CITY OF LAFAYETTE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The

Fiscal Year Ended September 30, 2017

David Hamilton

City Manager

By Authority Of

Mayor and Council

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TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal i

GFOA Certificate of Achievement for Excellence in Financial Reporting v

Organizational Chart and List of Elected and Appointed Officials vi

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis 3

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 17

Statement of Activities 18

Fund Financial Statements:

Balance Sheet – Governmental Funds 21

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 22

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 23

Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Budget and Actual 25

Statement of Net Position – Proprietary Funds 26

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 27

Statement of Cash Flows – Proprietary Fund Funds 28

Notes to the Financial Statements 29

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios 54

Schedule of Required Contributions 55

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds 58

TABLE OF CONTENTS

Page

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds 59

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Hotel/Motel Tax Special Revenue – Budget and Actual 60

Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund – 2008 SPLOST - Budget and Actual 61

Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund – 2014 SPLOST - Budget and Actual 62

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Police Special Revenue – Budget and Actual 63

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Police Forfeiture Special Revenue – Budget and Actual 64

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Police Technology Special Revenue – Budget and Actual 65

STATISTICAL SECTION

Net Position by Component 69

Changes in Net Position 70

Fund Balances of Governmental Funds 71

Changes in Fund Balances of Governmental Funds 72

Assessed Value and Estimated Actual Value of Taxable Property 73

Direct and Overlapping Property Tax Rates 74

Principal Property Taxpayers 75

Property Tax Levies and Collections 76

Ratios of Outstanding Debt by Type 77

Direct and Overlapping Governmental Activities Debt 78

Pledged Revenue Coverage 79

Legal Debt Margin information 80

Ratios of General Bonded Debt Outstanding 81

Demographic and Economic Statistics 82

TABLE OF CONTENTS

Page

Principal Employers 83

Number of City Employees by Function 84

Operating Indicators by Function/Program 85

Capital Asset Statistics by Function 86

COMPLIANCE SECTION

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* 89

Schedule of Special Local Option Sales Tax – 2008 SPLOST 91

Schedule of Special Local Option Sales Tax – 2014 SPLOST 92

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INTRODUCTORY SECTION

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

July 31, 2018

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, 2017. 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

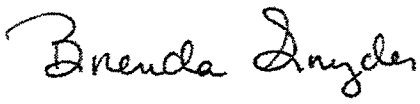
We wish to take this opportunity to thank the Mayor and Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. The preparation of this report could not be accomplished without the efficient and dedicated service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

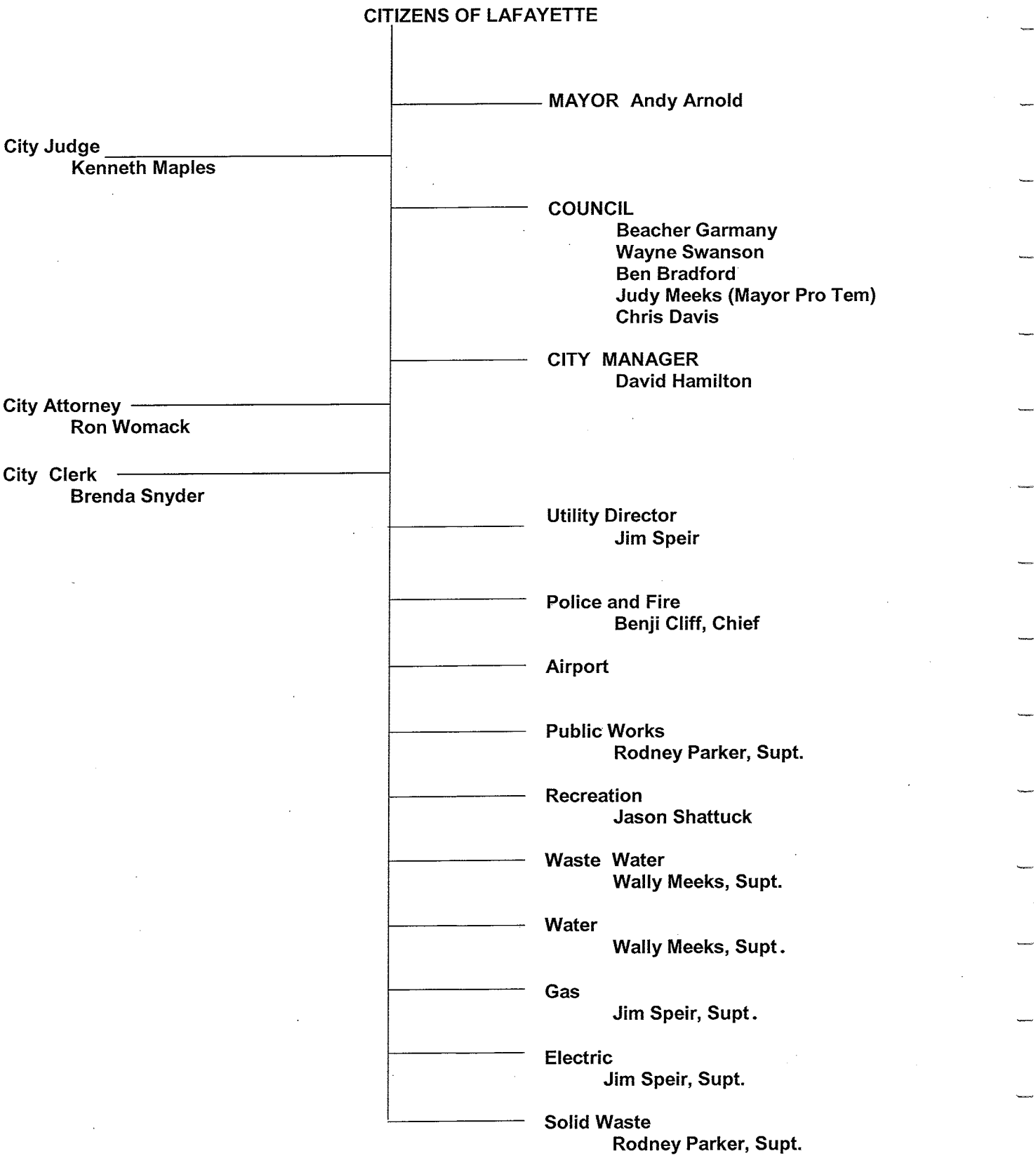
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

City of LaFayette, Georgia
Organizational Chart and
List of Elected and Appointed Officials
September 30, 2017



FINANCIAL SECTION

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2017, 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 3 through 13, the Schedule of Changes in Net Pension Liability and Related Ratios on page 54, and the Schedule of Contributions – Pension Plan on page 55, 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 fund statements and schedules on pages 58-65, and the Schedules of Special Purpose Local Option Sales Expenditures on pages 91-92 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 July 31, 2018 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
July 31, 2018

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, 2017. 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 $32,264,543 at the end of the year. This amount includes $27,247,634 invested in capital assets net of accumulated depreciation and related debt, restricted net position of $2,149,973 and unrestricted net position of $2,866,936. Significant portions of restricted net position include amounts for debt service and construction.

- The City's total net position increased by $520,196, or 1.64% to $32,264,543. The net position for governmental activities increased by $253,618, or 3.28% and the business-type net position increased by $266,578, or 1.11%.

- The City's revenues for governmental activities, excluding transfers were $4,595,740. Total expenses for governmental activities, excluding transfers, were $6,857,122.

- The City's business-type activities had total revenues, excluding transfers of $18,865,651, while expenses, excluding transfers, were $16,084,073.

- The General Fund, which is the City's primary operating fund, reported an increase in fund balance of $359,282 in fiscal year 2017.

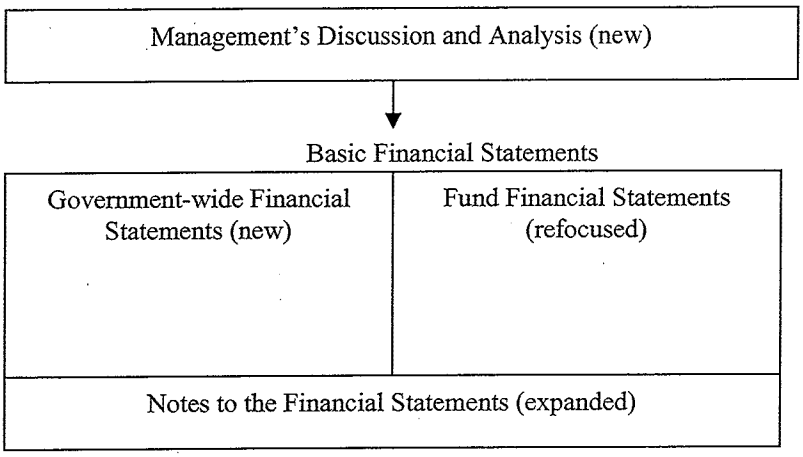
- Total cash (Note 3) at September 30, 2017 was $5,183,866.

- The capital assets (Note 6), net of accumulated depreciation, of the City at the end of the 2017 fiscal year totaled $39,024,585. This includes net capital assets for governmental activities of $8,339,351 and business-type activities of $30,685,234.

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 $520,196, or 1.64%, in fiscal year 2017. The net position of the governmental activities includes $6,710,879 net investment in capital assets. Capital assets of $8,339,351 include land, buildings, park improvements, equipment and current year infrastructure additions. Related governmental activities debt includes general obligation bonds of $1,435,000.

The net position of the business-type activities includes $20,536,755 net investment in capital assets. Capital assets of $30,685,234 include land, utility system, building, other improvements, equipment, airport and golf course. Related debt includes notes payable and revenue bonds of $9,780,631.

For more detailed information, see the Statement of Net Position on page 17 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
	2017	2016	2017	2016	2017	2016	2017-2016
Assets							
Current and Other Assets	$ 2,564	$ 3,012	$ 6,201	$ 5,862	$ 8,765	$ 8,874	-1.2%
Capital Assets	8,339	8,033	30,685	31,462	39,024	39,495	-1.2%
Total Assets	10,903	11,045	36,886	37,324	47,789	48,369	-1.2%
Deferred Outflows of Resources							
Pension Contributions	471	567	428	476	899	1,043	-13.8%
Total Deferred Outflows of Resources	471	567	428	476	899	1,043	-13.8%
Liabilities							
Current and Other Liabilities	1,452	851	3,250	2,269	4,702	3,120	50.7%
Long-term Debt Outstanding	1,785	3,002	9,637	11,362	11,422	14,364	-20.5%
Total Liabilities	3,237	3,853	12,887	13,631	16,124	17,484	-7.8%
Deferred Inflows of Resources							
Changes in Pension Plan	155	31	144	25	299	56	433.9%
Total Deferred Inflows of Resources	155	31	144	25	299	56	433.9%
Net Position							
Net Investment in Capital Assets	6,711	6,733	20,537	20,811	27,248	27,544	-1.1%
Restricted	750	897	1,400	248	2,150	1,145	87.8%
Unrestricted	521	98	2,346	2,817	2,867	2,915	-1.6%
Total Net Position	$ 7,982	$ 7,728	$ 24,283	$ 23,876	$ 32,265	$ 31,604	2.1%

CHANGES IN NET POSITION

The City's total revenues before transfers were $23,461,391 in the 2017 fiscal year. Expenses before transfers were $22,941,495 during that same period. Governmental and business-type activities combined provided a $520,196 increase in net position.

