lafayette, Georgia
Net Position By Component
Last Eight Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities								
Net investment in capital assets	$ 6,925,052	$ 5,415,144	$ 2,587,120	$ 3,851,948	$ 4,645,389	$ 5,073,558	$ 6,013,279	$ 6,823,674
Restricted	655,142	159,095	370,207	372,480	1,741,229	1,676,815	1,479,716	2,410,068
Unrestricted	817,772	(478,789)	1,888,574	430,307	(1,953,591)	(1,627,242)	(1,136,111)	(2,089,196)
Total governmental activities net position	$ 8,397,966	$ 5,095,450	$ 4,845,901	$ 4,654,735	$ 4,433,027	$ 5,123,131	$ 6,356,884	$ 7,144,546
Business-type activities								
Net investment in capital assets	$ 18,053,148	$ 21,967,815	$ 21,644,406	$ 21,723,541	$ 21,958,075	$ 21,048,371	$ 21,152,326	$ 20,968,874
Restricted	1,202,647	1,229,047	1,230,702	1,156,598	217,585	36,038	241,016	262,739
Unrestricted	2,626,272	1,538,196	2,666,153	3,851,985	4,142,161	3,331,174	2,817,048	2,865,808
Total business-type activities net position	$ 21,882,067	$ 24,735,058	$ 25,541,261	$ 26,732,124	$ 26,317,821	$ 24,415,583	$ 24,210,390	$ 24,097,421
Primary government								
Net investment in capital assets	$ 24,978,200	$ 27,382,959	$ 24,231,526	$ 25,575,489	$ 26,603,464	$ 26,121,929	$ 27,165,605	$ 27,792,548
Restricted	1,857,789	1,388,142	1,600,909	1,529,078	1,958,814	1,712,853	1,720,732	2,672,807
Unrestricted	3,444,044	1,059,407	4,554,727	4,282,292	2,188,570	1,703,932	1,680,937	776,612
Total primary government net position	$ 30,280,033	$ 29,830,508	$ 30,387,162	$ 31,386,859	$ 30,750,848	$ 29,538,714	$ 30,567,274	$ 31,241,967

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Changes in Net Position
Last Eight Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014
Expenses								
Governmental activities:								
General Government	$ 936,752	$ 984,479	$ 1,071,282	$ 984,125	$ 1,079,171	$ 1,080,027	$ 1,117,808	$ 1,308,976
Police	1,354,576	1,596,423	1,616,848	1,731,578	1,804,053	1,799,349	1,797,485	1,866,355
Fire	273,813	381,843	411,645	424,828	427,647	425,276	398,437	354,798
Public Works	949,226	959,681	952,337	1,198,003	1,122,605	963,898	833,213	857,663
Engineering	313,863	371,007	313,018	241,806	211,138	204,827	215,972	212,957
Recreation	845,284	990,485	836,134	880,389	872,255	881,464	885,455	877,852
Garage	171,259	239,752	170,778	172,978	221,800	181,492	173,860	181,154
Animal Control	45,876	49,090	49,073	57,768	46,076	41,833	35,454	21,248
Interest on Long-term Debt	-	-	88,112	125,154	187,682	60,695	38,894	30,660
Total governmental activities expenses	4,890,649	5,572,760	5,509,227	5,816,629	5,972,427	5,638,861	5,496,578	5,711,663
Business-type activities:								
Electric	7,476,015	6,415,012	5,941,777	6,356,037	6,787,899	7,823,639	7,663,017	8,302,308
Gas	3,173,016	3,195,382	2,524,138	2,326,496	2,250,743	1,781,896	2,058,255	2,443,124
Water & Sewer	3,050,299	3,092,514	3,062,970	3,166,961	3,271,779	3,350,313	3,571,402	3,741,994
Solid Waste	566,598	571,896	468,771	547,797	577,842	621,608	646,676	581,824
Golf	663,517	720,431	729,031	768,208	805,176	775,168	824,600	828,138
Airport	203,707	288,331	338,773	348,963	375,148	341,807	419,409	426,215
Total business-type activities expenses	15,133,152	14,283,566	13,065,460	13,514,462	14,068,587	14,694,431	15,183,359	16,323,603
Total primary government expenses	$ 20,023,801	$ 19,856,326	$ 18,574,687	$ 19,331,091	$ 20,041,014	$ 20,333,292	$ 20,679,937	$ 22,035,266

