CITY OF LAFAYETTE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The

Fiscal Year Ended September 30, 2016

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

April 3, 2017

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, 2016. 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.

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 continues to strengthen its financial position through sound business minded decisions based on return on investment, challenging the traditional mindset of cost control, attempting to in-source much of the necessary work required to manage a city, and small improvements to the local economy. 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 includes: 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. The vast majority of local industry is experiencing substantial growth, anticipating job growth of 500+ new employment positions. The addition of a 400+ acre industrial park 2 miles north of the City is also proving to be an asset to the local economy, creating job growth and the resulting increase in retail and service revenue in the City.

As the Council was considering the fiscal year 2016 adopted budget, the City was beginning to feel the benefits of sound policy implementation in Fiscal guidelines, and slight improvement in economic conditions. 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. 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. The City is currently undergoing an extensive Comprehensive Plan update with an unprecedented rigor in strategic planning for the future of economic development, infrastructure improvement, and community enhancement.

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. As of this report, each of them is in an aggressive expansion mode of operations through additional square footage, additional employment, and potential product line expansions. We are experiencing slight commercial growth and residential growth to support this additional job growth, and anticipate this to continue.

In reviewing the census information from 2000 to 2013, population of the City has increased 5.5%, median household income increased by 34%, per capita income increased by 19%, median house/condo value increased 27%.

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, 2015. 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. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

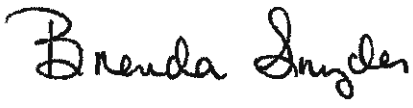
We wish to take this opportunity to thank the Mayor and Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. The preparation of this report could not be accomplished without the efficient and dedicated service 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.

Respectfully submitted,

David Hamilton, City Manager



Brenda Snyder, City Clerk



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of LaFayette

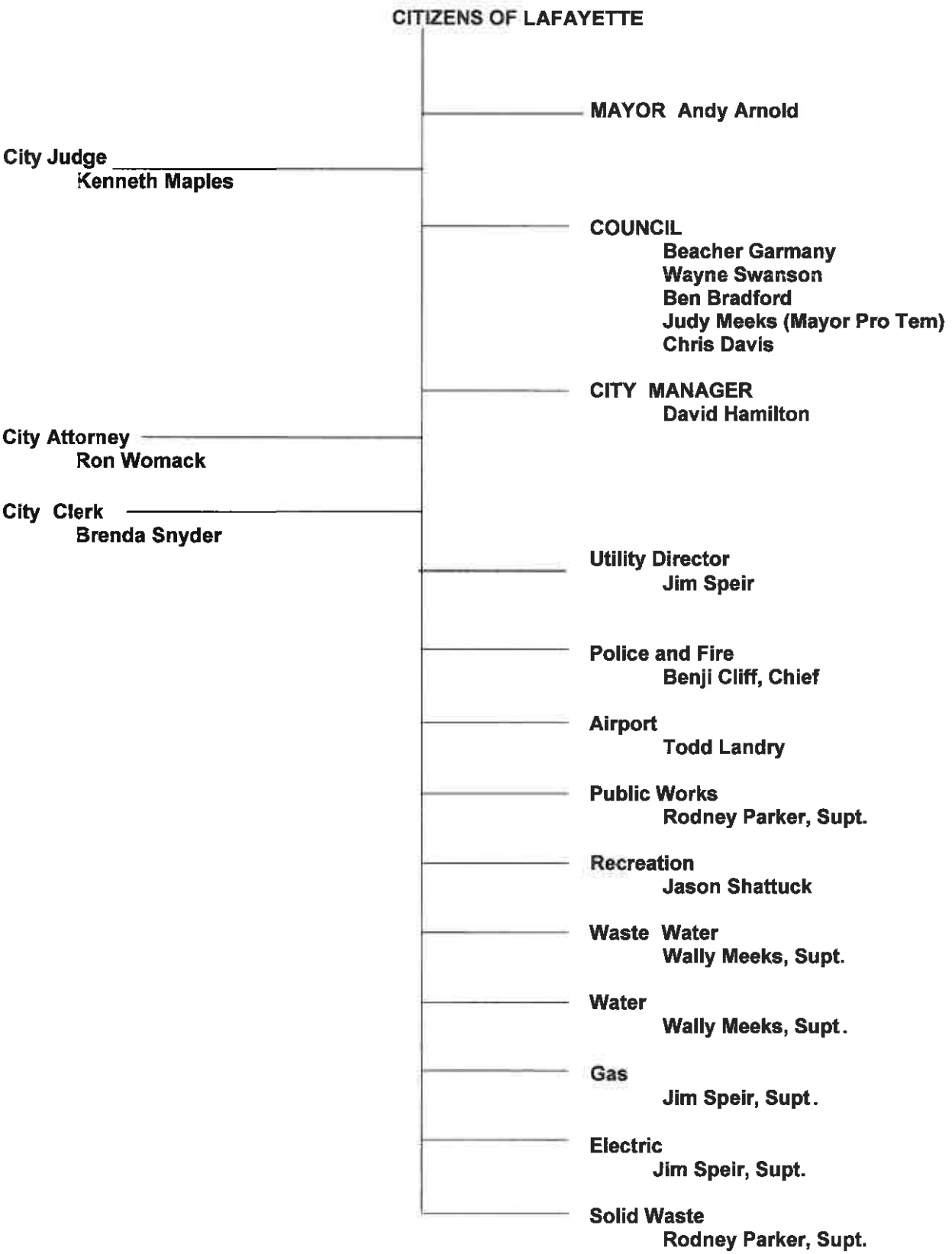
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

CITY OF LAFAYETTE, GEORGIA
ORGANIZATIONAL CHART AND
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2016



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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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 19, the Schedule of Funding Progress, Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Required Contributions, on pages 54 through 56, 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, the schedules of projects constructed with special local option sales tax proceeds, and the budgetary comparisons listed on pages 59-64 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2017, 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
April 3, 2017

FINANCIAL SECTION

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, 2016. 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 $30,884,479 at the end of the year. This amount includes $27,543,825 invested in capital assets net of accumulated depreciation and related debt, restricted net position of $1,789,393 and unrestricted net position of $2,539,590. Significant portions of restricted net position include amounts for debt service and construction.

- The City's total net position increased by $484,667, or 1.53% to $31,604,733. The net position for governmental activities increased by $262,133, or 3.39% and the business-type net position increased by $222,534, or 0.70%.

- The City's revenues for governmental activities were $4,283,120, excluding transfers, leases, and bonds issued. Expenses, excluding transfers, were $6,840,766.

- The City's business-type activities, excluding transfers, had revenues of $18,769,116, while expenses, excluding transfers, were $15,719,806.

- The General Fund, which is the City's primary operating fund, reported an increase in fund balance of $729,473 in fiscal year 2016.

- The City's governmental activities debt balance (Note 8) had a net decrease of $755,022. This change represents the payment of outstanding revenue bond and capital lease principal of $310,000 and $13,992. This change also reflects compensated absences and net pension liability increases of $2,818 and $598,598. The balance on the outstanding debt for business-type activities had a net increase of $547,625. This change represents the payment of revenue bonds payable of $463,508, payment of notes payable principle of $86,100, and payment of capital leases payable principle of $164,042. There were additional debt issues of notes payable totaling $1,321,028. This change also reflects an additional compensated absences increase of $2,069, and a net pension liability decrease of $61,822.

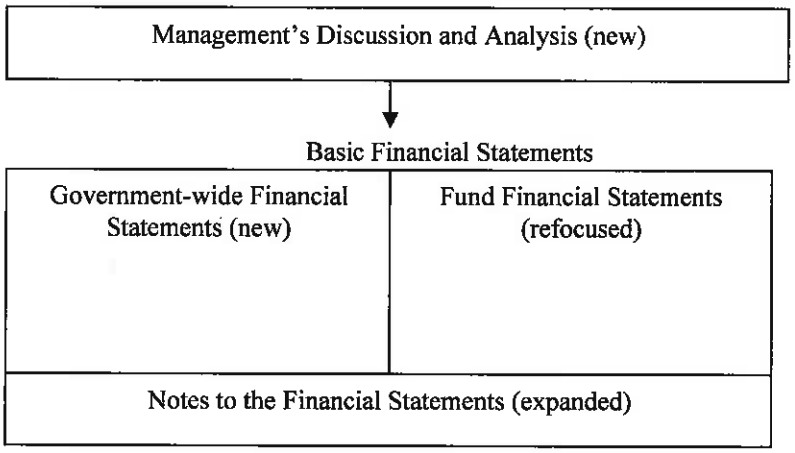
- Total cash (Note 3) at September 30, 2016 was $4,709,085.

- The capital assets (Note 6), net of accumulated depreciation, of the City at the end of the 2016 fiscal year totaled $39,495,174. This includes net capital assets for governmental activities of $8,033,466 and business-type activities of $31,461,708.

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 Position combines all of the City's current financial resources with capital assets and long-term obligations. Net position, the difference between the City's assets and liabilities, is 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	- Stmt of net position - Statement of revenues, expenses, and changes in net position - Statement of cash flows	- Statement of fiduciary net position - Statement of changes in fiduciary net position
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 $484,667, or 1.53% in fiscal year 2016. The net position of the governmental activities include $6,733,162 investment in capital assets. Capital assets of $8,033,466 include land, buildings, park improvements, equipment and current year infrastructure additions. Related debt includes revenue bonds of $1,775,000.

The net position of the business-type activities include $20,810,663 investment in capital assets. Capital assets of $31,461,708 include land, utility system, building, other improvements, equipment, airport and golf course. Related debt includes notes and revenue bonds of $10,651,045.

For more detailed information, see the Statement of Net Position on page 20 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
	2016	2015	2016	2015	2016	2015	2016-15
ASSETS							
Current and other assets	$ 3,012	$ 2,779	$ 5,862	$ 5,614	$ 8,874	$ 8,393	5.73%
Capital assets	8,033	7,776	31,462	30,923	39,495	38,699	2.06%
Total Assets	11,045	10,555	37,324	36,537	48,369	47,092	2.71%
DEFERRED OUTFLOWS OF RESOURCES							
Pension contributions	567	485	476	450	1,043	935	100.00%
Total deferred outflows of resources	567	485	476	450	1,043	935	100.00%
LIABILITIES							
Current and other liabilities	851	665	2,269	2,633	3,120	3,298	-5.40%
Long-term debt outstanding	3,002	2,702	11,362	10,550	14,364	13,252	8.39%
Total Liabilities	3,853	3,367	13,631	13,183	17,484	16,550	5.64%
DEFERRED INFLOWS OF RESOURCES							
Pension contributions	31	207	25	150	56	357	100.00%
Total deferred inflows of resources	31	207	25	150	56	357	100.00%
NET ASSETS							
Net Invest. in Capital Assets	6,733	6,064	20,811	20,891	27,544	26,955	2.19%
Restricted	897	1,745	248	341	1,145	2,086	-45.11%
Unrestricted	98	(343)	2,817	2,422	2,915	2,079	40.21%
Total Net Position	$ 7,728	$ 7,466	$ 23,876	$ 23,654	$ 31,604	$ 31,120	1.56%

CHANGES IN NET POSITION

The City's total revenues before transfers were $23,053,585 in the 2016 fiscal year. Expenses before transfers were $22,300,843 during that same period. Governmental and business-type activities combined provided a $752,742 decrease in net position.

Governmental activities revenues were $4,284,469 and included $1,307,290 charges for services, $751,927 grant revenues, $594,623 property taxes and $975,141 sales taxes. The largest governmental activities expenses were for public safety of $2,523,575 (police, fire and animal control), public works of $773,352, general government of $1,424,654 and recreation of $886,640. Expenses include depreciation expense as explained in the notes to the financial statements (Note 6).