Governmental activities revenues were $4,312,401 and included $1,624,009 for charges for services, $548,958 grant revenues, $594,983 property taxes, and $588,207 for sales taxes. The largest governmental activities expenses were for public safety of $2,133,167 (police, file, and animal control), public works of $941,609, general government of $2,394,669 and recreation of $953,718. Expenses include depreciation expense as explained in the notes to the financial statements (Note 6).

Business-type activity revenues were $18,865,651 and included $18,572,893 charges for services, $270,115 for capital grants, and $7,610 interest. The largest business-type activity expenses were for purchases of energy for resale to customers such as electricity for $7,086,217 and gas for $1,037,110.

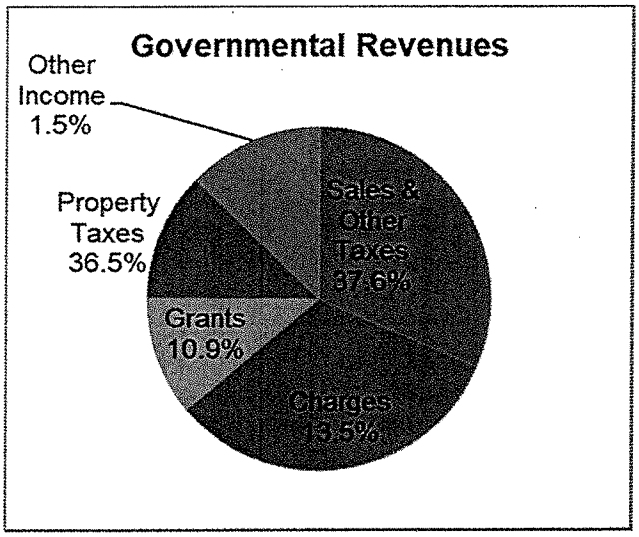
Table 2
Changes in Net Position
(in thousands)

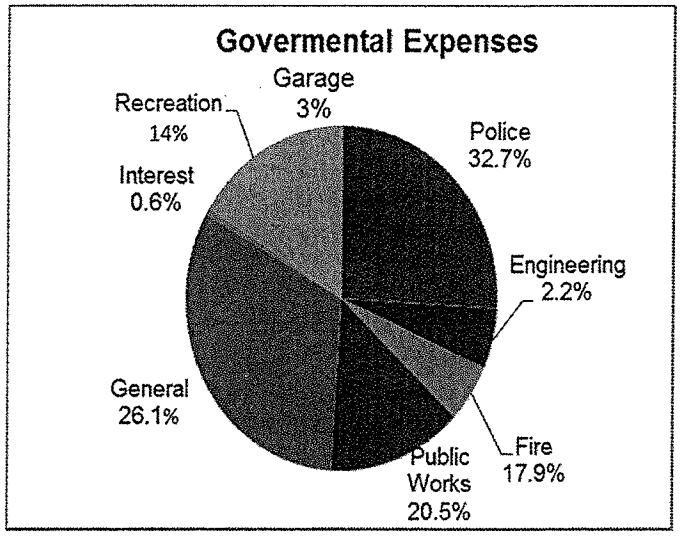
	Governmental Activities		Business-type Activities		Total		Total % Change
	2017	2016	2017	2016	2017	2016	2017-2016
Revenues							
Program Revenues							
Charges for Services	$1,599	$1,307	$18,573	$18,545	$20,172	$19,852	1.6%
Operating Grants and Contributions	129	182	-	-	129	182	-29.1%
Capital Grants and Contributions	420	122	270	207	690	329	109.7%
General Revenues							
Property Taxes	595	595	-	-	595	595	0.0%
Local Option Sales Tax	588	526	-	-	588	526	11.8%
Other Taxes	960	910	-	-	960	910	5.5%
Investment Income	18	19	8	12	26	31	-16.1%
Other Revenues	612	623	15	5	627	628	-0.2%
Total Revenues	4,921	4,284	18,866	18,769	23,787	23,053	3.2%
Expenses							
General Government	2,170	1,425	-	-	2,170	1,425	52.3%
Police	1,747	2,191	-	-	1,747	2,191	-20.3%
Fire	366	332	-	-	366	332	10.2%
Public Works	941	773	-	-	941	773	21.7%
Engineering	381	202	-	-	381	202	88.6%
Recreation	878	887	-	-	878	887	-1.0%
Garage	216	184	-	-	216	184	17.4%
Interest on long-term debt	45	38	-	-	45	38	18.4%
Electric	-	-	8,311	8,753	8,311	8,753	-5.0%
Gas	-	-	1,552	1,444	1,552	1,444	7.5%
Water/Sewer	-	-	4,332	4,108	4,332	4,108	5.5%
Solid Waste	-	-	704	695	704	695	1.3%
Golf	-	-	760	850	760	850	-10.6%
Airport	-	-	425	418	-	418	-100.0%
Total Expenses	6,744	6,032	16,084	16,268	22,403	22,300	0.5%
Excess (Deficiency) Before Transfers	(1,823)	(1,748)	2,782	2,501	1,384	753	83.8%
Transfers	2,515	2,010	(2,515)	(2,010)	-	-	-
Prior Period Adjustment	-	-	140	(268)	-	(268)	
Increase (Decrease) In Net Position	692	262	407	223	1,384	485	-185.36%
Beginning Net Position	7,728	7,466	23,876	23,653	31,604	31,120	1.56%
Ending Net Position	$8,420	$7,728	$24,283	$23,876	$32,988	$31,605	4.38%

GOVERNMENTAL ACTIVITIES

See pages 18-19 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 expenses.

Table 3 – Governmental Activities
Fiscal Year 2017





Revenue Impacts

- Property taxes of $594,983 provided 36.5% 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 $588,207. This represents an overall increase of 11.65% from the prior year.
- The transfers from proprietary funds were $2,515,000, which was $505,306, or an 25.14% increase from the prior year.
- Charges for services include amounts charged for providing utility billing and collection services to the enterprise funds of $580,372. Municipal court fines were $261,066.

Expense Impacts

- General Government expenditures increased by $970,015 or 68.09% compared to the prior year This increase was largely driven by the purchase and renovation of a Medical Facility which was subsequently leased to CHI Memorial, and installing a new roof on City Hall.
- Police, fire and animal control expenditures decreased by $390,408 or 15.47% from the prior year. This was largely driven by a reduction in capital expenditures from the prior year.
- Public Works expenditures increased by $168,257 or 21.76% compared to the prior year. We replaced some headcount that we had delayed backfilling until 2017, and refurbished a Paving machine.
- Culture and Recreation expenditures decreased by $67,078 or 7.57%. This was driven by timing, a delay in Capital expenditures in the Recreation department, compared to the prior year, where we spent approximately $50K more in Capital.

BUSINESS-TYPE ACTIVITIES

Table 4
Business-type Activities
(in thousands)

Fund	Program Revenues		Program Expenses		Excess (Deficiency) Before Transfers & Investment Earnings	
	2017	2016	2017	2016	2017	2016
Electric	$ 9,974	$ 10,369	$ 8,311	$ 8,753	$ 1,663	$ 1,616
Gas	2,283	2,133	1,552	1,438	731	695
Water/Sewer	5,162	4,838	4,332	3,857	830	981
Solid Waste	513	519	704	694	(191)	(175)
Golf	519	562	760	834	(241)	(272)
Airport	122	123	425	418	(303)	(295)
Total	$ 18,573	$ 18,544	$ 16,084	$ 15,994	$ 2,489	$ 2,550

Operating revenues for business-type activities for the fiscal year 2017 were $18,572,893 a $28,279 increase compared to the prior year. Operating expenses were $16,084,073 in 2017. The operating income was $2,745,727 in 2017 compared to $2,482,910 in 2016. Activities for individual business-type funds are summarized below.

- Electric program operating revenues decreased by $394,986 from the prior year in addition to operating expenses decreasing by $442,658. The revenue reduction was driven by a mild summer, and mild winter, resulting in less electricity usage in both heating and cooling, we enjoyed lower electric costs driven by the lower volume, and made operational cuts to offset the reduced volume.

- Gas program operating revenues increased by $148,992 and operating expenses increased by $107,307. We saw a reduction in volume driven by the mild winter, but increased the UCA rate in Natural Gas to offset the revenue loss in both Electric and Natural Gas. We also spent more capital to expand our Gas infrastructure in an effort to increase our customer base.

- Water & Sewer program operating revenues increased by $323,970, while operating expenses increased by $224,557 from the prior year. Revenues were up driven by a rate increase enacted mid-year in 2016, expenses were up largely driven by an increase in Capital Expenditures in infrastructure and equipment.

- Solid Waste program operating revenues decreased $5,659 from the prior year and operating expenses increased $8,859. The revenues decreased due to a decrease 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.

- Golf operating revenues decreased by $43,324 over the prior year, largely due to weather, and a continued decrease in both play and membership Operating expenses were down by $90,222, driven mostly by cost control measures and personnel reductions to offset loss in revenue.

- Airport operating revenues decreased by $714, mostly driven by a decrease in Fuel sales, largely due to reduced cost and price of fuel. Operating expenses increased by $7,416 from the prior year, mostly driven by timing of capital expenditures.

GOVERNMENTAL FUNDS

Table 5
Financial Analysis of the City's Funds

Fund	Fund Balances 9/30/2016	Sources	Uses	Sources Over (Under) Uses	Fund Balances 9/30/2017
General Fund	$ 1,658,225	$ 7,044,772	$ (6,685,490)	$ 359,282	$ 2,017,507
Capital Projects- 2008 SPLOST	(123,000)	-	-	-	(123,000)
Capital Projects- 2014 SPLOST	1,003,900	420,319	(736,597)	(316,278)	687,622
Total	$ 2,539,125	$ 7,465,091	$ (7,422,087)	$ 43,004	$ 2,582,129

At September 30, 2017, the City's governmental funds reported a combined fund balance of $2,438,426 (see statement on page 22), which is $72,471 more than the previous year-end. The unassigned portion of fund balance was $1,676,219. 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 $359,282 increase in fund balance, to end the fiscal year at $2,017,507. More detailed information for the general fund is presented on page 25.

Operating revenues and other financing sources increased $865,734. This was primarily driven by the sale of the Medical Building to the Development Authority, and an increase in Insurance Premium Tax.