City of Lafayette, Georgia
Changes in Net Position
Last Eight Fiscal Years
(accrual basis of accounting)

(continued)

	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues								
Governmental activities:								
Charges for services:								
General Government	$ 744,994	$ 727,865	$ 741,448	$ 762,271	$ 789,344	$ 796,124	$ 760,077	$ 758,906
Police	234,411	265,671	226,688	331,889	343,163	208,702	130,407	110,801
Fire	-	-	-	-	-	-	-	-
Public Works	36,705	62,065	63,480	39,650	38,750	45,515	33,850	40,825
Engineering	-	-	10,619	7,041	15,955	8,388	51,302	26,930
Recreation	121,526	114,843	106,635	124,327	126,270	147,914	156,134	145,871
Garage	-	-	-	-	-	-	-	-
Animal Control	78	48	124	59	44	63	-	-
Operating grants and conributions	84,164	73,729	37,162	72,571	68,212	93,656	309,683	213,506
Capital grants and contributions	262,651	41,474	279,448	222,297	276,066	916,182	832,704	726,520
Total governmental activities program revenues	1,484,529	1,285,695	1,465,604	1,560,105	1,657,804	2,216,544	2,274,157	2,023,359
Business-type activities:								
Charges for services:								
Electric	6,952,011	7,150,710	7,313,826	8,082,649	7,454,354	7,302,789	8,720,685	9,996,147
Gas	3,698,030	3,692,304	3,079,206	2,977,647	2,726,493	2,277,444	2,669,253	3,062,966
Water & Sewer	3,276,325	3,170,295	3,322,222	3,688,544	3,754,331	3,739,296	4,110,287	4,247,519
Solid Waste	422,076	470,525	504,938	485,433	490,800	565,453	513,299	516,238
Golf	539,918	527,709	598,882	554,463	572,607	580,127	571,570	590,906
Airport	118,819	114,928	99,184	112,222	122,131	125,643	121,983	122,746
Operating grants and conributions	-	-	-	-	-	-	-	-
Capital grants and contributions	-	1,391,617	75,211	301,847	355,939	338,842	680,916	18,474
Total business-type activities program revenues	15,007,179	16,518,088	14,993,469	16,202,805	15,476,655	14,929,594	17,387,993	18,554,996
Total primary government program revenues	16,491,708	17,803,783	16,459,073	17,762,910	17,134,459	17,146,138	19,662,150	20,578,355
Net (expense) revenue								
Governmental activities	(3,406,120)	(4,287,065)	(4,043,623)	(4,256,524)	(4,314,623)	(3,422,317)	(3,222,421)	(3,688,304)
Business-type activities	(125,973)	2,234,522	1,928,009	2,688,343	1,408,068	235,163	2,204,634	2,231,393
Total primary government net (expense)	(3,532,093)	(2,052,543)	(2,115,614)	(1,568,181)	(2,906,555)	(3,187,154)	(1,017,787)	(1,456,911)

City of Lafayette, Georgia
Changes in Net Position
Last Eight Fiscal Years
(accrual basis of accounting)

(continued)