Business-type activity revenues were $18,769,116 and included $18,544,614 charges for services, $207,111 intergovernmental revenues, and $12,090 interest. The largest business-type activity expenses were for purchases of energy for resale to customers, electricity for $7,360,354 and gas for $910,015.

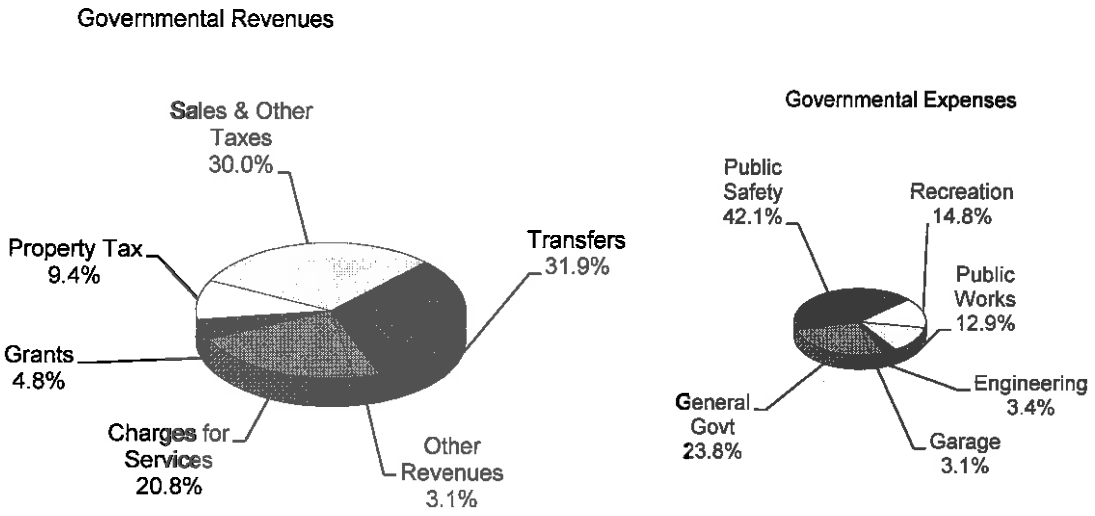
Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total % Change
	2016	2015	2016	2015	2016	2015	
REVENUES							
Program Revenues							
Charges for services	$ 1,307	$ 1,131	$ 18,545	$ 18,005	$ 19,852	$ 19,136	3.7%
Operating grants and contributions	182	241	-	-	182	241	-24.5%
Capital grants and contributions	122	174	207	373	329	547	-39.9%
General revenues							
Property taxes	595	614	-	-	595	614	-3.1%
Local option sales tax	975	1,032	-	-	975	1,032	-5.5%
Other taxes	910	892	-	-	910	892	2.0%
Investment income	19	22	12	19	31	41	-24.4%
Other general revenues	174	128	5	(15)	179	113	58.4%
Total Revenues	4,284	4,234	18,769	18,382	23,053	22,616	1.9%
EXPENSES							
General	1,425	1,209	-	-	1,425	1,209	17.9%
Police	2,191	1,838	-	-	2,191	1,838	19.2%
Fire	332	319	-	-	332	319	4.1%
Public Works	773	803	-	-	773	803	-3.7%
Engineering	202	175	-	-	202	175	15.4%
Recreation	887	861	-	-	887	861	3.0%
Garage	184	123	-	-	184	123	49.6%
Interest on long-term debt	38	57	-	-	38	57	-33.3%
Electric	-	-	8,753	8,582	8,753	8,582	2.0%
Gas	-	-	1,444	1,859	1,444	1,859	-22.3%
Water/Sewer	-	-	4,108	3,805	4,108	3,805	8.0%
Solid Waste	-	-	695	578	695	578	20.2%
Golf	-	-	850	822	850	822	3.4%
Airport	-	-	418	415	418	415	0.7%
Total Expenses	6,032	5,385	16,268	16,061	22,300	21,446	4.0%
Excess (Deficiency) before transfers	(1,748)	(1,151)	2,501	2,321	753	1,170	-35.6%
Transfers	2,010	2,268	(2,010)	(2,268)	-	-	0.0%
Prior Period Adjustment	-	(795)	(268)	(497)	(268)	(1,292)	0.0%
Increase (Decr.) in Net Position	262	322	223	(444)	485	(122)	-497.5%
Net Position - beginning	7,466	7,144	23,653	24,097	31,120	31,242	
Net Position - ending	$ 7,728	$ 7,466	$ 23,876	$ 23,653	$ 31,605	$ 31,120	

GOVERNMENTAL ACTIVITIES

See pages 20-21 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 2016



Revenue Impacts:

- Property taxes of $594,623 provided 14.04% 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 $975,141. This represents an overall decrease of 9.58% from the prior year.
- The transfers from proprietary funds were $2,009,694, which was $258,362, or an 11.39% decrease from the prior year.
- Charges for services include amounts charged for providing utility billing and collection services to the enterprise funds of $544,720. Municipal court fines were $220,902.

Expense Impacts

- General Government expenditures increased by $215,209 or 15.1% compared to the prior year. This increase was driven by paying a higher salary in Economic Development, purchasing new billing software, increased expenditures on Property Maintenance, rising healthcare costs and a pay increase, and an increase in Net Pension Liability.

- Police, fire and animal control expenditures increased by $366,856 or 14.5% from the prior year. This was driven by replacing 4 police vehicles, a pay increase, an increase in Net Pension Liability at the Governmental Accounting level.

- Public Works expenditures decreased by $29,855 or 3.7% compared to the prior year. This amount represents a decrease in employee costs (employee departures, not replaced), and further cost controls.

- Culture and Recreation expenditures increased by $25,755 or 2.9%. This was driven by an increase in facility repairs, building a bathroom facility at Max Stoker recreation, and adding backstop nets at Lowell Greene.

BUSINESS-TYPE ACTIVITIES

Table 4
Business-type Activities
(in thousands)

	Operating Revenues		Operating Expenses		Operating Income	
	2016	2015	2016	2015	2016	2015
Electric	$ 10,369	$ 10,159	$ 8,753	$ 8,581	$ 1,616	$ 1,578
Gas	2,133	2,503	1,438	1,850	695	653
Water/Sewer	4,838	4,155	3,857	3,513	981	642
Solid Waste	519	509	694	576	(175)	(67)
Golf	562	541	834	816	(272)	(275)
Airport	123	138	418	415	(295)	(277)
Total	$ 18,544	$ 18,005	$ 15,994	$ 15,751	$ 2,550	$ 2,254

Operating revenues for business-type activities for the fiscal year 2016 were $18,544,614, a $539,890 increase compared to the prior year. Operating expenses were $15,994,309 in 2016, $243,348 greater than the prior year. The operating income was $2,550,305 in 2016 compared to $2,253,763 in 2016. Activities for individual funds are summarized below.

- Electric program operating revenues increased by $209,830 from the prior year in addition to operating expenses increasing by $171,901. The revenue growth was a result of both demand growth and a small power cost adjustment increase, the expense increase was the result of increased power costs, more power purchased to support demand growth, and increased maintenance spend on the Utility.

- Gas program operating revenues decreased by $369,112, and operating expenses decreased by $412,354. Natural Gas prices were down significantly, we lowered our prices to customers to pass through the cost savings.

- Water & Sewer program operating revenues increased by $683,641, while operating expenses increased by $343,987 from the prior year. We had a water and sewer rate increase of approximately $600K, Expenses were driven up by paying $150K more towards Debt Service to retire a debt ahead of schedule, we purchased $75K more water from Walker County Water due to severe drought, the remainder was primarily an increase in Capital expenditures replacing service vehicles and equipment.

- Solid Waste program operating revenues increased $9,696 from the prior year and operating expenses also increased $118,321. The revenues increased due to an increase in the number of customers and charges for picking up debris. Expenses were driven up by a large increase in repair costs for aging garbage trucks and a reclassification of a mandated officer that manages inmates into the Solid Waste fund.

- Golf operating revenues increased by $20,848 over the prior year, largely due to weather, and the addition of approximately 30 tournaments to our course. Operating expenses were also up by $18,509, despite Personnel costs being down approximately $45K, and Supplies cost being down $30K, the Pension Liability booking offset these reductions resulting in a net increase YOY.

- Airport operating revenues decreased by $15,013, mostly driven by a decrease in Fuel sales, largely due to reduced cost and price of fuel, and slightly lower hangar rental. Operating expenses increased by $2,984 from the prior year. We had a pay increase which drove labor costs up.

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

Fund	Fund Balances 09-30-15	Revenues/ Sources	Expenditures / Uses	Revenues/Sources Over (Under) Expenditures/Uses	Fund Balances 09-30-16
General Fund	$ 928,752	$ 6,179,038	$ 5,449,565	$ 729,473	$ 1,658,225
Cap. Proj.-2008 SPLOST	(123,000)	-	-	-	(123,000)
Cap. Proj.-2014 SPLOST	1,626,385	459,409	1,081,894	(622,485)	1,003,900
Total City Funds	$ 2,432,137	$ 6,638,447	$ 6,531,459	$ 106,988	$ 2,539,125

At September 30, 2016, the City's governmental funds reported a combined fund balance of $2,365,955 (see Statement on page 24), which is $109,085 less than the previous year-end. The unassigned portion of fund balance was $1,307,955. The unassigned fund balance may serve as a useful indicator of the City's ability to operate without external financing. The restricted portion represents amounts reserved for capital projects construction and for debt service payments related to the issuance of revenue bonds to finance those capital projects.

General Fund
The General Fund had a $729,473 increase in fund balance, to end the fiscal year at $1,658,225. More detailed information for the general fund is presented on page 24.

Operating revenues and other financing sources increased $103,371. This was primarily driven by an increase in the Insurance Premium Tax, and an increase in salary reimbursement for the Resource officer we supply to the School system.

Overall expenditures and other uses decreased $43,050. Transfers out decreased $157,532.

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 2013, 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 $448,295
- Interest earned $8,264

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 26 of the financial statements.

In September 2015, the City Council appropriated $5,569,436 for general fund expenditures in the 2016 fiscal year budget.

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

- Higher than anticipated fines in municipal court, higher than expected insurance premium tax, higher than expected reimbursement of police salary from School resource officer

Expenditures:
Increased and continued cost control measures primarily in Public Works department. Purchased some needed equipment in Police, costs up due to pay increase given across the board, and increased Health Care costs.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounted to $39,495,174 (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 2.02%. 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	$ 3,370,357	$ 2,277,584	$ 5,647,941
Construction in progress	164,530	4,178,590	4,343,120
Buildings and structures	379,264	3,341,487	3,720,751
Infrastructure	1,770,744		1,770,744
Utility systems	-	16,491,410	16,491,410
Improvements other than buildings	1,192,254	3,112,926	4,305,180
Furniture, machinery and equipment	956,428	1,521,129	2,477,557
Total	$ 7,833,577	$ 30,923,126	$ 38,756,703

This year's major capital asset additions included:

Governmental Activities:

- Admin – Security/Monitoring System Upgrades, Vehicles, Software Upgrades - $39,012
- Police – Narcotics Patrol Dog, Vehicles - $114,871
- Public Works – Infrastructure (Sidewalks, Paving, Drainage Tile Replacement) - $337,445

Business-type Activities:

- Water and Sewer Fund Equipment & Vehicles - $247,842
- Water and Sewer Fund Improvements - $1,640,665
- Electric Fund Equipment - $41,000
- Gas Fund Equipment - $26,505
- Gas Fund Improvements - $129,808

LONG-TERM DEBT

At the end of the 2016 fiscal year, the City had $12,480,327 in outstanding debt. This is a net decrease of $67,335 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 $13,768,762. As of September 30, 2016, the City has $1,775,000 of outstanding general obligation debt.