Overall expenditures and other uses increased $1,235,925.

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 $419,242
- Interest earned $1,077

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 restricted for completion of SPLOST projects as identified in the Schedule of Special Purpose Local Option Sales Tax Expenditures on page 92.

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 25 of the financial statements.

In September 2016, the City Council appropriated $6,001,477 for general fund expenditures in the 2017 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, 2017, amounted to $39,024,585 (net of accumulated depreciation). Investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was 1.19%. 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		Total % Change
	2017	2016	2017	2016	2017	2016	2017-2016
Land	$ 3,370	$3,370	$ 2,339	$ 2,278	$ 5,709	$ 5,648	1.1%
Construction In Progress	165	165	710	4,179	875	4,344	-79.9%
Buildings and Structures	440	379	2,973	3,341	3,413	3,720	-8.3%
Infrastructure	1,998	1,771	-	-	1,998	1,771	12.8%
Utility Systems	-	-	20,766	16,491	20,766	16,491	25.9%
Improvements Other than Buildings	1,084	1,192	2,272	3,113	3,356	4,305	-22.0%
Machinery and Equipment	1,282	956	1,625	1,521	2,907	2,477	17.4%
Total	$ 8,339	$7,833	$ 30,685	$ 30,923	$ 39,024	$ 38,756	0.7%

This year's major capital asset additions included:

Governmental Activities:

- Admin City Hall Roof $101,145
- Admin Billing and Financial Software $181,619
- Public Works Street Paving $90,510

- Public Works Equipment $102,396
- Purchase and Renovate Medical Building $351,121
- Police (2) Vehicles and Equipment $84,879

Business-type Activities:

- Water and Sewer Fleet Vehicles $67,316
- Gas Regulator Station Rebuild and Insert Installation $137,526
- Airport Easement Acquisition and Obstruction Removal $121,321
- Water and Sewer Excavator $53,428

LONG-TERM DEBT

At the end of the 2017 fiscal year, the City had $11,776,951 in outstanding debt. This is a net decrease of $703,376 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 $16,628,264. As of September 30, 2017, the City has $1,435,000 of outstanding general obligation debt.

Table 7
Outstanding Debt at September 30, 2017

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	$ 1,435	$ 1,775	$ -	$ -	$ 1,435	$ 1,775
Revenue Bonds, Net	-	-	7,133	7,616	7,133	318
Capital Leases	193	54	315	313	508	825
Notes Payable	-	-	2,701	2,722	2,701	2,286
Total	$ 1,628	$ 1,829	$ 10,149	$ 10,651	$ 10,342	$ 3,429

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.

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BASIC FINANCIAL STATEMENTS

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CITY OF LAFAYETTE, GEORGIA
Statement of Net Position
September 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Lafayette Development Authority
Assets				
Cash	$ 1,918,183	$ 3,265,683	$ 5,183,866	$ 201,141
Receivables - Net	162,015	2,631,868	2,793,883	-
Internal Balances	471,222	(471,222)	-	-
Inventory	12,160	773,910	786,070	-
Capital Assets:				
Land and Construction in Progress	3,534,887	3,048,394	6,583,281	-
Other Capital Assets - Net	4,804,464	27,636,840	32,441,304	437,066
Total Capital Assets	8,339,351	30,685,234	39,024,585	437,066
Total Assets	10,902,931	36,885,473	47,788,404	638,207
Deferred Outflows of Resources				
Pension Contributions	470,540	428,135	898,675	-
Total Deferred Outflows of Resources	470,540	428,135	898,675	-
Liabilities				
Accounts Payable	67,733	915,188	982,921	-
Accrued Wages Payable and Withholdings	217,307	61,319	278,626	-
Unreleased Funds	25,625	-	25,625	-
Customer Deposits	-	629,592	629,592	-
Accrued Interest Payable	6,696	958	7,654	-
Net Pension Liability	1,134,725	871,195	2,005,920	-
Noncurrent Liabilities:				
Due Within One Year	466,839	772,371	1,239,210	-
Due In More Than One Year - Net	1,317,888	9,636,637	10,954,525	562,705
Total Liabilities	3,236,813	12,887,260	16,124,073	562,705
Deferred Inflows of Resources				
Pension Contributions	154,536	143,927	298,463	-
Total Deferred Inflows of Resources	154,536	143,927	298,463	-
Net Position				
Net Investment in Capital Assets	6,710,879	20,536,755	27,247,634	-
Restricted for:				
Capital Projects	687,622	421,966	1,109,588	-
Debt Service Reserve	-	977,960	977,960	-
Law Enforcement Activities	62,425	-	62,425	-
Unrestricted	521,196	2,345,740	2,866,936	75,502
Total Net Position	$ 7,982,122	$ 24,282,421	$ 32,264,543	$ 75,502

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

CITY OF LAFAYETTE, GEORGIA
Statement of Activities
For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 2,394,669	$ 795,525	$ 11,789	$ 420,319
Police	1,763,703	644,568	10,545	-
Fire	369,464	-	3,850	-
Public Works	941,609	23,693	95,477	-
Engineering	172,996	-	-	-
Recreation	953,718	160,223	6,978	-
Garage	216,392	-	-	-
Interest on Long-term Debt	44,571	-	-	-
Total Governmental Activities	6,857,122	1,624,009	128,639	420,319
Business-type Activities:				
Airport	425,403	122,461	-	191,242
Electric	8,310,592	9,973,987	-	-
Gas	1,552,046	2,282,565	-	-
Golf	759,612	518,882	-	-
Water/Sewer	4,332,376	5,162,086	-	78,873
Solid Waste	704,044	512,912	-	-
Total Business-type Activities	16,084,073	18,572,893	-	270,115
Total Primary Government	$ 22,941,195	$ 20,196,902	$ 128,639	$ 690,434
Component Unit:				
Lafayette Development Authority	$ 5,763	$ 70,044	$ -	$ -

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

CITY OF LAFAYETTE, GEORGIA
Statement of Activities
For the Year Ended September 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	LaFayette Development Authority
Primary Government:				
Governmental Activities:				
General Government	$ (1,167,036)		$ (1,167,036)	
Police	(1,108,590)		(1,108,590)	
Fire	(365,614)		(365,614)	
Public Works	(822,439)		(822,439)	
Engineering	(172,996)		(172,996)	
Recreation	(786,517)		(786,517)	
Garage	(216,392)		(216,392)	
Interest on Long-term Debt	(44,571)		(44,571)	
Total Governmental Activities	(4,684,155)		(4,684,155)	
Business-type Activities:				
Airport	-	$ (111,700)	(111,700)	
Electric	-	1,663,395	1,663,395	
Gas	-	730,519	730,519	
Golf	-	(240,730)	(240,730)	
Water/Sewer	-	908,583	908,583	
Solid Waste	-	(191,132)	(191,132)	
Total Business-type Activities	-	2,758,935	2,758,935	
Total Primary Government	(4,684,155)	2,758,935	(1,925,220)	
Component Unit				
Lafayette Development Authority				$ 64,281
General Revenues:				
Taxes:				
Property	594,983	-	594,983	-
Sales	588,207	-	588,207	-
Hotel/Motel	42,137	-	42,137	-
Insurance Premium	444,201	-	444,201	-
Malt Beverage	110,741	-	110,741	-
Franchise	245,294	-	245,294	-
Occupation	113,871	-	113,871	-
Intangible	4,281	-	4,281	-
Investment Earnings	18,239	7,610	25,849	202
Gain on Sale of Capital Assets	138,344	15,033	153,377	-
Miscellaneous	122,475	-	122,475	-
Transfers	2,515,000	(2,515,000)	-	-
Total General Revenues and Transfers	4,937,773	(2,492,357)	2,445,416	202
Change in Net Position	253,618	266,578	520,196	64,483
Net Position - Beginning, Restated	7,728,504	24,015,843	31,744,347	11,019
Net Position - Ending	$ 7,982,122	$ 24,282,421	$ 32,264,543	$ 75,502

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

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CITY OF LAFAYETTE, GEORGIA
Balance Sheet
Governmantal Funds
September 30, 2017

	General	Capital Projects - 2008 SPLOST	Capital Projects - 2014 SPLOST	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 1,261,567	$ -	$ 431,961	$ 118,314	$ 1,811,842
Receivables (Net of Allowance for Uncollectibles):					
Accounts	29,695	-	-	-	29,695
Taxes	60,024	-	-	-	60,024
Inventory	12,160	-	-	-	12,160
Due from Other Funds	5,858,257	-	196,388	2,717	6,057,362
Due from Other Governments	-	-	72,296	-	72,296
Total Assets	$ 7,221,703	$ -	$ 700,645	$ 121,031	$ 8,043,379
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	$ 61,406	$ -	$ 6,327	$ -	$ 67,733
Accrued Payables & Withholdings	217,307	-	-	-	217,307
Unreleased Confiscations	-	-	-	25,625	25,625
Due to Other Funds	4,915,937	123,000	-	239,109	5,278,046
Accrued Interest Payable	-	-	6,696	-	6,696
Total Liabilities	5,194,650	123,000	13,023	264,734	5,595,407
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	9,546	-	-	-	9,546
Total Deferred Inflows of Resources	9,546	-	-	-	9,546
Fund Balances					
Nonspendable					
Inventory	12,160	-	-	-	12,160
Restricted					
Acquisition and Construction of Capital Assets	-	-	687,622	-	687,622
Law Enforcement Activities	-	-	-	62,425	62,425
Unassigned	2,005,347	(123,000)	-	(206,128)	1,676,219
Total Fund Balances	2,017,507	(123,000)	687,622	(143,703)	2,438,426
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 7,221,703	$ -	$ 700,645	$ 121,031	$ 8,043,379

Reconciliation of the Balance Sheet to the Statement of Net Position

Fund Balances - Total Governmental Funds		$ 2,438,426
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.		8,339,351
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.		(201,753)
A portion of deferred revenue in the general fund represents property tax billed but uncollected and is eliminated in the Statement of Net Position.		9,546
A portion of pension plan contributions are for future use and are considerred deferred outflows of resources.		470,940
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.		(154,536)
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	(1,435,000)	
Leases Payable	(193,472)	
Compensated Absences	(156,255)	
Net Pension Liability	(1,134,725)	(2,919,452)
Net Position of Governmental Activities		$ 7,982,522