	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position								
Governmental activities:								
Taxes:								
Property	438,279	507,138	533,775	464,412	472,937	437,343	496,057	558,081
Sales	1,006,545	545,066	1,380,487	1,116,086	1,149,233	493,200	473,889	552,506
Hotel/Motel	29,975	29,153	27,889	28,065	22,972	25,524	29,843	24,151
Insurance Premium	351,184	366,324	375,099	371,580	360,781	334,005	354,769	367,329
Business/Occupation	76,763	74,973	75,158	76,521	71,226	75,656	75,220	72,046
Beverage	129,065	123,495	132,496	117,584	122,097	115,330	122,645	118,576
Franchise	216,981	266,226	279,595	268,837	291,322	286,851	285,086	264,796
Other	30,846	625,632	375,690	16,166	11,882	37,702	33,049	94,464
Investment Earnings	40,547	22,316	45,862	25,067	6,048	3,600	1,959	16,512
Miscellaneous	304,805	126,193	41,230	62,563	23,751	36,216	26,821	23,175
Payments to Other Governments	(165,148)	(200,471)	(87,013)	(116,103)	(100,239)	-	-	-
Gain on Sale of Capital Assets	-	(1,378,995)	44,200	17,381	-	67,574	7,836	43,122
Transfers	1,974,000	(122,501)	989,519	1,617,199	1,691,150	2,199,422	2,549,000	2,341,208
Total governmental activities	4,433,842	984,549	4,213,987	4,065,358	4,123,160	4,112,423	4,456,174	4,475,966
Business-type activities:								
Investment earnings	209,097	108,671	39,503	10,104	9,589	5,388	8,038	28,336
Gain on Sale of Capital Assets	-	(258,915)	745	115,561	1,304	56,633	600	(31,490)
Transfers	(1,974,000)	122,501	(989,519)	(1,617,199)	(1,691,150)	(2,199,422)	(2,549,000)	(2,341,208)
Total business-type activities	(1,764,903)	(27,743)	(949,271)	(1,491,534)	(1,680,257)	(2,137,401)	(2,540,362)	(2,344,362)
Total primary government	$ 2,668,939	$ 956,806	$ 3,264,716	$ 2,573,824	$ 2,442,903	$ 1,975,022	$ 1,915,812	$ 2,131,604
Change in Net Position								
Governmental activities	$ 1,027,722	$ (3,302,516)	$ 170,364	$ (191,166)	$ (191,463)	$ 690,106	$ 1,233,753	$ 787,662
Business-type activities	(1,890,876)	2,206,779	978,738	1,196,809	(272,189)	(1,902,238)	(335,728)	(112,969)
Total primary government	$ (863,154)	$ (1,095,737)	$ 1,149,102	$ 1,005,643	$ (463,652)	$ (1,212,132)	$ 898,025	$ 674,693

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Fund Balances of Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014
General Fund								
Nonspendable	$ -	$ -	$ -	$ -	$ 35,190	$ 34,410	$ 33,996	$ 36,636
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	116,276	94,895	110,703	72,171
Unassigned	835,558	702,378	749,250	196,308	(626,543)	(576,965)	117,120	236,892
Total general fund	$ 835,558	$ 702,378	$ 749,250	$ 196,308	$ (475,077)	$ (447,660)	$ 261,819	$ 345,699
All other governmental funds								
Nonspendable	$ 655,142	$ (338,635)	$ 370,207	$ 372,480	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	765,591	683,172	435,934	2,234,238
Committed	-	-	-	-	-	-	-	-
Unassigned	38,099	(583,994)	1,349,121	443,945	(35,726)	(49,308)	(72,887)	(22,980)
Total all other governmental funds	$ 693,241	$ (922,629)	$ 1,719,328	$ 816,425	$ 729,865	$ 633,864	$ 363,047	$ 2,211,258