Table 7
Outstanding Debt at September 30, 2016

	Governmental Activities	Business-type Activities
Revenue Bonds	$ 1,775,000	$ 7,616,122
Capital Leases	54,282	312,839
Notes Payable	-	2,722,084
Total	$ 1,829,282	$ 10,651,045

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economy continues to improve locally, with almost every local industry adding jobs, and expanding. We have for the first time reached a point of needing to purchase Power on the market to supply the electrical demand. With power costs on the open market at a very low price, this is a great position to be in. Property values have increased locally, and we have seen an increase in housing starts and have begun a redevelopment initiative with a developer. Also, the enacting of the Cost Adjustment (UCA) by the Council, which will be monitored each month by the City Manager, will ensure that the cost of utilities does not exceed revenues. In June of 2014 the Council employed a permanent City Manager whose background is heavy in business management and finance.

We continue to make more expenditures on Capital to address much needed infrastructure replacement and repairs to ensure that our assets do not become liabilities. The City's financial standing continues to improve and we are able to budget for more of these improvements and make many of them with cash purchases.

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, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	$ 1,255,860	$ 1,991,466	$ 3,247,326
Receivables - net	182,359	2,896,841	3,079,200
Prepaids	27,446	-	27,446
Internal balances	513,219	(513,219)	-
Inventory	26,654	761,062	787,716
Restricted assets:			
Restricted cash	1,006,153	457,726	1,463,879
Capital assets:			
Land and construction in progress	3,534,887	2,508,556	6,043,443
Other capital assets - net	4,498,579	28,953,152	33,451,731
Total capital assets	8,033,466	31,461,708	39,495,174
Total assets	11,045,157	37,055,584	48,100,741
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	567,438	476,163	1,043,601
Total deferred outflows of resources	567,438	476,163	1,043,601
LIABILITIES			
Cash overdraft	2,120	-	2,120
Accounts payable	287,828	912,595	1,200,423
Accrued wages payable and withholdings	105,788	41,512	147,300
Customer deposits	-	607,578	607,578
Accrued Interest payable	4,326	958	5,284
Noncurrent liabilities:			
Due within one year	455,220	705,897	1,161,117
Due in more than one year - net	2,998,299	11,362,215	14,360,514
Total liabilities	3,853,581	13,630,755	17,484,336
DEFERRED INFLOWS OF RESOURCES			
Pension contributions	30,510	24,763	55,273
Total deferred inflows of resources	30,510	24,763	55,273
NET POSITION			
Net investment in capital assets	6,733,162	20,810,663	27,543,825
Restricted for:			
Capital projects	528,978	247,973	776,951
Debt service reserve	338,056	-	338,056
Law enforcement activities	30,656	-	30,656
Unrestricted	97,653	2,817,593	2,915,246
Total net position	$ 7,728,504	$ 23,876,229	$ 31,604,733

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

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General Government	$ 1,424,654	$ 818,681	$ -	$ 448,295
Police	2,191,123	278,626	181,174	49,700
Fire	332,452	-	1,000	-
Public Works	773,352	57,910	-	71,702
Engineering	202,162	21,428	-	-
Recreation	886,640	130,645	56	-
Garage	184,176	-	-	-
Interest on Long-term Debt	37,471	-	-	-
Total governmental activities	6,032,030	1,307,290	182,230	569,697
Business-type activities:				
Airport	417,987	123,175	-	141,798
Electric	8,753,250	10,368,973	-	-
Gas	1,444,739	2,133,573	-	-
Golf	849,834	562,206	-	-
Water/Sewer	4,107,819	4,838,116	-	65,312
Solid Waste	695,185	518,571	-	-
Total business-type activities	16,268,814	18,544,614	-	207,110
Total primary government	$ 22,300,844	$ 19,851,904	$ 182,230	$ 776,807

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

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities	Business-type Activities	Totals
Primary government:			
Governmental activities:			
General Government	$ (157,678)		$ (157,678)
Police	(1,681,623)		(1,681,623)
Fire	(331,452)		(331,452)
Public Works	(643,740)		(643,740)
Engineering	(180,734)		(180,734)
Recreation	(755,939)		(755,939)
Garage	(184,176)		(184,176)
Interest on Long-term Debt	(37,471)		(37,471)
Total governmental activities	(3,972,813)		(3,972,813)
Business-type activities:			
Airport		$ (153,014)	(153,014)
Electric		1,615,723	1,615,723
Gas		688,834	688,834
Golf		(287,628)	(287,628)
Water/Sewer		795,609	795,609
Solid Waste		(176,614)	(176,614)
Total business-type activities		2,482,910	2,482,910
Total primary government	(3,972,813)	2,482,910	(1,489,903)
General revenues:			
Taxes:			
Property	594,623	-	594,623
Sales	526,846	-	526,846
Hotel/Motel	51,488	-	51,488
Insurance Premium	410,085	-	410,085
Malt Beverage	117,370	-	117,370
Franchise	259,068	-	259,068
Occupation	72,234	-	72,234
Other	141,149	-	141,149
Investment Earnings	19,426	12,090	31,516
Gain on Sale of Capital Assets	32,963	5,301	38,264
Transfers	2,009,694	(2,009,694)	-
Total general revenues and transfers	4,234,946	(1,992,303)	2,242,643
Change in net position	262,133	490,607	752,740
Net position - beginning	7,466,371	23,653,695	31,120,066
Prior Period adjustment	-	(268,073)	(268,073)
Net position - ending	$ 7,728,504	$ 23,876,229	$ 31,604,733

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

CITY OF LAFAYETTE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General	Capital Projects - 2008 SPLOST	Capital Projects - 2014 SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 683,539	$ -	$ -	$ 30,656	$ 714,195
Receivables (Net of Allowance for Uncollectibles):					
Accounts	28,952	-	-	-	28,952
Taxes	50,486	-	102,921	-	153,407
Prepaids	27,446	-	-	-	27,446
Inventory	26,654	-	-	-	26,654
Due from Other Funds	5,189,766	-	5,612	2,717	5,198,095
Cash - Restricted	106,460	-	899,693	-	1,006,153
Total Assets	$ 6,113,303	$ -	$ 1,008,226	$ 33,373	$ 7,154,902
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft	$ 2,120	$ -	$ -	$ -	$ 2,120
Accounts Payable	287,828	-	-	-	287,828
Accrued Payables & Withholdings	105,788	-	-	-	105,788
Due to Other Funds	4,047,238	123,000	-	206,543	4,376,781
Accrued Interest Payable	-	-	4,326	-	4,326
Total Liabilities	4,442,974	123,000	4,326	206,543	4,776,843
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	12,104	-	-	-	12,104
Total deferred inflows of resources	12,104	-	-	-	12,104
Fund Balances:					
Nonspendable:					
Prepaids	27,446	-	-	-	27,446
Inventory	26,654	-	-	-	26,654
Restricted for:					
Acquisition and construction of capital assets	-	-	1,003,900	-	1,003,900
Law enforcement activities	-	-	-	3,814	3,814
Committed to:					
Unassigned	1,604,125	(123,000)	-	(176,984)	1,304,141
Total Fund Balances	1,658,225	(123,000)	1,003,900	(173,170)	2,365,955
Total Liabilities and Fund Balances	$ 6,113,303	$ -	$ 1,008,226	$ 33,373	$ 7,154,902

Reconciliation of the Balance Sheet to the Statement of Net Position

Fund Balances - Total governmental funds		$ 2,365,955
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		8,033,467
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.		233,570
A portion of deferred revenue in the general fund represents property tax billed but uncollected and is eliminated in the Statement of Net Position.		12,104
A portion of pension plan contributions are for future use and are considerred deferred outflows of resources.		567,438
Differences between expected and actual returns on pension plan investments are not recognized at the fund level, yet are presented as a deferred inflow of resources in the Statement of Net Position.		(30,511)
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	(1,775,000)	
Leases Payable	(54,282)	
Compensated Absences	(155,864)	
Net pension liability	(1,468,373)	
		(3,453,519)
Net position of governmental activities		$ 7,728,504

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, 2016

	General	Capital Projects - 2008 SPLOST	Capital Projects - 2014 SPLOST	Other Governmental Funds	Total Governmental Funds
Taxes	$ 1,946,112	$ -	$ -	$ 51,488	$ 1,997,600
Grant Revenue	-	-	-	170,062	170,062
Licenses and Permits	21,428	-	-	-	21,428
Intergovernmental	121,402	-	448,295	-	569,697
Payments in lieu of taxes	12,223	-	-	-	12,223
Fines and Forfeitures	251,513	-	-	-	251,513
Charges for Services	256,965	-	-	-	256,965
Contributions and donations	11,167	-	-	-	11,167
Miscellaneous Income	940,076	-	-	-	940,076
Interest Income	11,053	-	8,264	109	19,426
Total Revenues	3,571,939	-	456,559	221,659	4,250,157
EXPENDITURES					
Current:					
General Government	1,342,889	-	1,185	-	1,344,074
Police	1,779,511	-	-	73,889	1,853,400
Fire	310,183	-	-	-	310,183
Public Works	633,389	-	-	-	633,389
Engineering	182,394	-	-	-	182,394
Recreation	792,600	-	-	-	792,600
Garage	173,874	-	-	-	173,874
Intergovernmental Expenditures	-	-	-	238,268	238,268
Debt Service:					
Principal	13,992	-	310,000	-	323,992
Interest	592	-	36,879	-	37,471
Capital Outlay:					
General Government	39,012	-	-	-	39,012
Police	114,871	-	-	-	114,871
Fire	8,517	-	-	-	8,517
Public Works	25,862	-	323,307	-	349,169
Recreation	29,029	-	18,856	-	47,885
Water/Sewer Improvements	-	-	391,667	-	391,667
Total Expenditures	5,446,715	-	1,081,894	312,157	6,840,766
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,874,776)	-	(625,335)	(90,498)	(2,590,609)
OTHER FINANCING SOURCES (USES)					
Capital Leases	47,200	-	-	-	47,200
Transfers - Out	(2,850)	-	-	(125,575)	(128,425)
Transfers - In	2,526,936	-	2,850	-	2,529,786
Sale of capital assets	32,963	-	-	-	32,963
Total Other Financing Sources (Uses)	2,604,249	-	2,850	(125,575)	2,481,524
Net Change in Fund Balances	729,473	-	(622,485)	(216,073)	(109,085)
Fund Balance (Deficit) - Beginning of Year	928,752	(123,000)	1,626,385	42,903	2,475,040
Fund Balance - End of Year	$ 1,658,225	$ (123,000)	$ 1,003,900	$ (173,170)	$ 2,365,955

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, 2016

Net Change in Fund Balances - Total Governmental Funds		$ (109,085)
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	559,454	
Less current year depreciation	(302,096)	
		257,358
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		1,349
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	(47,200)	
Principal Payments on Bonds	310,000	
Principal Payments on Leases	13,992	
		276,792
Governmental funds report monthly pension plan premiums as currrent period expenditures, while governmental activities record a portion of those payments as a deferred outflow of resources.		82,230
Changes in the value of the pension plan are not reflected in the governmental funds. However, they are accounted for in the statement of activities.		176,384
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 pension liability	(598,598)	
Net change in long-term compensated absences	(2,818)	
		(601,416)
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.		178,521
Effects of rounding		1
Change in Net Position of Governmental Activities		$ 262,133