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, 2017

	General	Capital Projects - 2008 SPLOST	Capital Projects - 2014 SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 2,110,606	$ -	$ -	$ 42,137	$ 2,152,743
Licenses and Permits	19,893	-	-	-	19,893
Intergovernmental	107,266	-	419,242	-	526,508
Fines and Forfeitures	261,066	-	-	134,188	395,254
Charges for Services	1,071,271	-	-	-	1,071,271
Contributions and Donations	62,147	-	-	-	62,147
Miscellaneous Income	145,568	-	-	-	145,568
Interest Income	18,008	-	1,077	78	19,163
Total Revenues	3,795,825	-	420,319	176,403	4,392,547
Expenditures					
Current:					
General Government	2,358,448	-	1,061	-	2,359,509
Police	1,782,698	-	-	75,614	1,858,312
Fire	380,108	-	-	-	380,108
Public Works	911,744	-	-	-	911,744
Engineering	181,754	-	-	-	181,754
Recreation	799,664	-	-	-	799,664
Garage	217,741	-	-	-	217,741
Capital Outlay:					
Police	-	-	-	8,674	8,674
Public Works	-	-	286,051	-	286,051
Recreation	-	-	75,818	-	75,818
Debt Service:					
Principal	42,429	-	340,000	-	382,429
Interest	10,904	-	33,667	-	44,571
Total Expenditures	6,685,490	-	736,597	84,288	7,506,375
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,889,665)	-	(316,278)	92,115	(3,113,828)
Other Financing Sources (Uses)					
Issuance of Capital Lease	181,619	-	-	-	181,619
Transfers - Out	-	-	-	(62,648)	(62,648)
Transfers - In	2,577,648	-	-	-	2,577,648
Sale of Capital Assets	489,680	-	-	-	489,680
Total Other Financing Sources (Uses)	3,248,947	-	-	(62,648)	3,186,299
Net Change in Fund Balances	359,282	-	(316,278)	29,467	72,471
Fund Balance (Deficit) - Beginning of Year	1,658,225	(123,000)	1,003,900	(173,170)	2,365,955
Fund Balance (Deficit) - End of Year	$ 2,017,507	$ (123,000)	$ 687,622	$ (143,703)	$ 2,438,426

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 To the Statement of Activities

For the Year Ended September 30, 2017

Net Change in Fund Balances - Total Governmental Funds		$ 72,471
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	1,048,019	
Less Current Year Depreciation	(391,014)	657,005
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) has an effect on net position.		
Proceeds From Asset Disposal	(489,680)	
Gain on Asset Disposal	138,344	(351,336)
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		(2,558)
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	(181,619)	
Principal Payments on Bonds	340,000	
Principal Payments on Leases	42,429	200,810
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.		(96,498)
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.		(124,025)
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.		
Change in Net Pension Liability	333,648	
Change in Compensated Absences	(392)	333,256
Internal service funds are used by management to charge the costs of self-insurance to individual funds.		
The net change in net position of internal service funds is reported with governmental activities.		(435,507)
Change in Net Position of Governmental Activities		$ 253,618

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

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CITY OF LAFAYETTE, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund - Budget and Actual
For the Year Ended September 30, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 1,904,550	$ 1,904,550	$ 2,110,606	$ 206,056
Licenses and Permits	26,500	26,500	19,893	(6,607)
Intergovernmental	154,538	154,538	107,266	(47,272)
Fines and Forfeitures	190,000	190,000	261,066	71,066
Charges for Services	1,097,895	1,097,895	1,071,271	(26,624)
Contributions and Donations	9,000	9,000	62,147	53,147
Miscellaneous Income	37,000	37,000	145,568	108,568
Interest Income	7,000	7,000	18,008	11,008
Total Revenues	3,426,483	3,426,483	3,795,825	369,342
Expenditures				
Current:				
General Government	1,546,620	1,546,620	2,358,448	(811,828)
Police	1,701,397	1,701,397	1,782,698	(81,301)
Fire	378,656	378,656	380,108	(1,452)
Public Works	1,028,627	1,028,627	911,744	116,883
Engineering	218,613	218,613	181,754	36,859
Recreation	894,632	894,632	799,664	94,968
Garage	222,544	222,544	217,741	4,803
Debt Service:				
Principal	10,388	10,388	42,429	(32,041)
Interest	-	-	10,904	(10,904)
Total Expenditures	6,001,477	6,001,477	6,685,490	(684,013)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,574,994)	(2,574,994)	(2,889,665)	(314,671)
Other Financing Sources (Uses)				
Issuance of Capital Lease	-	-	181,619	181,619
Transfers - In	2,575,486	2,575,486	2,577,648	2,162
Sale of Capital Assets	5,000	5,000	489,680	484,680
Total Other Financing Sources (Uses)	2,580,486	2,580,486	3,248,947	668,461
Net Change in Fund Balance	5,492	5,492	359,282	353,790
Fund Balance - Beginning of Year	1,658,225	1,658,225	1,658,225	-
Fund Balance - End of Year	$ 1,663,717	$ 1,663,717	$ 2,017,507	$ 353,790

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

CITY OF LAFAYETTE, GEORGIA
Statement of Net Position
Proprietary Funds
September 30, 2017

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities Internal Service Fund
Assets								
Current Assets:								
Cash and Cash Equivalents	$ -	$ 212,081	$ 24,618	$ -	$ 3,028,984	$ -	$ 3,265,683	$ 106,341
Accounts Receivable - Net	-	1,571,377	164,024	-	832,155	64,312	2,631,868	-
Due From Other Funds	6,338	3,556,265	1,354,311	-	394,529	144,074	5,455,517	-
Inventory	20,809	502,826	84,023	7,105	159,147	-	773,910	-
Total Current Assets	27,147	5,842,549	1,626,976	7,105	4,414,815	208,386	12,126,978	106,341
Non-Current Assets:								
Capital Assets:								
Land	65,570	9,000	7,000	1,340,395	843,741	73,052	2,338,758	-
Equipment	160,413	761,361	319,350	513,353	1,635,991	804,123	4,194,591	-
Buildings	1,659,082	565,039	19,701	2,333,326	452,420	5,206	5,034,774	-
Improvements Other Than Buildings	3,169,286	-	-	-	-	-	3,169,286	-
Utility Systems	-	4,254,210	1,113,672	-	37,696,324	-	43,064,206	-
Construction in Progress	308,251	-	-	-	401,385	-	709,636	-
Less Accumulated Depreciation	(2,407,132)	(4,471,685)	(592,507)	(1,122,612)	(18,587,959)	(644,122)	(27,826,017)	-
Total Non-Current Assets	2,955,470	1,117,925	867,216	3,064,462	22,441,902	238,259	30,685,234	-
Total Assets	2,982,617	6,960,474	2,494,192	3,071,567	26,856,717	446,645	42,812,212	106,341
Deferred Outflows of Resources								
Deferred Resources Related to Pension	10,422	82,166	48,922	64,845	191,372	30,408	428,135	-
Total Deferred Outflows	$ 10,422	$ 82,166	$ 48,922	$ 64,845	$ 191,372	$ 30,408	$ 428,135	$ -
Liabilities								
Current Liabilities:								
Accounts Payable	$ 4,150	$ 707,064	$ 72,795	$ 2,641	$ 128,538	$ -	$ 915,188	$ -
Accrued Wages and Withholdings Payable	744	13,050	8,322	5,113	28,765	5,325	61,319	-
Compensated Absences Payable	-	8,484	5,179	-	31,672	2,860	48,195	-
Due to Other Funds	955,217	143,002	6,652	2,402,202	1,362,119	1,057,547	5,926,739	308,095
Customer Deposits	-	368,747	97,122	-	163,723	-	629,592	-
Accrued Interest Payable	-	-	-	-	958	-	958	-
Notes Payable - Current	-	-	-	-	132,678	-	132,678	-
Capital Leases Payable - Current	-	-	51,936	32,979	6,583	-	91,498	-
Revenue Bonds Payable	-	-	-	-	500,000	-	500,000	-
Total Current Liabilities	960,111	1,240,347	242,006	2,442,935	2,355,036	1,065,732	8,306,167	308,095
Noncurrent Liabilities:								
Compensated Absences	-	12,895	9,194	29,599	27,003	2,309	81,000	-
Net Pension Liability	18,162	165,028	95,370	133,008	392,154	67,473	871,195	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	131,334	131,334	-
Notes Payable	-	-	-	-	2,567,953	-	2,567,953	-
Capital Leases Payable	-	-	160,794	51,450	11,491	-	223,735	-
Revenue Bonds Payable (Net)	-	-	-	-	6,632,615	-	6,632,615	-
Total Noncurrent Liabilities	18,162	177,923	265,358	214,057	9,631,216	201,116	10,507,832	-
Total Liabilities	978,273	1,418,270	507,364	2,656,992	11,986,252	1,266,848	18,813,999	308,095
Deferred Inflows of Resources								
Deferred Resources Related to Pension	5,513	26,540	17,389	20,739	62,073	11,673	143,927	-
Total Deferred Inflows	5,513	26,540	17,389	20,739	62,073	11,673	143,927	-
Net Position								
Net Investment in Capital Assets	2,955,470	1,117,925	654,486	2,980,033	12,590,582	238,259	20,536,755	-
Restricted								
Acquisition and Construction of Capital Assets	-	-	-	-	209,885	-	209,885	-
Renewal and Replacement	-	212,081	-	-	-	-	212,081	-
Compliance	-	-	-	-	974,560	-	974,560	-
Debt Service	-	-	-	-	3,400	-	3,400	-
Unrestricted	(946,217)	4,267,824	1,363,875	(2,521,352)	1,221,337	(1,039,727)	2,345,740	(201,754)
Total Net Position	$ 2,009,253	$ 5,597,830	$ 2,018,361	$ 458,681	$ 14,999,764	$ (801,468)	$ 24,282,421	$ (201,754)

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, 2017

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities Internal Service Fund
Operating Revenues								
Charges for Services	$ 122,461	$ 9,791,184	$ 2,145,739	$ 518,882	$ 4,476,734	$ 509,023	$ 17,564,023	$ 1,154,674
Fees	-	147,281	15,798	-	598,558	3,889	765,526	-
Other Revenues	-	35,522	121,028	-	86,794	-	243,344	367,377
Total Operating Revenues	122,461	9,973,987	2,282,565	518,882	5,162,086	512,912	18,572,893	1,522,051
Operating Expenses								
Costs of Sales and Services	205,840	1,002,096	379,312	630,302	2,200,800	599,432	5,017,782	1,957,558
Administrative Expense	-	113,134	71,676	-	315,285	80,277	580,372	-
Cost of Water	-	-	-	-	339,961	-	339,961	-
Cost of Gas	-	-	1,037,110	-	-	-	1,037,110	-
Cost of Electricity	-	7,086,217	-	-	-	-	7,086,217	-
Depreciation Expense	219,563	109,145	56,945	126,114	1,229,689	24,268	1,765,724	-
Total Operating Expenses	425,403	8,310,592	1,545,043	756,416	4,085,735	703,977	15,827,166	1,957,558
Operating Income (Loss)	(302,942)	1,663,395	737,522	(237,534)	1,076,351	(191,065)	2,745,727	(435,507)
Nonoperating Revenues (Expenses)								
Interest Revenue	-	2,328	42	-	5,240	-	7,610	183
Interest Expense	-	-	(7,003)	(3,196)	(246,641)	(67)	(256,907)	-
Gain on Sale of Capital Assets	-	-	-	-	15,033	-	15,033	-
Total Nonoperating Revenues (Expenses)	-	2,328	(6,961)	(3,196)	(226,368)	(67)	(234,264)	183
Income Before Contributions and Transfers	(302,942)	1,665,723	730,561	(240,730)	849,983	(191,132)	2,511,463	(435,324)
Capital Contributions	191,242	-	-	-	78,873	-	270,115	-
Transfers	-	(1,150,000)	(700,000)	-	(665,000)	-	(2,515,000)	-
Total Contributions and Transfers	191,242	(1,150,000)	(700,000)	-	(586,127)	-	(2,244,885)	-
Change in Net Position	(111,700)	515,723	30,561	(240,730)	263,856	(191,132)	266,578	(435,324)
Net Position - Beginning	2,115,358	5,056,928	1,971,014	677,295	14,677,159	(621,526)	23,876,228	233,570
Prior Period Adjustment	5,595	25,179	16,786	22,116	58,749	11,190	139,615	-
Net Position - Ending	$ 2,009,253	$ 5,597,830	$ 2,018,361	$ 458,681	$ 14,999,764	$ (801,468)	$ 24,282,421	$ (201,754)