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Changes in Fund Balances of Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014
Revenues								
Taxes	$ 2,279,636	$ 1,856,607	$ 2,708,982	$ 2,401,737	$ 1,819,765	$ 1,737,158	$ 1,811,899	$ 1,927,029
Grant Revenue	262,651	53,551	129,917	249,387	265,329	229,324	454,251	178,451
Licenses and Permits	29,521	17,011	11,519	8,191	20,259	11,088	53,223	30,592
Intergovernmental	64,133	39,624	180,545	340	678,286	724,859	652,775	703,148
Payments in lieu of taxes	-	17,811	30,907	12,212	12,212	12,212	12,212	12,223
Fines and Forfeitures	234,411	278,683	273,686	365,015	377,112	228,377	154,575	141,508
Charges for Services	907,498	232,636	223,217	227,744	221,676	257,814	253,990	246,224
Contributions and donations	-	3,281	7,015	8	3,779	23,168	323	1,103
Miscellaneous Income	271,796	1,448,638	1,127,298	813,863	786,787	826,405	778,368	858,831
Interest Income	40,547	22,293	45,848	25,000	6,048	3,600	2,500	16,512
Total revenues	4,090,193	3,970,135	4,738,934	4,103,497	4,191,253	4,054,005	4,174,116	4,115,621
Expenditures								
General Government	874,087	885,421	927,908	931,920	1,019,574	1,015,374	1,094,371	1,321,939
Police	1,288,673	1,494,251	1,406,363	1,595,702	1,652,233	1,631,180	1,659,922	1,787,087
Fire	252,814	322,461	294,913	325,242	323,770	315,646	309,163	321,440
Public Works	888,993	862,912	787,221	1,073,030	1,017,074	839,336	721,214	771,127
Engineering	313,303	331,100	278,499	232,890	205,498	193,517	214,825	217,117
Recreation	739,367	850,184	740,019	802,517	765,844	764,731	807,607	822,309
Garage	170,945	200,080	152,250	167,943	211,514	173,471	174,150	185,935
Animal Control	45,876	49,090	43,749	55,980	44,564	39,783	35,430	21,833
Intergovernmental Expenditures	165,148	125,869	87,013	116,103	100,239	-	64,105	52,089
Principal	-	-	-	495,000	535,000	563,380	603,319	635,375
Interest	-	-	88,112	125,154	104,709	60,695	38,894	30,660
Bond Issuance Costs	-	-	105,807	-	-	-	-	-
Capital Outlay	705,815	1,995,556	1,122,077	1,113,142	633,329	380,014	609,314	501,105
Total expenditures	5,445,021	7,116,924	6,033,931	7,034,623	6,613,348	5,977,127	6,332,314	6,668,016
Excess of revenues over (under) expenditures	(1,354,828)	(3,146,789)	(1,294,997)	(2,931,126)	(2,422,095)	(1,923,122)	(2,158,198)	(2,552,395)
Other financing sources (uses)								
2014 Bonds Issued	-	-	-	-	-	-	-	2,085,000
2008 Bonds Issued	-	-	3,400,000	-	-	-	-	-
Transfers out	(187,275)	(566,635)	(984,700)	(974,461)	(91,177)	(397,524)	(40,143)	(47,383)
Transfers in	2,161,275	1,941,100	1,524,326	2,432,361	1,755,327	2,224,946	2,589,143	2,388,591
Capital leases	-	-	-	-	-	42,515	40,024	37,590
Sale of capital assets	-	23,273	44,200	17,381	-	67,574	7,836	20,688
Total other financing sources (uses)	1,974,000	1,397,738	3,983,826	1,475,281	1,664,150	1,937,511	2,596,860	4,484,486
Net change in fund balances	$ 619,172	$ (1,749,051)	$ 2,688,829	$ (1,455,845)	$ (757,945)	$ 14,389	$ 438,662	$ 1,932,091
Debt service as a percentage of non capital expenditures	0.0%	0.0%	3.9%	10.5%	10.7%	11.1%	11.2%	10.8%

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2007. Therefore, ten years of data is not available, but will be accumulated over time.

City of Lafayette, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property			Personal Property		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value[1] as a Percentage of Actual Value
	Residential Property	Industrial Property	Commercial Property	Motor Vehicles	Other					
2005	$ 56,169,149	$ 54,590,950	$ 37,214,445	$ -	$ 3,068,048	$ 19,205,764	$ 131,836,828	3.20	$ 329,592,070	40%
2006	68,346,204	48,118,166	37,757,322	-	3,392,759	12,732,550	144,881,901	3.00	362,204,753	40%
2007	70,343,584	48,454,969	38,307,577	-	3,687,189	12,781,998	148,011,321	2.99	370,028,303	40%
2008	70,343,584	48,454,469	38,307,577	-	3,687,189	12,781,998	148,010,821	2.99	370,027,053	40%
2009	71,519,493	43,460,692	39,974,969	-	3,704,303	15,266,054	143,393,403	2.99	358,483,508	40%
2010	71,988,686	39,362,080	41,235,497	-	3,308,916	17,039,910	138,855,269	2.99	347,138,173	40%
2011	71,984,905	33,188,102	41,860,053	-	2,979,759	13,694,518	136,318,301	2.99	340,795,753	40%
2012	71,535,907	28,059,977	41,413,918	-	3,241,204	12,750,760	131,500,246	2.99	328,750,615	40%
2013	70,460,348	25,501,273	41,227,303	-	2,842,935	11,389,129	128,642,730	2.99	321,606,825	40%
2014	69,803,455	20,407,499	41,435,272	-	2,554,073	9,379,992	124,820,307	2.99	312,050,768	40%