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, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 1,933,050	$ 1,933,050	$ 1,946,112	$ 13,062
Licenses and Permits	39,600	39,600	21,428	(18,172)
Intergovernmental	71,000	71,000	121,402	50,402
Payments in lieu of taxes	12,000	12,000	12,223	223
Fines and Forfeitures	169,500	169,500	251,513	82,013
Charges for Services	283,270	283,270	256,965	(26,305)
Contributions and donations	9,000	9,000	11,167	2,167
Miscellaneous Income	802,182	802,182	940,076	137,894
Interest Income	5,000	5,000	11,053	6,053
Total Revenues	3,324,602	3,324,602	3,571,939	247,338
EXPENDITURES				
Current:				
General Government	1,270,439	1,270,439	1,342,889	(72,450)
Police	1,638,101	1,638,101	1,779,511	(141,410)
Fire	351,003	351,003	310,183	40,820
Public Works	764,622	764,622	633,389	131,233
Engineering	169,811	169,811	182,394	(12,583)
Recreation	825,799	825,799	792,600	33,199
Garage	176,941	176,941	173,874	3,067
Debt Service:				
Principal	28,359	28,359	13,992	14,367
Interest	3,761	3,761	592	3,169
Capital Outlays:				
General Government	119,600	119,600	39,012	80,588
Police	72,500	72,500	114,871	(42,371)
Fire	13,000	13,000	8,517	4,483
Public Works	110,000	110,000	25,862	84,138
Garage	-	-	29,029	(29,029)
Recreation	25,500	25,500	-	25,500
Total Expenditures	5,569,436	5,569,436	5,446,715	122,720
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,244,834)	(2,244,834)	(1,874,776)	370,058
OTHER FINANCING SOURCES (USES)				
Capital Leases	-	-	47,200	47,200
Transfers - Out	-	-	(2,850)	(2,850)
Transfers - In	2,461,151	2,461,151	2,526,936	65,785
Sale of capital assets	3,000	3,000	32,963	29,963
Total Other Financing Sources (Uses)	2,464,151	2,464,151	2,604,249	140,099
Net Change in Fund Balance	219,317	219,317	729,473	510,156
Fund Balance (Deficit) - Beginning of Year	928,752	928,752	928,752	-
Fund Balance (Deficit) - End of Year	$ 1,148,069	$ 1,148,069	$ 1,658,225	$ 510,156

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

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Assets								
Current Assets:								
Cash and Cash Equivalents	$ -	$ -	$ 23,326	$ -	$ 1,968,140	$ -	$ 1,991,466	$ 541,665
Restricted Cash - MEAG	-	209,753	-	-	-	-	209,753	-
Accounts Receivable - Net	-	1,849,225	171,667	-	808,077	67,872	2,896,841	-
Due From Other Funds	6,338	2,630,992	1,427,663	-	394,529	144,073	4,603,595	-
Inventory	37,024	495,526	81,479	10,170	136,863	-	761,062	-
Total Current Assets	43,362	5,185,496	1,704,135	10,170	3,307,609	211,945	10,462,717	541,665
Non-Current Assets:								
Restricted Assets:								
Construction Cash	-	-	-	-	247,973	-	247,973	-
Capital Assets:								
Land	10,000	9,000	7,000	1,340,395	843,741	67,448	2,277,584	-
Equipment	180,653	772,992	375,045	564,964	1,602,885	967,337	4,463,876	-
Buildings	1,659,082	576,114	47,917	2,333,326	452,420	5,206	5,074,065	-
Improvements Other Than Buildings	3,169,286	-	-	-	584,786	-	3,754,072	-
Utility Systems	-	4,527,905	976,146	-	37,071,857	-	42,575,908	-
Construction in Progress	228,585	-	-	-	2,387	-	230,972	-
Less Accumulated Depreciation	(2,207,809)	(4,688,963)	(619,472)	(1,174,073)	(17,441,385)	(783,068)	(26,914,770)	-
Total Non-Current Assets	3,039,797	1,197,048	786,636	3,064,612	23,364,664	256,923	31,709,680	-
Total Assets	3,083,159	6,382,544	2,490,771	3,074,782	26,672,273	468,868	42,172,397	541,665
Deferred Outflows of Resources								
Deferred resources related to pension	12,382	90,987	54,803	71,706	211,956	34,329	476,163	-
Total Deferred Outflows	$ 12,382	$ 90,987	$ 54,803	$ 71,706	$ 211,956	$ 34,329	$ 476,163	$ -

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

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Liabilities								
Current Liabilities:								
Accounts Payable	$ 1,375	$ 677,995	$ 52,885	$ 9,050	$ 208,684	$ 4,117	$ 954,106	$ -
Compensated Absences Payable	1,080	7,728	6,843	12,798	27,495	1,716	57,660	-
Due to Other Funds	944,614	143,002	6,652	2,250,395	868,650	903,500	5,116,813	308,095
Customer Deposits	-	350,603	96,833	-	160,142	-	607,578	-
Notes Payable - current	-	-	-	-	83,212	-	83,212	-
Accrued Interest Payable	-	-	-	-	958	-	958	-
Capital leases payable - current	-	-	56,469	-	13,311	15,245	85,025	-
Revenue Bonds Payable	-	-	-	-	480,000	-	480,000	-
Total Current Liabilities	947,069	1,179,328	219,682	2,272,243	1,842,452	924,578	7,385,352	308,095
Noncurrent Liabilities:								
Compensated Absences	1,218	8,715	7,717	14,432	31,006	1,935	65,023	-
Net Pension Liability	31,247	223,907	134,623	178,803	529,540	93,642	1,191,762	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	102,622	102,622	-
Notes Payable	-	-	-	-	2,638,872	-	2,638,872	-
Capital leases payable	-	-	209,740	-	18,074	-	227,814	-
Revenue Bonds Payable (Net)	-	-	-	-	7,136,123	-	7,136,123	-
Total Noncurrent Liabilities	32,465	232,622	352,080	193,235	10,353,615	198,199	11,362,216	-
Total Liabilities	979,534	1,411,950	571,762	2,465,478	12,196,067	1,122,777	18,747,568	308,095
Deferred Inflows of Resources								
Deferred resources related to pension	649	4,653	2,797	3,715	11,003	1,946	24,763	-
Total Deferred Inflows	649	4,653	2,797	3,715	11,003	1,946	24,763	-
Net Position								
Net Investment in Capital Assets	3,039,797	1,197,048	520,427	3,064,612	12,995,074	241,678	21,058,636	-
Unrestricted	(924,439)	3,859,880	1,450,588	(2,387,317)	1,682,085	(863,204)	2,817,593	233,570
Total Net Position	$ 2,115,358	$ 5,056,928	$ 1,971,015	$ 677,295	$ 14,677,159	$ (621,526)	$ 23,876,229	$ 233,570

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, 2016

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Operating Revenues								
Charges for Services	$ 77,375	$ 10,351,246	$ 2,021,831	$ 562,206	$ 4,445,377	$ 518,571	$ 17,976,606	$ -
Fees	45,800	-	-	-	377,273	-	423,073	-
Other Revenues	-	17,727	111,742	-	15,466	-	144,935	1,409,921
Total Operating Revenues	123,175	10,368,973	2,133,573	562,206	4,838,116	518,571	18,544,614	1,409,921
Operating Expenses								
Costs of Sales and Services	182,861	1,154,084	398,427	697,645	2,256,911	552,781	5,242,709	1,231,573
Administrative Expense	-	106,167	67,263	-	295,956	75,334	544,720	-
Cost of Water	-	-	-	-	326,416	-	326,416	-
Cost of Gas	-	-	910,015	-	-	-	910,015	-
Cost of Electricity	-	7,360,354	-	-	-	-	7,360,354	-
Depreciation Expense	235,126	132,584	61,741	136,604	977,981	66,060	1,610,096	-
Total Operating Expenses	417,987	8,753,189	1,437,446	834,249	3,857,264	694,175	15,994,310	1,231,573
Operating Income (Loss)	(294,812)	1,615,784	696,127	(272,043)	980,852	(175,604)	2,550,304	178,348
Nonoperating Revenues (Expenses)								
Interest Revenue	-	8,762	33	-	3,295	-	12,090	172
Interest Expense	-	(61)	(7,293)	(15,585)	(250,555)	(1,009)	(274,503)	-
Gain (Loss) on Sale of Capital Assets	-	-	4,000	-	1,301	-	5,301	-
Total Nonoperating Revenues (Expenses)	-	8,701	(3,260)	(15,585)	(245,959)	(1,009)	(257,112)	172
Income Before Contributions, Special Items and Transfers	(294,812)	1,624,485	692,867	(287,628)	734,893	(176,613)	2,293,192	178,520
Capital Contributions	141,798	-	-	-	456,979	-	598,777	-
Transfers	-	(1,350,000)	(440,000)	-	(611,362)	-	(2,401,362)	-
	141,798	(1,350,000)	(440,000)	-	(154,383)	-	(1,802,585)	-
Change in Net Position	(153,014)	274,485	252,867	(287,628)	580,510	(176,613)	490,607	178,520
Net Position - Beginning	2,268,372	4,782,443	1,718,148	964,923	14,364,722	(444,913)	23,653,695	55,050
Prior Period Adjustment	-	-	-	-	(268,073)	-	(268,073)	-
Net Position - Ending	$ 2,115,358	$ 5,056,928	$ 1,971,015	$ 677,295	$ 14,677,159	$ (621,526)	$ 23,876,229	$ 233,570

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, 2016

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Cash Flows From Operations								
Receipts from Customers and Users	$ 123,175	$ 9,926,269	$ 1,972,156	$ 562,206	$ 5,111,011	$ 517,664	$ 18,212,481	$ 42,024
Receipts from Interfund Charges for Healthcare	-	-	-	-	-	-	-	1,367,897
Payments to Suppliers	(130,567)	(8,032,803)	(1,158,891)	(167,651)	(4,254,111)	(162,860)	(13,906,883)	(1,231,573)
Payments to/for Employees	(83,907)	(502,405)	(184,862.25)	(341,118)	1,524,194	(308,808)	103,094	-
Net cash Provided by (Used in) Operating Activities	(91,299)	1,391,061	628,403	53,437	2,381,094	45,996	4,408,692	178,348
Cash Flows from Noncapital Financing Activities								
Transfers to Other Funds	-	(1,350,000)	(440,000)	-	(611,362)	-	(2,401,362)	-
Net Cash from Noncapital Financing Activities	-	(1,350,000)	(440,000)	-	(611,362)	-	(2,401,362)	-
Cash Flows from Capital and Related Financing Activities								
Principal Payments - Bonds	-	-	-	-	(470,000)	-	(470,000)	-
Principal Payments - Notes	-	-	-	-	(245,626)	-	(245,626)	-
Principal Payments - Leases	-	-	(51,952)	(31,493)	(11,087)	(44,987)	(139,519)	-
Capital Lease Proceeds	-	-	-	-	26,505	-	26,505	-
Capital Contributions	152,263	-	-	-	65,313	-	217,576	-
Proceeds from Sales of Capital Assets	-	-	4,000	-	1,301	-	5,301	-
Acquisition and Construction of Capital Assets	(60,964)	(41,000)	(129,808)	(6,360)	(1,137,863)	-	(1,375,995)	-
Interest Paid	-	(61)	(7,293)	(15,584)	(250,555)	(1,009)	(274,502)	-
Net Cash from Capital and Related Financing Activities	91,299	(41,061)	(185,053)	(53,437)	(2,022,012)	(45,996)	(2,256,260)	-
Cash Flows from Investing Activities								
Interest Received	-	8,762	33	-	3,295	-	12,090	172
Net Increase(Decrease) in Cash	-	8,762	3,383	-	(248,985)	-	(236,840)	178,520
Cash (Overdraft) - October 1 (including restricted cash)	-	200,991	19,943	-	2,465,097	-	2,686,031	363,145
Cash (Overdraft) - September 30 (including restricted cash)	$ -	$ 209,753	$ 23,326	$ -	$ 2,216,112	$ -	$ 2,449,191	$ 541,665