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

CITY OF LAFAYETTE, GEORGIA
Statement of Cash Flows
Proprirtary Funds
For the Year Ended September 30, 2017

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities Internal Service Fund
Cash Flows From Operations								
Receipts from Customers and Users	$ 122,461	$ 10,269,979	$ 2,290,497	$ 518,882	$ 5,141,589	$ 516,471	$ 18,859,879	$ 367,377
Receipts from Interfund Charges for Healthcare	-	-	-	-	-	-	-	1,154,674
Payments to Suppliers	(113,110)	(7,622,154)	(1,230,567)	(181,467)	(1,545,187)	(402,969)	(11,095,454)	(1,957,558)
Payments to/for Employees	(75,960)	(542,530)	(234,024)	(447,024)	(1,391,333)	(286,534)	(2,977,405)	-
Net Cash Provided by (Used in) Operating Activities	(66,609)	2,105,295	825,906	(109,609)	2,205,069	(173,032)	4,787,020	(435,507)
Cash Flows from Noncapital Financing Activities								
Transfers to Other Funds	-	(2,075,273)	(700,000)	-	(665,000)	-	(3,440,273)	-
Transfers from Other Funds	10,603	-	73,352	151,807	493,469	188,344	917,575	-
Net Cash from Noncapital Financing Activities	10,603	(2,075,273)	(626,648)	151,807	(171,531)	188,344	(2,522,698)	-
Cash Flows from Capital and Related Financing Activities								
Principal Payments - Bonds	-	-	-	-	(480,000)	-	(480,000)	-
Principal Payments - Notes	-	-	-	-	(110,326)	-	(110,326)	-
Principal Payments - Leases	-	-	(53,479)	(31,962)	(13,311)	(15,245)	(113,997)	-
Proceeds From Note Issuance	-	-	-	-	88,873	-	88,873	-
Capital Contributions	191,242	-	-	-	78,873	-	270,115	-
Proceeds from Sales of Capital Assets	-	728	-	-	15,033	-	15,761	-
Acquisition and Construction of Capital Assets	(135,236)	(30,750)	(137,526)	(7,040)	(558,407)	-	(868,959)	-
Interest Paid	-	-	(7,003)	(3,196)	(246,641)	(67)	(256,907)	-
Net Cash from Capital and Related Financing Activities	56,006	(30,022)	(198,008)	(42,198)	(1,225,906)	(15,312)	(1,455,440)	-
Interest Received	-	2,328	42	-	5,240	-	7,610	183
Net Increase (Decrease) in Cash	-	2,328	1,292	-	812,872	-	816,492	(435,324)
Cash - October 1, 2016	-	209,753	23,326	-	2,216,112	-	2,449,191	541,665
Cash - September 30, 2017	$ -	$ 212,081	$ 24,618	$ -	$ 3,028,984	$ -	$ 3,265,683	$ 106,341
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Operating Income (Loss)	$ (302,942)	$ 1,663,395	$ 737,522	$ (237,534)	$ 1,076,351	$ (191,065)	$ 2,745,727	$ (435,507)
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities								
Depreciation	219,563	109,145	56,945	126,114	1,229,689	24,268	1,765,724	-
(Increase) Decrease in Assets:								
Accounts Receivable	-	277,848	7,643	-	(24,078)	3,560	264,973	-
Inventory	16,215	(7,300)	(2,544)	3,065	(22,284)	-	(12,848)	-
Deferred Outflows	1,960	8,821	5,881	6,861	20,584	3,921	48,028	-
Increase (Decrease) in Liabilities:								-
Accounts Payable	2,775	29,069	19,910	(6,409)	(80,146)	(4,117)	(38,918)	-
Compensated Absences Payable	(2,298)	4,936	(187)	2,369	174	1,518	6,512	-
Salaries and Wages Payable	744	13,050	8,322	5,113	28,765	5,325	61,319	-
Customer Deposits	-	18,144	289	-	3,581	-	22,014	-
Deferred Inflows	4,864	21,887	14,592	17,024	51,070	9,727	119,164	-
Net Pension Liability	(7,490)	(33,700)	(22,467)	(26,212)	(78,637)	(26,169)	(194,675)	-
Net Cash Provided by (Used in) Operating Activities	$ (66,609)	$ 2,105,295	$ 825,906	$ (109,609)	$ 2,205,069	$ (173,032)	$ 4,787,020	$ (435,507)

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.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The financial statements of the reporting entity include those of the City (the primary government) and its component units. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, certain potential component units are considered for inclusion in the reporting entity because of the significance of their operational or financial relationships with the City. Blended component units, although legally separate entities, are in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Unit: The Downtown Development Authority (DDA), an entity legally separate from the City, is governed by a board appointed by the City Council and the Mayor. The Development Authority was created for the purpose of administering activities with regard to revitalization of downtown LaFayette. The Authority is financially dependent on the City for funding. For financial reporting purposes, the DDA is reported as a discretely presented component unit in the Statement of Net Position and the Statement of Activities as determined by the State of Georgia Department of Audits and Accounts.

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.

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 Fund 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 presented with the proprietary funds within the fund level financial statements and with governmental activities in the government-wide financial 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 goods, 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**. On the basic financial statements, inventories of supplies and materials are reported at cost using the first-in, first-out method. The City uses the consumption method to account for the inventories whereby items are recorded as an asset when purchased and expenses are recorded when the item is put into use.

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. Donated capital assets and capital assets received in a service concession arrangement are valued at acquisition costs. 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/Premiums, 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 year of debt issuance.

    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 other financing sources. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses.

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 statements 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 2008 SPLOST Capital Projects Fund had a deficit fund balance of $123,000 as of September 30, 2017 which was due to an internal balance associated with the approved SPLOST expenditures financed from other funds. The Police Technology Fund had a deficit fund balance of $34,904 as of September 30, 2017, 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 $171,224 as of September 30, 2017, 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 balances as of September 30, 2017 are classified in the financial statements as follows:

Statement of Net Position:	
Cash	$ 3,221,662
Restricted Cash	1,962,201
Total Cash	$ 5,183,863

Cash balances consist of the following:

Cash on Hand	$ 900
Cash Deposits in Financial Institutions	4,970,882
MEAG-Flexible Operating	212,081
Total Cash	$ 5,183,863

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.)

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 local option sales tax. Amounts due as of September 30, 2017, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	2014 Capital Projects Fund	Water Sewer Fund	Electric Fund	Gas Fund	Solid Waste Fund
Recievables:						
Accounts	$ 44,058	$ -	$ 1,581,904	$ 2,967,626	$ 283,640	$ 113,876
Taxes	75,957	-	-	-	-	-
Intergovernmental	-	72,296	-	-	-	-
Total	120,015	72,296	1,581,904	2,967,626	283,640	113,876
Less: Allowance for Uncollectibles	(30,296)	-	(749,749)	(1,396,249)	(119,616)	(49,564)
Net Total Recievables	$ 89,719	$ 72,296	$ 832,155	$ 1,571,377	$ 164,024	$ 64,312

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 20, 2016 and due by December 20, 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, 2016 was $166,282,639. Based on the 2016 millage levy of 2.82, a property owner would pay $2.82 per $1,000 of assessed valuation. Current tax collections of $408,363 were 97.3% 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, 2017, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water/Sewer	$ 1,182,389
General Fund	2008 Capital Projects	25,801
General Fund	Golf	2,401,916
General Fund	Airport	954,145
General Fund	Solid Waste	1,054,895
General Fund	Hotel Motel	171,224
General Fund	Police Technology	67,885
		5,858,255
Forfeiture	General Fund	966
Drug Task Force	General Fund	1,751
2014 Capital Projects	Water/Sewer	174,000
2014 Capital Projects	General Fund	22,388
		196,388
Electric	General Fund	3,544,805
Electric	Water/Sewer	5,730
Electric	Gas	5,730
		3,556,265
Gas	General Fund	1,346,025
Gas	2008 Capital Projects	8,000
Gas	Golf	286
		1,354,311
Water/Sewer	Self Insurance	308,095
Water/Sewer	Solid Waste	2,652
Water/Sewer	2008 Capital Projects	82,861
Water/Sewer	Gas	921
		394,529
Airport	2008 Capital Projects	6,338
Solid Waste	Electric	143,002
Solid Waste	Airport	1,072
		$ 144,074

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, 2017, interfund transfers were as follows:

Transfer Out Fund	Transfer In Fund
	General
Hotel/Motel	$ 62,648
Water/Sewer	665,000
Electric	1,150,000
Gas	700,000
Total	$ 2,577,648

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 tables provides a summary of the City's capital asset activity:

Governmental Activities	Beginning Balance	Additions	Deletions	Transfers In/(Out)	Ending Balance
Nondepreciable Capital Assets					
Land	$ 3,370,357	$ -	$ -	$ -	$ 3,370,357
Construction In Progress	164,530	-	-	-	164,530
Total Nondepreciable Capital Assets	3,534,887	-	-	-	3,534,887
Depreciable Capital Assets					
Buildings and Improvements	2,467,241	500,174	(409,846)	-	2,557,569
Park Improvements	2,416,417	4,105	-	-	2,420,522
Machinery and Equipment	3,055,246	453,230	(242,772)	-	3,265,704
Infrastructure	2,529,232	90,510	-	15,138	2,634,880
Total Depreciable Capital Assets	10,468,136	1,048,019	(652,618)	15,138	10,878,675
Less Accumulated Depreciation For:					
Buildings and Improvements	(2,095,538)	(79,055)	58,726	-	(2,115,867)
Park Improvements	(1,295,352)	(42,061)	-	-	(1,337,413)
Machinery and Equipment	(2,058,752)	(153,131)	227,634	-	(1,984,249)
Infrastructure	(519,915)	(116,767)	-	-	(636,682)
Total Accumulated Depreciation	(5,969,557)	(391,014)	286,360	-	(6,074,211)
Total Depreciable Capital Assets, Net	4,498,579	657,005	(366,258)	15,138	4,804,464
Total Capital Assets, Net	$ 8,033,466	$ 657,005	$(366,258)	$ 15,138	$ 8,339,351