Source: Property in Walker County is reassessed annually. The county assesses property at approximately 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing the assessed value by this percentage.
Tax rates are per $1,000 of assessed value.

[1] Includes tax-exempt property.

City of Lafayette, Georgia
Direct and Overlapping Governments Property Tax Rates
Last Ten Fiscal Years

	Direct Rates	Overlapping Rates		
Fiscal Year	City of Lafayette Operating Millage	Walker County (A)	State of Georgia (B)	Total Direct and Overlapping Rates
2005	3.20	22.56	0.25	26.01
2006	3.00	22.33	0.25	25.58
2007	2.99	22.29	0.25	25.53
2008	2.99	22.29	0.25	25.53
2009	2.99	22.07	0.25	25.31
2010	2.99	22.07	0.25	25.31
2011	2.99	22.07	0.25	25.31
2012	2.99	22.07	0.25	25.31
2013	2.99	22.07	0.25	25.31
2014	2.99	22.07	0.25	25.31

(A) Includes levy for Walker County Board of Education
(B) This statewide levy is collected for the State by the County on the basis of the County's assessed value (40% of fair market value)

City of Lafayette, Georgia
Principal Property Taxpayers
September 30, 2014

	2014			2004		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Ropcor LP	$ 24,631,444	1	19.7%	$ 29,804,313	1	17.68%
Zorn, Eric, As Trustee	2,423,322	2	1.9%	-		-
Walmart	2,419,248	3	1.9%	-		0.00%
Unique Fabricating South	1,939,855	4	1.6%	-		-
Georgia Windstream, Inc.	1,784,126	5	1.4%	-		-
Buy The Truck, LLC	1,661,926	6	1.3%	-		-
Syntec Industries, LLC	1,344,342	7	1.1%	-		-
LaFayette Station	1,055,076	8	0.8%	-		-
Lucky Pointe LP	977,896	9	0.8%	-		-
Auto Custom Carpets Inc.	792,166	10	0.6%	-		-
Blue Bird of N. Georgia	-		-	22,492,078	2	13.34%
Georgia Alltel Telecom	-		-	2,860,254	3	1.70%
Walmart Stores East	-		-	2,501,696	4	1.48%
Walmart Real Estate	-		-	2,439,274	5	1.45%
William J. Wade, Trustee	-		-	1,548,092	6	0.92%
Blue Bird Body Company	-		-	1,438,405	7	0.85%
Ronile of Georgia	-		-	1,226,748	8	0.73%
Colorspectrum	-		-	1,195,734	9	0.71%
JDN Enterprises, Inc.	-		-	1,027,878		0.60%
Totals	$ 39,029,401		31.3%	$ 66,534,472		39.46%

Source:Walker County Tax Commissioner

Total Taxable Assessed Value 124,820,307

City of Lafayette, Georgia
Property Tax Levies and Collections
September 30, 2014

Fiscal Year Ended September 30	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
2005	$ 410,943	$ 395,902	96.3%	$ 13,700	$ 409,602	99.7%
2006	386,687	382,371	98.9%	3,746	386,117	99.9%
2007	403,693	387,906	96.1%	8,350	396,256	98.2%
2008	442,552	361,551	81.7%	39,939	401,490	90.7%
2009	454,485	370,025	81.4%	10,444	380,469	83.7%
2010	401,490	378,712	94.3%	19,167	397,879	99.1%
2011	399,173	381,666	95.6%	12,111	393,777	98.6%
2012	393,186	367,858	93.6%	19,889	387,747	98.6%
2013	366,719	341,994	93.3%	27,929	369,923	100.9%
2014	365,405	341,882	93.6%	-	341,882	93.6%