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, 2016

	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)	$ (294,812)	$ 1,615,784	$ 696,127	$ (272,043)	$ 980,852	$ (175,604)	$ 2,550,304	$ 178,348
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities								
Depreciation	235,126	132,584	61,741	136,604	977,981	66,060	1,610,095	-
(Increase) Decrease in Assets:								
Accounts Receivable	-	(449,830)	(162,104)	-	272,034	(907)	(340,808)	-
Inventory	-	5,188	(469)	-	(8,643)	-	(3,924)	-
Deferred Outflows	185	(7,795)	(3,848)	(2,228)	(20,790)	7,909	(26,567)	-
Increase (Decrease) in Liabilities:								
Accounts Payable	(42,410)	3,363	(17,315)	124,314	(16,636)	132,008	183,325	-
Compensated Absences Payable	(185)	(6,046)	(1,513)	(11)	-	561	(7,193)	-
Customer Deposits	-	7,126	687	-	861	-	8,674	-
Deferred Inflows	(3,405)	(21,841)	(13,023)	(18,521)	(55,314)	(13,354)	(125,458)	-
Net Pension Liability	14,202	112,528	68,120	85,322	250,749	29,322	560,243	-
Net Cash Provided by (Used in) Operating Activities	$ (91,299)	$ 1,391,061	$ 628,403	$ 53,437	$ 2,381,094	$ 45,996	$ 4,408,692	$ 178,348
Schedule of Non-Cash Capital and Related Financing Activities:								
Contributions of Capital Assets from Governmental Funds	$ -	$ -	$ -	$ -	$ 391,667	$ -	$ 391,667	$ -
Purchase of Machinery, Equipment, and Vehicles on Account	-	-	26,505	-	26,505	-	53,010	-

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 $10,000. 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 position 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 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 for proprietary funds are deferred 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, while premiums are presented as an increase of the face amount of bonds payable. Issuance costs are reported as debt service expenditures.

    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.

13. **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. The net investment in capital assets 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 Police Technology Fund had a deficit fund balance of $26,271 as of September 30, 2016, 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 $150,713 as of September 30, 2016, 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, 2016 are classified in the financial statements as follows:

Statement of Net Position:		
Cash	$	3,245,206
Restricted Cash		1,463,879
Total Cash	$	4,709,085

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		4,498,432
Investments		209,753
Total Cash and Investments	$	4,709,085

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, 2016, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Enterprise	Total
Receivables				
Accounts	$ 28,953	$ -	$ 5,071,831	$ 5,100,784
Taxes	63,047	102,921	-	165,968
Total	92,000	102,921	5,071,831	5,266,752
Less: Allowance for Uncollectible	(12,562)	-	(2,174,990)	(2,187,552)
Net Total Receivables	$ 79,438	$ 102,921	$ 2,896,841	$ 3,079,200

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 October 1, 2015 and due by January 1, 2016. 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, 2015 was $152,068,747. Based on the 2015 millage levy of 2.99, a property owner would pay $2.99 per $1,000 of assessed valuation. Current tax collections of $382,796 were 97 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, 2016, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General	Water/Sewer	$ 862,920
	Capital Projects	25,803
	Golf	2,250,108
	Airport	943,543
	Solid Waste	900,849
	Hotel Motel	150,713
	Technology	55,830
Forfeiture	General	966
Drug Task Force	General	1,751
Capital Projects	General	5,612
Electric	General	2,619,532
	Water/Sewer	5,730
	Gas	5,730
Gas	General	1,419,377
	Capital Projects	7,999
	Golf	287
Water/Sewer	Healthcare	308,095
	Solid Waste	2,652
	Capital Projects	82,860
	Gas	922
Airport	Capital Projects	6,338
Solid Waste	Electric	143,002
	Airport	1,071

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, 2016, interfund transfers were as follows:

Receiving Fund	Transferring Fund					
	General	Hotel Motel	Electric	Gas	W/S	Total
General	$ -	$ 125,574	$ 1,350,000	$ 440,000	$ 611,362	$ 2,526,936
Capital Projects	2,850	-	-	-	-	2,850
Total	$ 2,850	$ 125,574	$ 1,350,000	$ 440,000	$ 611,362	$ 2,529,786

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, 2015	Additions	Deletions & Transfers	Balance September 30, 2016
Capital assets, not being depreciated				
Land and improvements	$ 3,370,357	$ -	$ -	$ 3,370,357
Construction in progress	107,061	57,469	-	164,530
Total capital assets, not being depreciated	3,477,418	57,469	-	3,534,887
Capital assets, being depreciated				
Infrastructure	2,203,487	717,412	(391,667)	2,529,232
Buildings and improvements	2,457,496	9,745	-	2,467,241
Park improvements	2,412,925	3,492	-	2,416,417
Equipment	2,892,243	163,003	-	3,055,246
Total capital assets, being depreciated	9,966,151	893,652	(391,667)	10,468,136
Less accumulated depreciation for:				
Infrastructure	(432,743)	(87,172)	-	(519,915)
Buildings and improvements	(2,078,232)	(17,306)	-	(2,095,538)
Park improvements	(1,220,671)	(74,681)	-	(1,295,352)
Equipment	(1,935,815)	(122,937)	-	(2,058,752)
Total accumulated depreciation	(5,667,461)	(302,096)	-	(5,969,557)
Total capital assets, being depreciated, net	4,298,690	591,556	(391,667)	4,498,579
Governmental activities capital assets, net	$ 7,776,108	$ 649,025	$ (391,667)	$ 8,033,466

Business-type activities:	Balance October 1, 2015	Additions	Deletions & Transfers	Balance September 30, 2016
Capital assets, not being depreciated				
Land	$ 2,277,584	$ -	$ -	$ 2,277,584
Construction in progress	4,178,590	1,379,666	(5,327,284)	230,972
Total capital assets, not being depreciated	6,456,174	1,379,666	(5,327,284)	2,508,556
Capital assets, being depreciated				
Utility systems	36,875,140	123,143	5,718,951	42,717,234
Buildings	5,074,065	-	-	5,074,065
Improvements other than buildings	3,754,072	-	-	3,754,072
Equipment	4,068,348	254,202	-	4,322,550
Total capital assets, being depreciated	49,771,625	377,345	5,718,951	55,867,921
Less accumulated depreciation for:				
Utility systems	(20,383,730)	(1,059,010)	-	(21,442,740)
Buildings	(1,732,578)	(182,300)	-	(1,914,878)
Improvements other than buildings	(641,146)	(125,376)	-	(766,522)
Equipment	(2,547,219)	(243,410)	-	(2,790,629)
Total accumulated depreciation	(25,304,673)	(1,610,096)	-	(26,914,769)
Total capital assets, being depreciated, net	24,466,952	(1,232,751)	5,718,951	28,953,152
Business-type activities capital assets, net	$ 30,923,126	$ 146,915	$ 391,667	$ 31,461,708

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

Governmental activities:	
General government	$ 25,914
Police	34,628
Fire	6,202
Public works	155,487
Engineering	428
Garage	332
Recreation	79,105
Total depreciation expense	$ 302,096
Business-type activities:	
Airport	$ 235,126
Electric	132,584
Gas	61,741
Golf	136,604
Water and Sewer	977,981
Solid Waste	66,060
Total depreciation expense	$ 1,610,096

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 fiscal year 2016, the City entered into lease agreements with BB&T Governmental Finance as lessee for financing the acquisition of a Komatsu Excavator for $53,010. The City also entered into two lease agreements to finance the acquisition of police vehicles, one agreement being for $23,700, and the second for $23,500. During fiscal year 2014, 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 2011, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of a 2012 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 natural gas line extensions for $356,673.

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 $781,635 and $116,667 of accumulated depreciation as of September 30, 2016. This year, $38,887 was included in depreciation expense. 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, 2016. The effective interest rate at September 30, 2016 for the Komatsu Excavator is 3.46%, for the first USDA police vehicles is 3.63%, for the second USDA police vehicles is 2.38%, 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 garbage truck lease is 2.39%, and for the gas line extension lease is 2.59%.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, are as follows:

Year Ending September 30	Governmental Activities	Business-Type Activities
2017	$ 12,638	$ 92,380
2018	10,500	55,120
2019	10,500	55,120
2020	10,500	50,383
2021	10,500	40,910
2022	5,041	40,910
Total Minimum Lease Payments	59,679	334,823
Less Amount Representing Interest	(5,397)	(21,984)
Present Value of Future Minimum Lease Payments	$ 54,282	$ 312,839

NOTE 8. LONG-TERM DEBT

Debt outstanding as of September 30, 2016 is composed of the following:

General Obligation Bonds

The City issued general obligation bonds to provide advance funding of various capital improvement projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds will be repaid with a one cent Special Purpose Local Option Sales Tax over the next six years.

	Interest Rates	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Governmental Activities:					
SPLOST Bonds	1.95%	03/04/14	1/1/2021	2,085,000	1,775,000
					$ 1,775,000

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

Year Ending September 30	Governmental Activities Principal	Interest
2017	$ 340,000	$ 31,297
2018	345,000	24,619
2019	355,000	17,793
2020	365,000	10,773
2021	370,000	3,608
Total	$ 1,775,000	$ 88,090

Revenue Bonds

The City has also issued revenue bonds for the purpose of capital infrastructure improvements to the Water-Sewer system. These bonds will be repaid with Water-Sewer Fund revenues from users of the system. The bonds will be repaid over the next sixteen years.

	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	$ 7,616,123

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

Year Ending September 30	Business-Type Activities Principal	Interest
2017	$ 480,000	$ 189,536
2018	500,000	174,936
2019	510,000	160,936
2020	525,000	148,786
2021-2025	2,395,000	590,706
2026-2030	2,290,000	315,685
2031-2032	916,123	36,009
Total	$ 7,616,123	$ 1,616,594

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	$ -
Water/Sewer - System	3.0%	11/01/10	07/01/32	473,000	396,368
Water/Sewer - System	2.4%	09/17/14	09/17/36	1,600,000	1,589,588
Water/Sewer - System	2.4%	09/04/15	09/04/37	736,127	736,127
				$ 3,871,649	$ 2,722,083

The most recent loan has not been fully drawn down and is not yet in repayment phase.

Notes payable debt service requirements to maturity are presented below:

Year Ending September 30	Business-Type Activities Principal	Interest
2017	$ 83,212	$ 49,075
2018	85,354	46,934
2019	87,550	44,737
2020	89,804	42,484
2021	92,117	40,171
2022-2026	497,441	163,997
2027-2031	564,995	96,443
2032-2034	1,221,610	27,991
Total	$ 2,722,083	$ 511,832

The following is a summary of the City's long-term debt transactions for the year ended September 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Compensated Absences	$ 153,045	$ 121,973	$ 119,154	$ 155,864	$ 104,429
Net Pension Liability	869,775	743,258	144,660	1,468,373	-
Capital Leases	21,074	47,200	13,992	54,282	10,791
General Obligation Bonds	2,085,000	-	310,000	1,775,000	340,000
Total Governmental Funds	$ 3,128,895	$ 912,431	$ 587,806	$ 3,453,519	$ 455,220
Business-type activities:					
Compensated Absences	$ 133,425	$ 78,501	$ 89,243	$ 122,683	$ 57,660
Net Pension Liability	631,518	886,745	326,501	1,191,762	-
Notes Payable	1,952,611	1,371,231	601,758	2,722,084	83,212
Capital Leases	399,347	-	86,508	312,839	85,025
Revenue Bonds	8,089,630	-	473,508	7,616,122	480,000
Landfill Closure/Post Closure	102,622	-	-	102,622	-
	$ 11,309,153	$ 2,336,477	$ 1,577,518	$ 12,068,112	$ 705,897

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, 2016, the outstanding debt of MEAG was $6,414,351,913. The City's guarantee varies by individual project and totals $65,466,807.