Business-type Activities	Beginning Balance	Additions	Deletions	Transfers In/(Out)	Ending Balance
Nondepreciable Capital Assets					
Land	$ 2,277,584	$ 61,174	$ -	$ -	$ 2,338,758
Construction In Progress	230,972	478,664	-	-	709,636
Total Nondepreciable Capital Assets	2,508,556	539,838	-	-	3,048,394
Depreciable Capital Assets					
Buildings and Improvements	5,074,065	-	(39,291)	-	5,034,774
Improvements other than Buildings	3,754,072	-	(584,786)	-	3,169,286
Machinery and Equipment	4,322,550	257,259	(326,567)	-	4,253,242
Distribution and Collection Systems	42,717,234	648,060	(301,088)	-	43,064,206
Total Depreciable Capital Assets	55,867,921	905,319	(1,251,732)	-	55,521,508
Less Accumulated Depreciation For:					
Buildings and Improvements	(1,914,878)	(185,000)	37,976	-	(2,061,902)
Improvements Other Than Buildings	(766,522)	(130,235)	-	-	(896,757)
Machinery and Equipment	(2,790,629)	(293,703)	337,837	-	(2,746,495)
Distribution and Collection Systems	(21,442,740)	(1,156,786)	301,088	-	(22,298,438)
Total Accumulated Depreciation	(26,914,769)	(1,765,724)	676,901	-	(28,003,592)
Total Depreciable Capital Assets, Net	28,953,152	(860,405)	(574,831)	-	27,517,916
Total Capital Assets, Net	$31,461,708	$ (320,567)	$ (574,831)	$ -	$30,566,310

Governmental Activities:

General Government	$ 31,229
Police	54,312
Fire	6,411
Public Works	189,928
Engineering	428
Garage	332
Recreation	108,374
Total	$ 391,014

Business-type Activities

Airport	$ 219,563
Electric	109,145
Gas	56,945
Golf	126,114
Water and Sewer	1,229,689
Solid Waste	24,268
Total	$1,765,724

NOTE 7. LEASES

Portable Radios - Governmental Capital Lease: During fiscal year 2014, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of portable radios for $24,168 for the police department. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was $2,417. The interest rate on this lease is 5.66%.

The historical cost of the leased asset and the related accumulated depreciation are as follows:

	Governmental Activities
Portable Radios	$ 24,168
Less: Accumulated Depreciation	(7,251)
Total Net Book Value	$ 16,917

Police Vehicles - Governmental Capital Lease: During fiscal year 2016, the City entered into two capital lease agreements with the USDA as lessee for financing the acquisition of a two vehicles for the police department. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was $12,873. The interest rates on these leases are 3.63% and 2.38%.

The historical cost of the leased asset and the related accumulated depreciation are as follows:

	Governmental Activities
Police Vehicles	$ 47,000
Less: Accumulated Depreciation	(25,744)
Total Net Book Value	$ 21,256

Software System - Governmental Capital Lease: During fiscal year 2017, the City entered into a lease agreement with Tyler Technologies as lessee for financing the acquisition of a new software system. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was $9,081. The interest rate on this lease is 4.23%.

The historical cost of the leased asset and the related accumulated depreciation are as follows:

	Governmental Activities
Tyler Software	$ 181,619
Less: Accumulated Depreciation	(9,081)
Total Net Book Value	$ 172,538

Tract Loader - Governmental and Business-type Capital Lease: During fiscal year 2014, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of a Bobcat T650 Compact Tract Loader for $53,686 to be shared between the public works, water and sewer, and gas funds. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was $5,368. The interest rate on this lease is 3.16%.

The historical cost of the leased assets and the related accumulated depreciation are as follows:

	Governmental and Business-type Activities
Bobcat Tract Loader	$ 53,686
Less: Accumulated Depreciation	(16,106)
Total Net Book Value	$ 37,580

Komatsu Excavator –Business-type Capital Lease: During fiscal year 2016, the City entered into a capital lease agreements with BB&T Governmental Finance as lessee for financing the acquisition of a Komatsu Excavator for $53,010 for the water, sewer, and gas departments. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was $2,651. The interest rate on this lease is 3.46%

The historical cost of the leased assets and the related accumulated depreciation are as follows:

	Business-type Activities
Komatsu Excavator	$ 53,010
Less: Accumulated Depreciation	(2,651)
Total Net Book Value	$ 50,359

Garbage Truck - Business-type Capital Lease: 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 for the solid waste department. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was $14,293. The interest rate on the lease is 2.39%.

The historical cost of the leased asset and the related accumulated depreciation are as follows:

	Business-type Activities
2012 Peterbilt Garbage Truck	$ 214,393
Less: Accumulated Depreciation	(71,464)
Total Net Book Value	$ 142,929

Gas Line Extensions - Business-type Capital Lease: During fiscal year 2012, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of gas line extensions throughout the City for the gas department. The extensions were completed and began depreciating in fiscal 2013. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was $10,412. The interest rate on the lease is 2.59%.

The historical cost of the leased asset and the related accumulated depreciation are as follows:

	Business-type Activities
Gas Line Extensions	$ 312,370
Less: Accumulated Depreciation	(41,754)
Total Net Book Value	$ 270,616

GMC Truck - Business-type Capital Lease: During fiscal year 2014, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of a 2015 GMC service truck for $32,505 for the gas department., This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was $6,501. The interest rate on this lease is 3.24%.

The historical cost of the leased asset and the related accumulated depreciation are as follows:

	Business-type Activities
2013 GMC Truck	$ 32,505
Less: Accumulated Depreciation	(19,503)
Total Net Book Value	$ 13,002

Golf Carts - Business-type Capital Lease: During fiscal year 2016, the City entered into a lease agreement with PNC Equipment Finance as lessee for financing a portion of the acquisition of a 60 golf carts for the golf course for $131,999 for the golf course. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was $44,394. The interest rate on this lease is 3.13%.

The historical cost of the leased asset and the related accumulated depreciation are as follows:

	Business-type Activities
Golf Carts	$ 221,698
Less: Accumulated Depreciation	(44,394)
Total Net Book Value	$ 177,304

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 future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, are as follows:

Year Ending September 30	Governmental Activities	Business-Type Activities
2018	47,695	93,677
2019	47,695	90,278
2020	52,809	67,962
2021	42,206	40,910
2022	10,394	40,910
2023-2024	10,256	-
Total Minimum Lease Payments	211,055	333,737
Less Amount Representing Interest	(17,583)	(18,504)
Present Value of Future Minimum Lease Payments	$ 193,472	$ 315,233

NOTE 8. LONG-TERM DEBT

Debt outstanding as of September 30, 2017 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 remaining maturity.

	Interest Rate	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Governmental Activities:					
SPLOST Bonds	1.95%	3/4/2014	1/1/2021	$ 2,085,000	$ 1,435,000

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2018	$ 345,000	$ 24,619
2019	355,000	17,793
2020	365,000	10,773
2021	370,000	3,608
Total	$ 1,435,000	$ 56,793

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 mature in fiscal 2032.

	Interest Rate	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Business-type Activities:					
Water/Sewer Bonds	2.00%	2/19/2013	9/30/2032	$ 9,200,000	$ 7,080,000

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

	Business-type Activities	
Year Ending September 30	Principal	Interest
2018	$ 500,000	$ 174,936
2019	510,000	160,936
2020	525,000	148,786
2021	530,000	139,861
2022	545,000	129,261
2023-2027	2,200,000	483,507
2028-2032	2,270,000	189,772
Total	$ 7,080,000	$ 1,427,059

Notes Payable

	Interest Rates	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Business-type Activities:					
Water/Sewer - System	3.00%	11/01/10	07/01/32	$ 473,000	$ 376,509
Water/Sewer - System	2.40%	09/17/14	09/17/36	1,600,000	1,526,236
Water/Sewer - System	2.27%	09/04/15	03/01/32	825,000	797,886
				$ 2,898,000	$ 2,700,631

Notes payable debt service requirements to maturity are presented below:

Year Ending September 30	Business-Type Activities Principal	Interest
2018	$ 132,678	$ 64,556
2019	135,960	61,273
2020	139,324	57,910
2021	142,773	54,461
2022	146,308	50,926
2023-2027	814,645	198,428
2028-2032	820,106	96,020
2033-2036	368,837	17,597
Total	$ 2,700,631	$ 601,171

The following is a summary of the City's long-term debt transactions for the year ended September 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 1,775,000	$ -	$ (340,000)	$ 1,435,000	$ 345,000
Capitalized Leases	54,282	181,619	(42,429)	193,472	41,162
Compensated Absences	155,864	69,421	(69,030)	156,255	69,030
				178,727	
Total Governmental Activities	$ 3,453,519	$ 251,040	$ (451,459)	$ 3,253,100	$ 455,192
Business-type Activities:					
Note Payable	$ 2,722,084	$ 88,873	$ (110,326)	$ 2,700,631	$ 132,678
Revenue Bonds	7,616,122	-	(483,507)	7,132,615	500,000
Landfill Closure/Post Closure	102,622	131,334	(102,622)	131,334	131,334
Capitalized Leases	312,839	132,000	(129,606)	315,233	91,498
Compensated Absences	122,683	57,890	(51,379)	129,194	51,379
Total Business-type Activities	$10,876,350	$ 410,097	$ (877,440)	$10,409,007	$ 906,889

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, 2017, the outstanding debt of MEAG was $6,076,123,942. The City's guarantee varies by individual project and totals $62,878,025.

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 plan's actuarial 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 2017 and 2016 is $4,470,429 and $4,408,649 respectively.

Net Pension Liability

The City's net pension liability (NPL) was measured as of January 1, 2017, 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, 2016.

Changes in Net Pension Liability

	(a) (TPL) Total Pension Liability	(b) (FNP) Fiduciary Net Position	(a)-(b) (NPL) Net Pension Liability
Balances at September 30, 2015	$ 12,977,165	$ 10,317,030	$ 2,660,135
Changes for the Year			
Service Cost	183,261	-	183,261
Interest	981,250	-	981,250
Differences Between Expected and Actual Experience	(321,087)	-	(321,087)
Changes of Assumptions	-	-	-
Contributions - Employer	-	373,892	(373,892)
Contributions - Employees	-	-	-
Net Investment Income	-	1,139,625	(1,139,625)
Benefit Payments, Including Refunds of Employee Contributions	(631,747)	(631,747)	-
Administrative Expense	-	(15,878)	15,878
Other	-	-	-
Net Changes	211,677	865,892	(654,215)
Balances at September 30, 2016	$ 13,188,842	$ 11,182,922	$ 2,005,920

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.75%) or 1% point higher (8.75%) than the current rate.