Source:Walker County Tax Commissioner

City of Lafayette, Georgia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Acitivities			Business-type Activities							
Fiscal Year	General Obligation Bonds	Notes Payable	Capitilized Leases	Water/Sewer Revenue Bonds	Notes Payable	Capitilized Leases	Total Primary Government	Percentage of Personal Income	Per Capita	Per Capita Income	Population Per Capita Income
2005	$ -	$ -	$ -	$ 3,535,000	$ 2,695,988	$ -	$ 6,230,988	5.77%	916	$ 15,867	$ 107,911,467
2006	-	-	-	3,105,000	2,739,607	-	5,844,607	3.66%	841	22,979	159,612,134
2007	-	-	-	2,670,000	2,562,113	-	5,232,113	3.15%	753	23,942	166,301,132
2008	-	-	-	2,185,000	2,377,656	-	4,562,656	5.10%	661	12,967	89,472,300
2009	3,400,000	-	-	1,680,000	3,574,017	-	8,654,017	9.67%	1,254	12,967	89,472,300
2010	2,905,000	-	-	1,125,000	5,710,556	-	9,740,556	10.89%	1,368	12,967	89,472,300
2011	2,370,000	-	-	-	6,979,262	214,393	9,563,655	10.01%	1,343	13,849	95,558,100
2012	1,810,000	-	39,135	-	7,380,498	721,240	9,950,873	10.09%	1,397	13,849	98,618,729
2013	1,230,000	-	56,970	8,935,000	803,206	624,299	11,649,475	11.81%	1,636	13,849	98,618,729
2014	2,710,000	-	59,306	8,553,138	717,682	563,389	12,603,515	12.78%	1,770	13,849	98,618,729

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Schedule of Demographic and Economic Statistics on page 76 for person income and population data.

City of Lafayette, Georgia
Direct and Overlapping Governmental Activities Debt
As of September 30, 2014

Governmental unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:Walker County	$ 1,958,777	12%	$ 235,053
City of Lafayette direct debt	2,710,000	100%	2,710,000
Total direct and overlapping debt	$ 4,668,777		$ 2,945,053

Sources: Assessed value data used to estimate applicable percentages provided by the Walker County Tax Commissioner. Debt outstanding data provided by Walker County and the City.

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 business of the City of Lafayette. This process recognizes that, when considering the City's ability to issue and repay long-term debt burden borne by the 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 government's boundaries and dividing it by the County's total taxable assessed value.

City of Lafayette, Georgia
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds				
	Utility Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service	
				Principal	Interest	Coverage
2005	$ 3,024,137	$ 1,918,945	$ 1,105,192	$ 405,000	$ 192,375	1.9
2006	3,213,657	1,926,659	1,286,998	430,000	167,385	2.2
2007	3,047,748	2,819,078	228,670	510,000	111,090	0.4
2008	3,032,877	2,917,010	115,867	530,000	90,720	0.2
2009	3,253,674	2,258,290	995,384	505,000	84,461	1.7
2010	3,697,314	2,292,818	1,404,496	555,000	133,166	2.0
2011	3,763,252	2,409,801	1,353,451	1,125,000	97,101	1.1
2012	3,744,191	2,430,144	1,314,047	-	-	-
2013	4,117,248	2,586,536	1,530,712	265,000	118,034	4.0
2014	4,278,222	2,597,209	1,681,013	445,000	245,941	2.4

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Utility service charges and other includes water/sewer charges and investment earnings but not tap fees.
Operating expenses do not include depreciation or interest.