NOTE 10. PENSION PLAN

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan, the City of LaFayette Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS policy direction and oversight for the fund is provided by a 15 member board comprised of elected and appointed officials from the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City established the plan effective April 1, 1985, and the authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 65 years of age with 5 years of service. Early retirement is possible at age 55 with 10 years of service. Benefits are calculated at up 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 Annual Contributions. The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit

actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for changes to plan provisions and 30 years for actuarial assumptions and cost methods. These amortization periods, if applicable, are closed for this plan year.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). According to the latest actuarial valuation, dated January 1, 2016, the estimated minimum annual contribution under these funding standards is $386,927.

According to the most recent annual plan valuation dated January 1, 2016, the recommended contribution to the plan for the coming year is $430,901 ($0 employee and $430,901 employer; 0% employee and 9.41% employer of covered payroll respectively), and for the prior year was$373,892 ($0 employee and $373,892 employer; 0% employee and 8.28% employer of covered payroll respectively). Covered payroll for 2016 and 2015 is $4,470,429 and $4,408,649 respectively.

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

	Three-Year Trend information		
Year Ending	Annual Pension Cost	of APC Contributed	Pension Obligation
2016	$ 430,901	100%	$ -
2015	373,892	100%	-
2014	327,777	100%	-

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of January 1, 2016, along with the Total Pension Liability (TPL) and Fiduciary Net Position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of September 30, 2015.

Changes in Net Pension Liability

	(TPL) Total Pension Liability (a)	(FNP) Fiduciary Net Position (b)	(NPL) Net Position Liability (a) - (b)
Balances at September 30, 2014	$ 12,050,099	$ 10,548,805	$ 1,501,294
Changes for the year:			
Service cost	199,245	-	199,245
Interest	907,702	-	907,702
Differences between expected and actual experience	495,739	-	495,739
Contributions- employer	-	327,777	(327,777)
Contributions- employees	-	-	-
Net Investment income	-	134,281	(134,281)
Benefit payments, including refunds of employee contributions	(675,620)	(675,620)	-
Administrative expense	-	(18,213)	18,213
Other	-	-	-
Net changes	927,066	(231,775)	1,158,841
Balances at September 30, 2015	$ 12,977,165	$ 10,317,030	$ 2,660,135

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$ 4,278,758	$ 2,660,135	$ 1,294,448

As of January 1, 2016, employee membership data related to the current plan membership was as follows:

Number of retirees and beneficiaries currently receiving benefits	83
Number of terminated employees entitled to benefits, but not yet receiving them	60
Number of Active Plan Participants	
Vested	86
Nonvested	43
Total	272

Significant Actuarial Assumptions

Actuarial Assumptions:	
Net Investment Rate of Return	7.75% per year
Projected Salary Increase	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Post Retirement Benefit Increase	N/A
Actuarial Methods:	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 18 years
Actuarial Value of Assets	Sum of the actuarial value at the beginning of the 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 end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Mortality & Economic Assumptions	The mortality and economic assumptions are based on the RP-2000 mortality tables, which are founded on a four year review of mortality experience for the period January 1, 2010 to June 30, 2014.
Discount Rate	The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Actuarial assumptions are the same as those used in the preceding year.

For the year ended September 30, 2016, the City recognized pension expense of $550,660. At September 30, 2016, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 652,087	$ -
Changes of Assumptions	-	(55,275)
Net Differences between projected and actual earnings on pension plan investments	322,690	-
Pension contributions for future periods	68,824	-
Total as of September 30, 2016	$ 1,043,601	$ (55,275)

Pension contributions subsequent to the measurement date of $68,824 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2017	$ 228,847
2018	228,847
2019	228,847
2020	232,961

Net Investment Return

On-going basis: 7.75% - On-going basis, based on long-term expected rate of return on pension plan investments.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset collection as of September 30, 2015 are as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Plan termination basis: 2.86% (30 year Treasury Securities Rate as of August, 2015, published in September 2015; 3.20% last year)

Payable to the Pension Plan

There were no outstanding amounts of contributions to the pension plan required for the year ended September 30, 2016.

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 ended September 2014. The City's distributive share of this tax was projected to be $4,434,600, or 11.67%. The proceeds from this sales tax were 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 began 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:

Police	$ 183,782
Engineering	12,583
Garage	25,963

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

Expenditures exceeded appropriations in the Police 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 composed of current year property tax revenues of $12,104.

NOTE 15. RESTRICTED ASSETS

At September 30, 2016, the restricted assets account balances are comprised of the following:

Governmental activities:	General
Restricted assets:	
Cash-Perpetual care	$ 99,599
Cash-Shop With A Cop	6,861
Cash-2014 Bonds	561,637
Cash-Bond Debt Service	338,056
Total restricted assets	$ 1,006,153

Business-type activities	Water/Sewer	Electric
Restricted assets:		
Cash-MEAG	$ -	$ 209,753
Cash-construction cash	190,631	-
Cash-GEFA loan account	57,342	-
Total restricted assets	$ 247,973	$ 209,753

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 position 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, 2016 is $102,622. Estimated total current cost of closure and postclosure care remaining to be recognized is $447,429. 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 25.0%. According to the most recent study, at the current usage rate, the estimated remaining life of the landfill is 48 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, 2016, the amount the City collected was $51,488. 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 the promotion of tourism.

NOTE 19. JOINT VENTURE

The City of LaFayette is a member of the Northwest Georgia Regional Commission (RC). The RC was created under the laws of the State of Georgia and cities and counties in the area served by the RC are required to be members. The membership of the RC includes 15 counties and 49 municipalities. The City has no equity interest in the RC nor does the City materially contribute to the continued existence of the RC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RC ceases operation, the membership can be assessed for any debt or obligation of the RC. Separate financial statements may be obtained from: Northwest Georgia Regional Commission, P. O. Box 1798, Rome, Georgia 30162.

NOTE 20. RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2016, the City made a prior period adjustment due to the adoption of GASB Statement No. 65. Adoption of this standard necessitated the restatement of the September 30, 2015, net position of the Water and Sewer business-type activity. This adjustment resulted in a decrease of the net position of the Water and Sewer fund of $268,703. This change is in accordance with generally accepted accounting principles.

	Water / Sewer Fund
Net Position September 30, 2015 as Previously Reported	$ 14,364,722
Implementation of GASB 65	(268,073)
Net Position September 30, 2015 as Restated	$ 14,096,649

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2016

Pension Benefit Plan
Schedule of Funding Progress

Actuarial Valuation For Plan Year Beginning January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(2-1) Unfunded AAL (UAAL)	(1 / 2) Funded Ratio	(3) Covered Payroll	[(2)-(1)] / (3) UAAL as a Percentage Of Covered Payroll
2016	$ 10,546,619	$11,577,110	1,030,491	91.10%	$ 4,470,429	23.05%
2015	10,164,612	10,827,446	662,834	93.88%	4,408,649	15.03%
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%

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the Financial Statements.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF CHANGES
IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2016

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year End									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	$ 199,245	$ 165,910								
Interest	907,702	850,512								
Difference between expected and actual experience	495,739	425,825	(Historical information prior to implementation of GASB 68 is not required)							
Change of assumptions	-	(92,127)								
Changes of benefit terms	-	-								
Benefit payments, including refunds of employee contributions	(675,620)	(548,747)								
Net change in total pension liability	927,066	801,373								
Total pension liability- beginning	12,050,099	11,248,726								
Total pension liability- ending (a)	$12,977,165	$12,050,099								
Plan Fiduciary Position										
Contributions- employer	$ 327,777	$ 418,853								
Contributions- employee	-	-								
Net investment income	134,281	1,092,710								
Benefit payments, including refunds of employee contributions	(675,620)	(548,747)	(Historical information prior to implementation of GASB 68 is not required)							
Administrative expense	(18,213)	(14,476)								
Other	-	-								
Net change in fiduciary net position	(231,775)	948,340								
Plan fiduciary net position- beginning	10,548,805	9,600,465								
Plan fiduciary net position- ending (b)	$10,317,030	$10,548,805								
Net Pension Liability- ending: (a) - (b)	$ 2,660,135	$ 1,501,294								
Plan's fiduciary net position as a percentage of the total pension liability	79.50%	87.54%	(Historical information prior to implementation of GASB 68 is not required)							
Covered Employee Payroll	$ 4,470,429	$ 4,408,649								
Net pension liability as a percentage of covered employee payroll	59.51%	34.05%								

Note: See assumptions used for Schedule of Changes in Note 10 to the Financial Statements

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REQUIRED CONTRIBUTIONS
SEPTEMBER 30,2016

Schedule of Contributons	Fiscal Year End								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contributions	--*	$ 327,777							
Contributions in relation to the actuarially determined contribution	--*	327,777**	(Historical information prior to implementation of GASB 68 is not required.)						
Contribution deficiency (excess)	--*	--							
Covered-employee payroll	--*	$4,408,649***							
Contributions as a percentage of covered-employee payroll	--*	7.43%							

* 2015 information will be determined after fiscal year end and will be included in 2016 valuation report

** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

*** 2015 covered payroll is based on data collected as of August 31, 2014 for the 2015 actuarial valuation.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF LAFAYETTE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Special Revenue				
	Police Technology	Police	Police Forfeiture	Hotel Motel	Total Nonmajor Governmental Funds
ASSETS					
Cash	$ 29,559	$ 1,096	$ 1	$ -	$ 30,656
Due from Other Funds	-	1,751	966	-	2,717
Total Assets	$ 29,559	$ 2,847	$ 967	$ -	$ 33,373
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds	$ 55,830	$ -	$ -	$ 150,713	$ 206,543
Total Liabilities	55,830	-	-	150,713	206,543
Fund Balance:					
Restricted for:					
Law enforcement activities	-	2,847	967	-	3,814
Unassigned	(26,271)	-	-	(150,713)	(176,984)
Total Fund Balances	(26,271)	2,847	967	(150,713)	(173,170)
Total Liabilities and Fund Balances	$ 29,559	$ 2,847	$ 967	$ -	$ 33,373

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, 2016

	Special Revenue				
	Police Technology	Police	Police Forfeiture	Hotel Motel	Total Nonmajor Governmental Funds
REVENUES					
Taxes	$ -	$ -	$ -	$ 51,488	$ 51,488
Grant Revenue	-	170,062	-	-	170,062
Miscellaneous Income	-	-	-	-	-
Interest Income	26	83	-	-	109
Total Revenues	26	170,145	-	51,488	221,659
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Police	2,571	71,318	-	-	73,889
Intergovernmental Expenditures	-	238,268	-	-	238,268
Total Expenditures	2,571	309,586	-	-	312,157
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,545)	(139,441)	-	51,488	(90,498)
OTHER FINANCING SOURCES (USES)					
Transfers - Out	-	-	-	(125,575)	(125,575)
Transfers - In	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(125,575)	(125,575)
Net Change in Fund Balances	(2,545)	(139,441)	-	(74,087)	(216,073)
Fund Balance (Deficit) - Beginning of Year	(23,726)	142,288	967	(76,626)	42,903
Fund Balance - End of Year	$ (26,271)	$ 2,847	$ 967	$ (150,713)	$ (173,170)

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, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 18,492	$ 18,492	$ 51,488	$ 32,996
Total Revenues	18,492	18,492	51,488	32,996
EXPENDITURES				
Tourism Promotion	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,492	18,492	51,488	32,996
OTHER FINANCING SOURCES (USES)				
Transfers - Out	(18,492)	(18,492)	(125,575)	(107,083)
Total Other Financing Sources (Uses)	(18,492)	(18,492)	(125,575)	(107,083)
Net Change in Fund Balance	-	-	(74,087)	(74,087)
Fund Balance (Deficit) - Beginning of Year	(76,626)	(76,626)	(76,626)	-
Fund Balance (Deficit) - End of Year	$ (76,626)	$ (76,626)	$ (150,713)	$ (74,087)