Sensitivity of the NPL to Changes in Discount Rate

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Total Net Pension Liability	$ 3,606,008	$ 2,005,920	$ 655,898

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 Reate 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	Project Unit Credit
Amortization Method	Closed Level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amotization 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 withing 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 the City contributions will be made at rates equal to the difference between actuarily 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, 2017, the City recognized pension expense of $469,868. At September 30, 2017, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions for future periods	$ 430,901	$ -
Differences between expected and actual experience	467,774	(240,816)
Changes of assumptions	-	(36,850)
Net differences between projected and actual earnings on pension plan investments and changes in assumptions	-	(20,797)
Total	$ 898,675	$ (298,463)

Pension contributions subsequent to the measurement date of $430,901 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2018	$ 78,443
2019	78,443
2020	82,557
2021	(70,132)
2022	-

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, 2016 are as summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	45.00%	6.75%
International Equity	20.00%	7.45%
Real Estate	10.00%	4.55%
Global Fixed Income	5.00%	3.30%
Domestic Fixed Income	20.00%	1.75%
Cash	0.00%	
Total	100.00%	

Payable to the Pension Plan

There were no outstanding amounts of contributions to the pension plan required for the year ended September 30, 2017.

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:

General Government	$	811,828
Police		81,301
Fire		1,452
Debt Service		42,945

Expenditures also exceeded appropriations in the Police Special Revenue Fund and the Police Technology 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. RESTRICTED ASSETS

At September 30, 2017, the restricted assets account balances are comprised of the following:

Governmental Activities:	General	Capital Projects 2014 SPLOST	Other Governmental Funds
Cash - Perpetual Care	$ 130,040	$ -	$ -
Cash - Shop with a Cop	10,658	-	-
Cash - Capital Projects - 2014 SPLOST	-	431,961	-
Cash - Special Revenue Police Funds	118,314	-	118,314
Cash - Bond Debt Service	11,001	-	-
Total Restriced Assets	$ 270,013	$ 431,961	$ 118,314

Business-Type Activities:	Water/Sewer	Electric
Cash - MEAG	$ -	$ 212,081
Cash - Construction Cash	152,550	-
Cash - GEFA loan account	57,335	-
Total Restriced Assets	$ 209,885	$ 212,081

NOTE 15. 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:

Restricted for Debt Service and Renewals and Replacement - These accounts 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.

NOTE 16. 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 post closure 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 post closure costs at September 30, 2017 is $538,928. Estimated total current cost of closure and post closure care remaining to be recognized is $131,334. However, the actual cost of closure and post closure 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. According to the most recent study, the landfill capacity used to date is approximately 25% and at the current usage rate, the estimated remaining life of the landfill is 45 years.

NOTE 17. 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%. For the year ended September 30, 2017, the amount the City collected was $42,137. In accordance with a contractual agreement, 100% of the 2% difference in collections have been paid to the Walker County Chamber of Commerce and was to be used for the promotion of tourism.

NOTE 18. 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 19. PRIOR PERIOD ADJUSTMENT

During the fiscal period the City discovered an error in the deferred outflow of resources calculation in the enterprise funds for the year ended September 30, 2016. The net effect of that correction increased the business-type net position on the Statement of Net Position by $139,615. At the proprietary fund level, net position increased as follows:

Fund	Increase in Net Position
Airport	$ 5,595
Electric	25,179
Gas	16,786
Golf	22,116
Water and Sewer	58,749
Solid Waste	11,190
	$ 139,615

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAFAYETTE, GEORGIA

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

For the Previous Ten Fiscal Periods

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability											
Service Cost	$ 183,261	$ 199,245	$ 165,910	*	*	*	*	*	*	*	*
Interest	981,250	907,702	850,512	*	*	*	*	*	*	*	*
Benefit Changes	-	-	-	*	*	*	*	*	*	*	*
Differences Between Expected and Actual Experience	(321,087)	495,739	425,825	*	*	*	*	*	*	*	*
Changes of Assumptions	-	-	(92,127)	*	*	*	*	*	*	*	*
Benefit Payments, Including Refunds	(631,747)	(675,620)	(548,747)	*	*	*	*	*	*	*	*
Other	-	-	-								
Net Change in Total Pension Liability	211,677	927,066	801,373	*	*	*	*	*	*	*	*
Total Pension Liability - Beginning	12,977,165	12,050,099	11,248,726	*	*	*	*	*	*	*	*
Total Pension Liability - Ending	$ 13,188,842	$ 12,977,165	$ 12,050,099	*	*	*	*	*	*	*	*
Plan Net Position											
Contributions - Employer	$ 373,892	$ 327,777	$ 418,853	*	*	*	*	*	*	*	*
Contributions - Member	-	-	-	*	*	*	*	*	*	*	*
Net Investment Income	1,139,625	134,281	1,092,710	*	*	*	*	*	*	*	*
Benefit Payments, Including Refunds	(631,747)	(675,620)	(548,747)	*	*	*	*	*	*	*	*
Administrative Expense	(15,878)	(18,213)	(14,476)	*	*	*	*	*	*	*	*
Other	-	-	-	*	*	*	*	*	*	*	*
Net Change in Plan Net Position	865,892	(231,775)	948,340	*	*	*	*	*	*	*	*
Plan Net Position - Beginning	10,317,030	10,548,805	9,600,465	*	*	*	*	*	*	*	*
Plan Net Position - Ending	$ 11,182,922	$ 10,317,030	$ 10,548,805	*	*	*	*	*	*	*	*
Net Pension Liability - Ending	$ 2,005,920	$ 2,660,135	$ 1,501,294	*	*	*	*	*	*	*	*
Total Pension Liability	$ 13,188,842	$ 12,977,165	$ 12,050,099	*	*	*	*	*	*	*	*
Plan Net Position	11,182,922	10,317,030	10,548,805	*	*	*	*	*	*	*	*
Net Pension Liability	$ 2,005,920	$ 2,660,135	$ 1,501,294	*	*	*	*	*	*	*	*
Ratio of Plan Net Position to Total Pension Liability	84.79%	79.50%	87.54%	*	*	*	*	*	*	*	*
Covered Employee Payroll	$ 4,301,277	$ 4,470,429	$ 4,408,649	*	*	*	*	*	*	*	*
Net Pension Liability as a Percentage of Covered Employee Payroll	46.64%	59.51%	34.05%	*	*	*	*	*	*	*	*

This schedule is to be built prospectively. Historical information prior to 2015 is not required.

CITY OF LAFAYETTE, GEORGIA
Required Supplementary Information
Schedule of Contributions - Pension Plan
For the Previous Ten Fiscal Periods

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	$ 430,901	$ 373,892	$ 327,777	*	*	*	*	*	*	*
Contributions in Relation to the Actuarially Determined Contribution	430,901	373,892	327,777	*	*	*	*	*	*	*
Contribution Deficiency (Excess)	$ -	$ -	$ -	*	*	*	*	*	*	*
Covered Employee Payroll	4,470,429	$ 4,408,649	$ 3,521,904	*	*	*	*	*	*	*
Contributions As a Percentage of Covered Employee Payroll	9.64%	8.48%	9.31%	*	*	*	*	*	*	*

* Historical information prior to implementation of GASB 67/68 not required.

Notes to Schedule of Contributions:

Valuation Date: The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year.

Methods and Assumptions Used to Determine Contribution Rates

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.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75% net pension plan investment expense, including inflation
Projected Salary Increases	3.25% plus age and service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Normal - 65; Early - 55
Mortality	The mortality and economic actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.
Other Information	This schedule is presented to illustrate the requirement to show information for 10 years. However, a full 10 year trend is not available.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF LAFAYETTE, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
2008 SPLOST Capital Projects Fund - Project Length Budget and Actual
For the Year Ended September 30, 2017

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 4,434,600	$ 4,434,600	$ -	$ (4,434,600)
Interest Income	-	-	-	-
Total Revenues	4,434,600	4,434,600	-	(4,434,600)
Expenditures				
Capital Outlays	4,434,600	4,434,600	-	4,434,600
Total Expenditures	4,434,600	4,434,600	-	4,434,600
Excess of Revenues Over Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance (Deficit) - Beginning of Year	(123,000)	(123,000)	(123,000)	-
Fund Balance (Deficit) - End of Year	$ (123,000)	$ (123,000)	$ (123,000)	$ -

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

CITY OF LAFAYETTE, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
2014 SPLOST Capital Projects Fund - Budget and Actual
For the Year Ended September 30, 2017

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 384,000	$ 384,000	$ 419,242	$ 35,242
Interest Income	500	500	1,077	577
Total Revenues	384,500	384,500	420,319	35,819
Expenditures				
Current:				
General Government	30,000	30,000	1,061	28,939
Public Works	480,000	193,949	-	193,949
Capital Outlays:				
Public Works	1,100,000	1,386,051	286,051	1,100,000
Recreation	75,818	75,818	75,818	-
Other Capital Outlays	840,191	840,191	-	840,191
Debt Service:				
Principal	340,000	340,000	340,000	-
Interest	13,991	13,991	33,667	(19,676)
Total Expenditures	2,880,000	2,880,000	736,597	2,143,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,495,500)	(2,495,500)	(316,278)	2,179,222
Net Change in Fund Balance	(2,495,500)	(2,495,500)	(316,278)	2,179,222
Fund Balance - Beginning of Year	1,003,900	1,003,900	1,003,900	-
Fund Balance - End of Year	$ (1,491,600)	$ (1,491,600)	$ 687,622	$ 2,179,222

CITY OF LAFAYETTE, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue				
	Police Technology	Police	Police Forfeiture	Hotel/Motel	Total Nonmajor Governmental Funds
Assets					
Cash	$ 32,981	$ 59,677	$ 25,656	$ -	$ 118,314
Due from Other Funds	-	1,751	966	-	2,717
Total Assets	$ 32,981	$ 61,428	$ 26,622	$ -	$ 121,031
Liabilities and Fund Balances					
Liabilities:					
Unreleased Confiscations	$ -	$ -	$ 25,625	$ -	$ 25,625
Due to Other Funds	67,885	-	-	171,224	239,109
Total Liabilities	67,885	-	25,625	171,224	264,734
Fund Balance:					
Restricted for:					
Law Enforcement Activities	-	61,428	997	-	62,425
Unassigned	(34,904)	-	-	(171,224)	(206,128)
Total Fund Balances	(34,904)	61,428	997	(171,224)	(143,703)
Total Liabilities and Fund Balances	$ 32,981	$ 61,428	$ 26,622	$ -	$ 121,031