City of Lafayette, Georgia
Legal Debt Margin Information
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 16,155,761	$ 14,488,190	$ 14,801,132	$ 14,801,082	$ 14,339,340	$ 15,275,046	$ 14,719,726	$ 13,150,025	$ 12,864,273	$ 12,482,031
Total net debt applicable to limit					3,400,000	2,905,000	2,370,000	1,810,000	1,230,000	2,710,000
Legal debt margin	$ 16,155,761	$ 14,488,190	$ 14,801,132	$ 14,801,082	$ 10,939,340	$ 12,370,046	$ 12,349,726	$ 11,340,025	$ 11,634,273	$ 9,772,031
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	23.71%	19.02%	16.10%	13.76%	9.56%	21.71%

Legal Debt Margin Calculation for Fiscal Year 2014

Total taxable assessed value	$ 124,820,307
Debt limit (10% of assessed taxable value)	12,482,031
Debt applicable to limit:	
General obligation bonds	2,710,000
Legal debt margin	$ 9,772,031

Note: The Constitution of the State of Georgia Article IX, Section V limits outstanding general obligation debt to 10 percent of the assessed value of all taxable property.

City of Lafayette, Georgia
Ratios of General Bonded Debt Outstanding
Last Five Fiscal years

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2010	$ 2,905,000	N/A	$ 408
2011	2,370,000	N/A	333
2012	1,810,000	N/A	254
2013	1,230,000	N/A	173
2014	2,710,000	N/A	381

Note: Details about the city's outstanding debt can be found in the notes to the financial statements.

City of LaFayette, Georgia
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income [1]	Median Age [1]	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate/Percent
2005	6,801	$ 107,911,467	$ 15,867	37.1	12	9,000	4.7
2006	6,946	159,612,134	22,979	37.0	12	9,290	4.5
2007	6,946	166,301,132	23,942	37.0	12	9,143	6.4
2008	6,900	89,472,300	12,967	37.0	12	9,337	5.8
2009	6,900	89,472,300	12,967	38.0	12	9,279	10.4
2010	7,121	92,338,007	12,967	38.0	12	9,198	9.8
2011	7,121	98,618,729	13,849	38.0	12	9,064	9.4
2012	7,121	98,618,729	13,849	38.0	12	9,064	9.4
2013	7,121	98,618,729	13,849	38.0	12	9,064	9.4
2014	7,121	98,618,729	13,849	38.0	12	9,064	9.4

Sources: NW Georgia Joint Development Authority,Georgia Department of Education, and the most recent U.S. Census
(1) Estimated

CITY OF LAFAYETTE, GEORGIA
PRINCIPLE EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO

	2014			2006	
Employer	Employees	Rank	Percentage Of Total	Employees	Rank
Roper Corp	1,500	1	34.32%	1,600	1
Walker Co Bd of Education	1,350	2	30.89%	1,500	2
Walker Co Government	452	3	10.34%	250	5
Lookout Mtn Services	295	4	6.75%	-	-
Walmart	195	5	4.46%	265	4
Syntec Industries	163	6	3.73%	150	6
City of LaFayette	140	7	3.20%	140	7
Walker Co Sheriff Dept	110	8	2.52%	100	8
Unique Fabricating	100	9	2.29%	-	-
Bank of LaFayette	65	10	1.49%	-	-
Totals	4,370		100.00%	4,005	

Source: Respective Employers

City of Lafayette, Georgia
Number of City Employees By Function/Program
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	7	7	7	7	7	7	11	10	10	10
Police	19	19	19	19	21	23	23	23	24	23
Fire	4	4	5	5	5	5	5	6	6	7
Garage	3	3	3	3	3	4	3	3	3	2
Culture and recreation	15	15	13	12	9	10	10	12	10	10
Public works	16	16	16	16	14	14	15	15	11	9
Sanitation	6	6	6	6	4	4	6	7	7	8
Total	70	70	69	68	63	67	73	76	71	69

City of Lafayette, Georgia
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	430	411	363	507	462	423	485	401	202	548
Parking violations	98	125	9	25	11	20	21	20	15	36
Traffic violations	1,449	878	980	1,129	763	1,434	1,088	1,013	755	1,199
Fire										
Emergency responses	231	206	360	326	553	655	751	941	863	758
Fires extinguished	60	45	92	55	78	64	64	39	31	48
Culture and recreation										
Participation fees	$ 98,467	$ 111,150	$ 129,808	$ 118,484	$ 117,482	$ 116,762	$ 130,937	$ 153,348	$ 159,200	$ 146,165
Library volumes	101,257	69,002	70,000	69,297	71,203	76,985	75,847	78,000	75,000	75,000
Public works										
Street resurfacing miles	1.00	1.13	1.37	1.15	1.09	0.53	1.01	0.00	0.90	3.00
Housing and development										
Building permits issued	147	149	113	73	59	60	46	46	48	55
Sanitation										
Number of customers	2,695	2,685	2,763	2,773	2704	2,686	2,858	2,667	2,635	2,655