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, 2016

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 4,434,600	$ 4,434,600	$ -	$ (4,434,600)
Interest Income	-	-	-	-
Total Revenues	4,434,600	4,434,600	-	(4,434,600)
EXPENDITURES				
Current:				
Capital Outlays	4,434,600	4,434,600	-	(4,434,600)
Total Expenditures	4,434,600	4,434,600	-	(4,434,600)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(8,869,200)
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	-	(8,869,200)
Fund Balance (Deficit) - Beginning of Year	-	-	(123,000)	(123,000)
Fund Balance (Deficit) - End of Year	$ -	$ -	$ (123,000)	$ (8,992,200)

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, 2016

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 2,882,220	$ 2,882,220	$ 448,295	$ (2,433,925)
Interest Income	-	-	8,264	8,264
Total Revenues	2,882,220	2,882,220	456,559	(2,425,661)
EXPENDITURES				
Current:				
General Government	-	-	860	860
Debt Service:				
Principal	-	-	310,000	310,000
Interest	-	-	36,879	36,879
Capital Outlays	2,882,220	2,882,220	342,488	(2,539,732)
Total Expenditures	2,882,220	2,882,220	690,227	(2,191,993)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(233,668)	(4,617,654)
OTHER FINANCING SOURCES (USES)				
Transfers - In	-	-	2,850	2,850
Transfers - Out	-	-	(391,667)	(391,667)
Total Other Financing Sources (Uses)	-	-	(388,817)	(388,817)
Net Change in Fund Balance	-	-	(622,485)	(5,006,471)
Fund Balance (Deficit) - Beginning of Year	-	-	1,626,385	1,626,385
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 1,003,900	$ (3,380,086)

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, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Grant Revenue	$ 153,000	$ 153,000	$ 170,062	$ 17,062
Interest	-	-	83	83
Miscellaneous Income	-	-	-	-
Total Revenues	153,000	153,000	170,145	17,145
EXPENDITURES				
Current:				
Police	90,000	90,000	12,243	77,757
Total Expenditures	90,000	90,000	12,243	77,757
Excess (Deficiency) of Revenues Over (Under) Expenditures	63,000	63,000	157,902	94,902
OTHER FINANCING SOURCES (USES)				
Payments to Other Governments	(54,996)	(54,996)	(238,268)	(183,272)
Transfers - Out	(8,004)	(8,004)	(59,075)	(51,071)
Total Other Financing Sources (Uses)	(63,000)	(63,000)	(297,343)	(234,343)
Net Change in Fund Balance	-	-	(139,441)	(139,441)
Fund Balance (Deficit) - Beginning of Year	142,288	142,288	142,288	-
Fund Balance (Deficit) - End of Year	$ 142,288	$ 142,288	$ 2,847	$ (139,441)

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, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fines and Forfeitures	$ -	$ -	$ -	$ -
Interest	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Police	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance (Deficit) - Beginning of Year	967	967	967	-
Fund Balance (Deficit) - End of Year	$ 967	$ 967	$ 967	$ -

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, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fine Add-Ons	$ 6,000	$ 6,000	$ -	$ (6,000)
Interest	20	20	26	6
Total Revenues	6,020	6,020	26	6
EXPENDITURES				
Current:				
Police	6,000	6,000	2,571	3,429
Total Expenditures	6,000	6,000	2,571	3,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	20	20	(2,545)	3,435
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	20	20	(2,545)	3,435
Fund Balance (Deficit) - Beginning of Year	(23,726)	(23,726)	(23,726)	-
Fund Balance (Deficit) - End of Year	$ (23,706)	$ (23,706)	$ (26,271)	$ 3,435

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

STATISTICAL SECTION

CITY OF LAFAYETTE, GEORGIA
STATISTICAL SECTION
SEPTEMBER 30, 2016

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. 65-70

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue source, property tax. 71-74

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. 75-79

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. 80-81

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. 82-84

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 Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	$ 6,064,250	$ 6,733,162
Restricted	655,142	159,095	370,207	372,480	1,741,229	1,676,815	1,479,716	2,410,068	1,745,187	897,689
Unrestricted	817,772	(478,789)	1,888,574	430,307	(1,953,591)	(1,627,242)	(1,136,111)	(2,089,196)	(343,066)	97,653
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	$ 7,466,371	$ 7,728,504
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	$ 20,891,090	$ 20,810,663
Restricted	1,202,647	1,229,047	1,230,702	1,156,598	217,585	36,038	241,016	262,739	340,636	247,973
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	2,421,969	2,817,593
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	$ 23,653,695	$ 23,876,229
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	$ 26,955,340	$ 27,543,825
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	2,085,823	1,145,662
Unrestricted	3,444,044	1,059,407	4,554,727	4,282,292	2,188,570	1,703,932	1,680,937	776,612	2,078,903	2,915,246
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	$ 31,120,066	$ 31,604,733

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	$ 1,209,445	$ 1,424,654
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	1,838,161	2,191,123
Fire	273,813	381,843	411,645	424,828	427,647	425,276	398,437	354,798	318,558	332,452
Public Works	949,226	959,681	952,337	1,198,003	1,122,605	963,898	833,213	857,663	803,207	773,352
Engineering	313,863	371,007	313,018	241,806	211,138	204,827	215,972	212,957	174,876	202,162
Recreation	845,284	990,485	836,134	880,389	872,255	881,464	885,455	877,852	860,885	886,640
Garage	171,259	239,752	170,778	172,978	221,800	181,492	173,860	181,154	123,233	184,176
Animal Control	45,876	49,090	49,073	57,768	46,076	41,833	35,454	21,248	54	-
Interest on Long-term Debt	-	-	88,112	125,154	187,682	60,695	38,894	30,660	56,959	37,471
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	5,385,378	6,032,030
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	8,581,428	8,753,250
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	1,858,471	1,444,739
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	3,821,597	4,107,819
Solid Waste	566,598	571,896	468,771	547,797	577,842	621,608	646,676	581,824	577,944	695,184
Golf	663,517	720,431	729,031	768,208	805,176	775,168	824,600	828,138	821,948	849,834
Airport	203,707	288,331	338,773	348,963	375,148	341,807	419,409	426,215	415,003	417,987
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	16,076,391	16,268,813
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	$ 21,461,769	$ 22,300,843

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

(continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	$ 741,476	$ 818,681
Police	234,411	265,671	226,688	331,889	343,163	208,702	130,407	110,801	167,510	278,626
Fire	-	-	-	-	-	-	-	-	-	-
Public Works	36,705	62,065	63,480	39,650	38,750	45,515	33,850	40,825	43,505	57,910
Engineering	-	-	10,619	7,041	15,955	8,388	51,302	26,930	35,527	21,428
Recreation	121,526	114,843	106,635	124,327	126,270	147,914	156,134	145,871	142,837	130,645
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	240,742	182,230
Capital grants and contributions	262,651	41,474	279,448	222,297	276,066	916,182	832,704	726,520	639,247	569,697
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	2,010,844	2,059,217
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	10,159,143	10,368,973
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	2,502,685	2,133,573
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	4,154,475	4,838,116
Solid Waste	422,076	470,525	504,938	485,433	490,800	565,453	513,299	516,238	508,875	518,571
Golf	539,918	527,709	598,882	554,463	572,607	580,127	571,570	590,906	541,358	562,206
Airport	118,819	114,928	99,184	112,222	122,131	125,643	121,983	122,746	138,188	123,175
Operating grants and conributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	1,391,617	75,211	301,847	355,939	338,842	680,916	18,474	373,359	207,111
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	18,378,083	18,751,725
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	20,388,927	20,810,942
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)	(3,374,534)	(3,972,813)
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	2,301,692	2,482,912
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)	(1,072,842)	(1,489,901)

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

(continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	613,612	594,623
Sales	1,006,545	545,066	1,380,487	1,116,086	1,149,233	493,200	473,889	552,506	567,551	526,846
Hotel/Motel	29,975	29,153	27,889	28,065	22,972	25,524	29,843	24,151	35,327	51,488
Insurance Premium	351,184	366,324	375,099	371,580	360,781	334,005	354,769	367,329	383,854	410,085
Business/Occupation	76,763	74,973	75,158	76,521	71,226	75,656	75,220	72,046	75,200	72,234
Beverage	129,065	123,495	132,496	117,584	122,097	115,330	122,645	118,576	118,966	117,370
Franchise	216,981	266,226	279,595	268,837	291,322	286,851	285,086	264,796	279,409	259,068
Other	30,846	625,632	375,690	16,166	11,882	37,702	33,049	94,464	61,159	141,149
Investment Earnings	40,547	22,316	45,862	25,067	6,048	3,600	1,959	16,512	21,891	19,426
Miscellaneous	304,805	126,193	41,230	62,563	23,751	36,216	26,821	23,175	63,767	-
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	2,941	32,963
Transfers	1,974,000	(122,501)	989,519	1,617,199	1,691,150	2,199,422	2,549,000	2,341,208	2,268,056	2,009,694
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	4,491,733	4,234,946
Business-type activities:										
Investment earnings	209,097	108,671	39,503	10,104	9,589	5,388	8,038	28,336	19,118	12,090
Gain on Sale of Capital Assets	-	(258,915)	745	115,561	1,304	56,633	600	(31,490)	932	5,301
Transfers	(1,974,000)	122,501	(989,519)	(1,617,199)	(1,691,150)	(2,199,422)	(2,549,000)	(2,341,208)	(2,268,056)	(2,009,694)
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)	(2,248,006)	(1,992,303)
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	$ 2,243,727	$ 2,242,643
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	$ 1,117,199	$ 262,133
Business-type activities	(1,890,876)	2,206,779	978,738	1,196,809	(272,189)	(1,902,238)	(335,728)	(112,969)	53,686	490,609
Total primary government	$ (863,154)	$ (1,095,737)	$ 1,149,102	$ 1,005,643	$ (463,652)	$ (1,212,132)	$ 898,025	$ 674,693	$ 1,170,885	$ 752,742

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ 35,190	$ 34,410	$ 33,996	$ 36,636	$ 44,515	$ 54,100
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	884,237	1,604,125
Total general fund	$ 835,558	$ 702,378	$ 749,250	$ 196,308	$ (475,077)	$ (447,660)	$ 261,819	$ 345,699	$ 928,752	$ 1,658,225
All other governmental funds										
Nonspendable	$ 655,142	$ (338,635)	$ 370,207	$ 372,480	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	765,591	683,172	435,934	2,234,238	1,734,417	1,007,714
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	38,099	(583,994)	1,349,121	443,945	(35,726)	(49,308)	(72,887)	(22,980)	(188,129)	(299,984)
Total all other governmental funds	$ 693,241	$ (922,629)	$ 1,719,328	$ 816,425	$ 729,865	$ 633,864	$ 363,047	$ 2,211,258	$ 1,546,288	$ 707,730

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	$ 2,038,928	$ 1,997,600
Grant Revenue	262,651	53,551	129,917	249,387	265,329	229,324	454,251	178,451	194,588	170,062
Licenses and Permits	29,521	17,011	11,519	8,191	20,259	11,088	53,223	30,592	35,967	21,428
Intergovernmental	64,133	39,624	180,545	340	678,286	724,859	652,775	703,148	636,672	569,697
Payments in lieu of taxes	-	17,811	30,907	12,212	12,212	12,212	12,212	12,223	12,223	12,223
Fines and Forfeitures	234,411	278,683	273,686	365,015	377,112	228,377	154,575	141,508	212,096	251,513
Charges for Services	907,498	232,636	223,217	227,744	221,676	257,814	253,990	246,224	249,131	256,965
Contributions and donations	-	3,281	7,015	8	3,779	23,168	323	1,103	13,701	11,167
Miscellaneous Income	271,796	1,448,638	1,127,298	813,863	786,787	826,405	778,368	858,831	826,975	940,076
Interest Income	40,547	22,293	45,848	25,000	6,048	3,600	2,500	16,512	21,892	19,426
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	4,242,173	4,250,157
Expenditures										
General Government	874,087	885,421	927,908	931,920	1,019,574	1,015,374	1,094,371	1,321,939	1,254,664	1,344,074
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	1,779,061	1,853,400
Fire	252,814	322,461	294,913	325,242	323,770	315,646	309,163	321,440	319,403	310,183
Public Works	888,993	862,912	787,221	1,073,030	1,017,074	839,336	721,214	771,127	726,910	633,389
Engineering	313,303	331,100	278,499	232,890	205,498	193,517	214,825	217,117	188,039	182,394
Recreation	739,367	850,184	740,019	802,517	765,844	764,731	807,607	822,309	824,295	792,600
Garage	170,945	200,080	152,250	167,943	211,514	173,471	174,150	185,935	134,907	173,874
Animal Control	45,876	49,090	43,749	55,980	44,564	39,783	35,430	21,833	155	-
Intergovernmental Expenditures	165,148	125,869	87,013	116,103	100,239	-	64,105	52,089	99,863	238,268
Principal	-	-	-	495,000	535,000	563,380	603,319	635,375	663,232	323,992
Interest	-	-	88,112	125,154	104,709	60,695	38,894	30,660	41,844	37,471
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	766,737	951,121
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	6,799,110	6,840,766
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)	(2,556,937)	(2,590,609)
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)	(229,152)	(128,425)
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	2,700,644	2,529,786
Capital leases	-	-	-	-	-	42,515	40,024	37,590	-	47,200
Sale of capital assets	-	23,273	44,200	17,381	-	67,574	7,836	20,688	3,528	32,963
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	2,475,020	2,481,524
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	$ (81,917)	$ (109,085)
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%	11.7%	6.1%

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					
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%
2015	69,704,899	30,696,807	45,068,639	-	2,106,800	14,792,671	132,784,474	2.99	331,961,185	40%
2016	69,931,355	34,272,486	45,773,964	-	2,090,942	14,381,123	137,687,624	2.99	344,219,060	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
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
2015	2.99	22.07	0.25	25.31
2016	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, 2016

	2016			2006		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ropcor LP	$ 28,623,980	1	20.8%	$ 29,813,341	1	18.60%
Unique Fabricating South	4,597,590	2	3.3%	-		-
Zorn, Eric, As Trustee	2,754,402	3	2.0%	-		0.00%
Walmart Stores East	2,428,114	4	1.8%	4,692,114	3	2.90%
Buy The Truck, LLC	2,269,674	5	1.6%	-		0.00%
Georgia Windstream, Inc.	1,727,785	6	1.3%	-		0.00%
LaFayette Plaza Assoc.	1,197,120	7	0.9%	962,636	8	0.60%
Osborne-LaFayette Holdings, Inc.	1,096,471	8	0.8%	-		0.00%
Syntec Industries, LLC	1,086,973	9	0.8%	-		0.00%
Carver Resources, LLC	949,790	10	0.7%	-		0.00%
Blue Bird of N. Georgia	-		-	8,102,635	2	5.10%
GA Alltel Telecom, Inc.	-		-	3,412,009	4	2.10%
Shaw Industries Group	-		-	1,171,608	5	0.70%
Solution First Inc.	-		-	1,129,721	6	0.70%
CS Acquisition, LLC	-		-	974,462	7	0.60%
JDN Enterprises, Inc.	-		-	955,198	9	0.60%
Auto Custom Parts	-		-	813,028	10	0.50%
Totals	$ 46,731,899		33.94%	$ 52,026,752		32.40%

Source:Walker County Tax Commissioner

Total Taxable Assessed Value 137,687,624

City of Lafayette, Georgia
Property Tax Levies and Collections
September 30, 2016

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
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%	20,134	362,016	99.1%
2015	397,071	382,796	96.4%	12,386	395,182	99.5%
2016	407,540	394,079	96.7%	-	394,079	96.7%

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
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
2015	2,085,000	-	21,074	8,089,630	1,952,611	399,347	12,547,662	12.72%	1,762	13,849	98,618,729
2016	1,775,000	-	54,282	7,616,123	2,722,083	312,838	12,480,326	12.66%	1,753	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 80 for person income and population data.

City of Lafayette, Georgia
Direct and Overlapping Governmental Activities Debt
As of September 30, 2016

Governmental unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:Walker County	$ 312,377	12%	$ 37,485
City of Lafayette direct debt	1,829,282	100%	1,829,282
Total direct and overlapping debt	$ 2,141,659		$ 1,866,767

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

	Revenue Bonds					
Fiscal Year	Utility Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2015	4,161,542	2,588,235	1,573,307	460,000	245,106	2.2
2016	4,841,411	3,857,264	984,147	470,000	250,555	1.4

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	$ 14,801,132	$ 14,801,082	$ 14,339,340	$ 15,275,046	$ 14,719,726	$ 13,150,025	$ 12,864,273	$ 12,482,031	$ 13,278,447	$ 13,768,762
Total net debt applicable to limit			3400000	2,905,000	2,370,000	1,810,000	1,230,000	2,710,000	2,085,000	1,775,000
Legal debt margin	$ 14,801,132	$ 14,801,082	$ 10,939,340	$ 12,370,046	$ 12,349,726	$ 11,340,025	$ 11,634,273	$ 9,772,031	$ 11,193,447	$ 11,993,762
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%	15.70%	12.89%

Legal Debt Margin Calculation for Fiscal Year 2016

Total taxable assessed value	$ 137,687,624
Debt limit (10% of assessed taxable value)	13,768,762
Debt applicable to limit:	
General obligation bonds	1,775,000
Legal debt margin	$ 11,993,762

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

City of Lafayette, Georgia
Ratios of General Bonded Debt Outstanding
Last Seven 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
2015	2,085,000	N/A	293
2016	1,775,000	N/A	249

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
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
2015	7,121	98,618,729	13,849	38.0	12	9,064	9.4
2016	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 TEN YEARS AGO

	2016			2006	
Employer	**Employees**	**Rank**	**Percentage Of Total**	**Employees**	**Rank**
Roper Corp	1,620	1	36.65%	1,600	1
Walker Co Bd of Education	1,411	2	31.92%	1,500	2
Walker Co Government	399	3	9.03%	250	5
Lookout Mtn Services	240	4	5.43%	-	-
Walmart	177	5	4.00%	265	4
Syntec Industries	160	6	3.62%	150	6
City of LaFayette	128	7	2.90%	140	7
Unique Fabricating	115	8	2.60%	-	-
Walker Co Sheriff Dept	110	9	2.49%	100	8
Bank of LaFayette	60	10	1.36%	-	-
Totals	4,420		100.00%	4,005	

Source: Respective Employers

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	7	7	7	7	11	10	10	10	10	10
Police	19	19	21	23	23	23	24	23	24	25
Fire	5	5	5	5	5	6	6	7	8	8
Garage	3	3	3	4	3	3	3	2	2	3
Culture and recreation	13	12	9	10	10	12	10	10	8	9
Public works	16	16	14	14	15	15	11	9	7	9
Sanitation	6	6	4	4	6	7	7	8	7	7
Total	69	68	63	67	73	76	71	69	66	71

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical arrests	363	507	462	423	485	401	202	548	682	527
Parking violations	9	25	11	20	21	20	15	36	20	36
Traffic violations	980	1,129	763	1,434	1,088	1,013	755	1,199	1,955	1,937
Fire										
Emergency responses	360	326	553	655	751	941	863	758	801	718
Fires extinguished	92	55	78	64	64	39	31	48	55	52
Culture and recreation										
Participation fees	$ 129,808	$ 118,484	$ 117,482	$ 116,762	$ 130,937	$ 153,348	$ 159,200	$ 146,165	$ 136,797	$ 110,942
Library volumes	70,000	69,297	71,203	76,985	75,847	78,000	75,000	75,000	77,000	78,000
Public works										
Street resurfacing miles	1.37	1.15	1.09	0.53	1.01	0.00	0.90	3.00	4.10	2.85
Housing and development										
Building permits issued	113	73	59	60	46	46	48	55	70	51
Sanitation										
Number of customers	2,763	2,773	2704	2,686	2,858	2,667	2,635	2,655	2,658	2,690

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	19	20	20	23	23	23	24	25	25	25
Culture and recreation										
Acreage	147.5	147.5	147.5	147.5	147.5	147.5	147.8	147.8	147.8	147.8
Baseball/softball fields	9	6	6	10	9	9	9	9	9	9
Soccer/football fields	2	3	3	5	5	5	5	6	6	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	113	113	59	60	46	46	48	55	70	51
Sanitation										
Collection vehicles	3	3	3	3	3	8	8	7	7	7

COMPLIANCE SECTION

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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, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia, as of and for the year ended September 30, 2016, 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 April 3, 2017.

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
April 3, 2017

City of LaFayette, Georgia
Schedule of Special Purpose Local Option Sales Tax
For the Fiscal Year Ended September 30, 2016

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	-	-	56,978	-	56,978
Public Safety					
Equipment	-	-	413,791	-	413,791
Solid Waste					
Equipment	-	-	519,146	-	519,146
Public Works					
Equipment	-	-	260,562	-	260,562
Streetscapes	-	-	537,662	-	537,662
Recreation					
Equipment	-	-	152,404	-	152,404
Site Improvements	-	-	2,176,213	-	2,176,213
Airport					
Buildings	-	-	-	-	-
Site Improvements	-	-	58,374	-	58,374
Water and Sewer					
Equipment	-	-	-	-	-
Improvements	-	-	206,575	-	206,575
Gas					
Equipment	-	-	50,333	-	50,333
Improvements	-	-	-	-	-
Electric					
Equipment	-	-	5,160	-	5,160
Improvements	-	-	-	-	-
Golf					
Equipment	-	-	-	-	-
Improvements	-	-	100,657	-	100,657
Total other projects	4,234,600	4,234,600	4,537,856	-	4,537,856
Total for all projects	$ 4,434,600	$ 4,434,600	$ 4,905,261	$ -	$ 4,905,261

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, 2016

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year[1]	Total
SPLOST VI					
Roads & Streets	$ 1,580,000	$ 1,580,000	$ 111,909	$ -	$ 111,909
Other Projects					
Admin					
Buildings	-	-	16,262	-	16,262
Equipment	-	-	149,800	16,549	166,349
Public Safety					
Equipment	-	-	12,574	-	12,574
Solid Waste					
Equipment	-	-	-	-	-
Public Works					
Equipment	-	-	105,000	-	105,000
Improvements	-	-	227,833	323,307	551,140
Recreation					
Equipment	-	-	6,990	-	6,990
Site Improvements	-	-	25,058	3,492	28,550
Airport					
Buildings	-	-	-	-	-
Site Improvements	-	-	-	-	-
Water and Sewer					
Equipment	-	-	-	-	-
Improvements	-	-	203,436	391,667	595,103
Gas					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Electric					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Golf					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Total other projects	1,300,000	1,300,000	746,953	735,015	1,481,968
Total for all projects	$ 2,880,000	$ 2,880,000	$ 858,862	$ 735,015	$ 1,593,877

[1] Cumulative current year expenditures on are different from cumulative expenditures on pages 24 and 61 because $623,809 was spent on SPLOST approved projects using bond proceeds that are to be repaid with SPLOST collections. Debt service payments made with SPLOST funds are not reflected in this schedule. Instead the actual costs of projects advance-funded with bond proceeds are presented.

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