City of Lafayette, Georgia
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	19	19	19	20	20	23	23	23	24	25
Culture and recreation										
Acreage	147.5	147.5	147.5	147.5	147.5	147.5	147.5	147.5	147.8	147.8
Baseball/softball fields	9	9	9	6	6	10	9	9	9	9
Soccer/football fields	2	2	2	3	3	5	5	5	5	6
Public works										
Miles of streets	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1
Housing and development										
Building permits issued	147	149	113	113	59	60	46	46	48	55
Sanitation										
Collection vehicles	3	3	3	3	3	3	3	8	8	7

COMPLIANCE SECTION

P.O. BOX 473
CARTERSVILLE, GA 30120
(770) 382-3361
FAX (770) 386-8382
WWW.WCPAS.COM

WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

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*

The Honorable Mayor and City Council
City of LaFayette, 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 and each major fund of the City of LaFayette, Georgia, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of LaFayette, Georgia's basic financial statements, and have issued our report thereon dated March 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of LaFayette, 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 of LaFayette, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of LaFayette, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of LaFayette, Georgia'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.

Williamson & Company
Certified Public Accountants
March 2, 2015

City of LaFayette, Georgia
Schedule of Special Purpose Local Option Sales Tax
For the Fiscal Year Ended September 30, 2014

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST V					
Roads & Streets	$ 200,000	$ 200,000	$ 367,405	$ -	$ 367,405
Other Projects					
Admin					
Equipment	-	-	41,378	7,752	49,130
Public Safety					
Equipment	-	-	300,499	56,299	356,798
Solid Waste					
Equipment	-	-	377,009	70,633	447,642
Public Works					
Equipment	-	-	189,223	35,451	224,674
Streetscapes	-	-	390,454	73,153	463,607
Recreation					
Equipment	-	-	110,677	20,736	131,413
Site Improvements	-	-	1,580,384	296,089	1,876,473
Airport					
Buildings	-	-	-	-	-
Site Improvements	-	-	42,392	7,942	50,334
Water and Sewer					
Equipment	-	-	-	-	-
Improvements	-	-	150,016	28,106	178,122
Gas					
Equipment	-	-	36,553	6,848	43,401
Improvements	-	-	-	-	-
Electric					
Equipment	-	-	3,747	702	4,449
Improvements	-	-	-	-	-
Golf					
Equipment	-	-	-	-	-
Improvements	-	-	73,098	13,695	86,793
Total other projects	4,234,600	4,234,600	3,295,430	617,406	3,912,836
Total for all projects	$ 4,434,600	$ 4,434,600	$ 3,662,835	$ 617,406	$ 4,280,241

Note: This schedule has been prepared on the accrual basis of accounting.

City of LaFayette, Georgia
Schedule of Special Purpose Local Option Sales Tax
For the Fiscal Year Ended September 30, 2014

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST VI					
Roads & Streets	$ 1,580,000	$ 1,580,000	$ -	$ 111,909	$ 111,909
Other Projects					
Admin					
Equipment	-	-	-	123,144	123,144
Public Safety					
Equipment	-	-	-	-	-
Solid Waste					
Equipment	-	-	-	-	-
Public Works					
Equipment	-	-	-	-	-
Streetscapes	-	-	-	-	-
Recreation					
Equipment	-	-	-	-	-
Site Improvements	-	-	-	-	-
Airport					
Buildings	-	-	-	-	-
Site Improvements	-	-	-	-	-
Water and Sewer					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Gas					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Electric					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Golf					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Total other projects	1,300,000	1,300,000	-	123,144	123,144
Total for all projects	$ 2,880,000	$ 2,880,000	$ -	$ 235,053	$ 235,053

Note: This schedule has been prepared on the accrual basis of accounting.