CITY OF LAFAYETTE, GEORGIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2017

	Special Revenue				
	Police Technology	Police	Police Forfeiture	Hotel/Motel	Total Nonmajor Governmental Funds
Revenues					
Taxes	$ -	$ -	$ -	$ 42,137	$ 42,137
Fines and Forfeitures	-	134,188	-	-	134,188
Interest Income	41	7	30	-	78
Total Revenues	41	134,195	30	42,137	176,403
Expenditures					
Current:					
Police	-	75,614	-	-	75,614
Capital Outlay:					
Police	8,674	-	-	-	8,674
Total Expenditures	8,674	75,614	-	-	84,288
Excess of Revenues Over Expenditures	(8,633)	58,581	30	42,137	92,115
Other Financing Sources (Uses)					
Transfers - Out	-	-	-	(62,648)	(62,648)
Total Other Financing Sources (Uses)	-	-	-	(62,648)	(62,648)
Net Change in Fund Balances	(8,633)	58,581	30	(20,511)	29,467
Fund Balance (Deficit) - Beginning of Year	(26,271)	2,847	967	(150,713)	(173,170)
Fund Balance (Deficit) - End of Year	$ (34,904)	$ 61,428	$ 997	$ (171,224)	$ (143,703)

CITY OF LAFAYETTE, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
Police Technology Special Revenue Fund - Budget and Actual
For the Year Ended September 30, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fines and Forfeitures	$ 6,000	$ 6,000	$ -	$ (6,000)
Interest	-	-	41	41
Total Revenues	6,000	6,000	41	41
EXPENDITURES				
Capital Outlay:				
Police	-	-	8,674	(8,674)
Total Expenditures	-	-	8,674	(8,674)
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,000	6,000	(8,633)	(8,633)
Net Change in Fund Balance	6,000	6,000	(8,633)	(8,633)
Fund Balance (Deficit) - Beginning of Year	(26,271)	(26,271)	(26,271)	-
Fund Balance (Deficit) - End of Year	$ (20,271)	$ (20,271)	$ (34,904)	$ (8,633)

CITY OF LAFAYETTE, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
Police Special Revenue - Budget and Actual
For the Year Ended September 30, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fines and Forfeitures	$ -	$ -	$ 134,188	$ 134,188
Interest	-	-	7	7
Total Revenues	-	-	134,195	134,195
Expenditures				
Current:				
Police	-	-	75,614	(75,614)
Total Expenditures	-	-	75,614	(75,614)
Excess of Revenues Over Expenditures	-	-	58,581	58,581
Net Change in Fund Balance	-	-	58,581	58,581
Fund Balance - Beginning of Year	2,847	2,847	2,847	-
Fund Balance - End of Year	$ 2,847	$ 2,847	$ 61,428	$ 58,581

CITY OF LAFAYETTE, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
Police Forfeiture Special Revenue - Budget and Actual
For the Year Ended September 30, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Interest	$ -	$ -	$ 30	$ 30
Total Revenues	-	-	30	30
Expenditures				
Current:				
Police	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	30	30
Net Change in Fund Balance	-	-	30	30
Fund Balance - Beginning of Year	967	967	967	-
Fund Balance - End of Year	$ 967	$ 967	$ 997	$ 30

CITY OF LAFAYETTE, GEORGIA

Schedule of Revenues, Expenditures, and Change in Fund Balance
Hotel/Motel Tax Special Revenue - Budget and Actual
For the Year Ended September 30, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 50,000	$ 50,000	$ 42,137	$ (7,863)
Total Revenues	50,000	50,000	42,137	(7,863)
Expenditures				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	50,000	42,137	(7,863)
Other Financing Sources (Uses)				
Transfers - Out	(18,750)	(18,750)	(62,648)	(43,898)
Total Other Financing Sources (Uses)	(18,750)	(18,750)	(62,648)	(43,898)
Net Change in Fund Balance	31,250	31,250	(20,511)	(51,761)
Fund Balance (Deficit) - Beginning of Year	(150,713)	(150,713)	(150,713)	-
Fund Balance (Deficit) - End of Year	$ (119,463)	$ (119,463)	$ (171,224)	$ (51,761)

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STATISTICAL SECTION

CITY OF LAFAYETTE, GEORGIA
Statistical Section
September 30, 2017

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. 69-72

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue source, property tax. 73-76

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. 77-81

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. 82-83

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. 84-86

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	$ 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	$ 6,710,879
Restricted	159,095	370,207	372,480	1,741,229	1,676,815	1,479,716	2,410,068	1,745,187	897,689	750,047
Unrestricted	(478,789)	1,888,574	430,307	(1,953,591)	(1,627,242)	(1,136,111)	(2,089,196)	(343,066)	97,653	521,196
Total Governmental Activities Net Position	$ 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	$ 7,982,122
Business-type Activities										
Net Investment in Capital Assets	$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	$20,536,755
Restricted	1,229,047	1,230,702	1,156,598	217,585	36,038	241,016	262,739	340,636	247,973	1,399,926
Unrestricted	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	2,345,740
Total Business-type Activities Net Position	$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	$24,282,421
Primary Government										
Net Investment in Capital Assets	$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	$27,247,634
Restricted	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	2,149,973
Unrestricted	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	2,866,936
Total Primary Government Net Position	$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	$32,264,543

CITY OF LAFAYETTE, GEORGIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General Government	$ 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	$ 2,394,669
Police	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	1,763,703
Fire	381,843	411,645	424,828	427,647	425,276	398,437	354,798	318,558	332,452	369,464
Public Works	959,681	952,337	1,198,003	1,122,605	963,898	833,213	857,663	803,207	773,352	941,609
Engineering	371,007	313,018	241,806	211,138	204,827	215,972	212,957	174,876	202,162	172,996
Recreation	990,485	836,134	880,389	872,255	881,464	885,455	877,852	860,885	886,640	953,718
Garage	239,752	170,778	172,978	221,800	181,492	173,860	181,154	123,233	184,176	216,392
Animal Control	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	44,571
Total Governmental Activities Expenses	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	6,857,122
Business-type Activities:										
Electric	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	8,310,592
Gas	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	1,552,046
Water & Sewer	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	4,332,376
Solid Waste	571,896	468,771	547,797	577,842	621,608	646,676	581,824	577,944	695,184	704,044
Golf	720,431	729,031	768,208	805,176	775,168	824,600	828,138	821,948	849,834	759,612
Airport	288,331	338,773	348,963	375,148	341,807	419,409	426,215	415,003	417,987	425,403
Total Business-type Activities Expenses	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	16,084,073
Total Primary Government Expenses	$ 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	$22,941,195
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$ 727,865	$ 741,448	$ 762,271	$ 789,344	$ 796,124	$ 760,077	$ 758,906	$ 741,476	$ 818,681	$ 795,525
Police	265,671	226,688	331,889	343,163	208,702	130,407	110,801	167,510	278,626	644,568
Fire	-	-	-	-	-	-	-	-	-	-
Public Works	62,065	63,480	39,650	38,750	45,515	33,850	40,825	43,505	57,910	23,693
Engineering	-	10,619	7,041	15,955	8,388	51,302	26,930	35,527	21,428	-
Recreation	114,843	106,635	124,327	126,270	147,914	156,134	145,871	142,837	130,645	160,223
Garage	-	-	-	-	-	-	-	-	-	-
Animal Control	48	124	59	44	63	-	-	-	-	-
Operating Grants and Conributions	73,729	37,162	72,571	68,212	93,656	309,683	213,506	240,742	182,230	128,639
Capital Grants and Contributions	41,474	279,448	222,297	276,066	916,182	832,704	726,520	639,247	569,697	420,319
Total Governmental Activities Program Revenues	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	2,172,967
Business-type Activities:										
Charges for Services:										
Electric	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	9,973,987
Gas	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	2,282,565
Water & Sewer	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	5,162,086
Solid Waste	470,525	504,938	485,433	490,800	565,453	513,299	516,238	508,875	518,571	512,912
Golf	527,709	598,882	554,463	572,607	580,127	571,570	590,906	541,358	562,206	518,882
Airport	114,928	99,184	112,222	122,131	125,643	121,983	122,746	138,188	123,175	122,461
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	270,115
Total Business-type Activities Program Revenues	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	18,843,008
Total Primary Government Program Revenues	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	21,015,975
Net (expense) Revenue										
Governmental Activities	(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)	(4,684,155)
Business-type Activities	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	2,758,935
Total Primary Government Net (Expense)	(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)	(1,925,220)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property	507,138	533,775	464,412	472,937	437,343	496,057	558,081	613,612	594,623	594,983
Sales	545,066	1,380,487	1,116,086	1,149,233	493,200	473,889	552,506	567,551	526,846	588,207
Hotel/Motel	29,153	27,889	28,065	22,972	25,524	29,843	24,151	35,327	51,488	42,137
Insurance Premium	366,324	375,099	371,580	360,781	334,005	354,769	367,329	383,854	410,085	444,201
Business/Occupation	74,973	75,158	76,521	71,226	75,656	75,220	72,046	75,200	72,234	113,871
Beverage	123,495	132,496	117,584	122,097	115,330	122,645	118,576	118,966	117,370	110,741
Franchise	266,226	279,595	268,837	291,322	286,851	285,086	264,796	279,409	259,068	245,294
Other	625,632	375,690	16,166	11,882	37,702	33,049	94,464	61,159	141,149	4,281
Investment Earnings	22,316	45,862	25,067	6,048	3,600	1,959	16,512	21,891	19,426	18,239
Miscellaneous	126,193	41,230	62,563	23,751	36,216	26,821	23,175	63,767	-	122,475
Payments to Other Governments	(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	138,344
Transfers	(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	2,515,000
Total Governmental Activities	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	4,937,773
Business-type Activities:										
Investment Earnings	108,671	39,503	10,104	9,589	5,388	8,038	28,336	19,118	12,090	7,610
Gain on Sale of Capital Assets	(258,915)	745	115,561	1,304	56,633	600	(31,490)	932	5,301	15,033
Transfers	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)	(2,515,000)
Total Business-type Activities	(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)	(2,492,357)
Total Primary Government	$ 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	$ 2,445,416
Change in Net Position										
Governmental Activities	$ (3,302,516)	$ 170,364	$ (191,166)	$ (191,463)	$ 690,106	$ 1,233,753	$ 787,662	$ 1,117,199	$ 262,133	$ 253,618
Business-type Activities	2,206,779	978,738	1,196,809	(272,189)	(1,902,238)	(335,728)	(112,969)	53,686	490,609	266,578
Total Primary Government	$ (1,095,737)	$ 1,149,102	$ 1,005,643	$ (463,652)	$ (1,212,132)	$ 898,025	$ 674,693	$ 1,170,885	$ 752,742	$ 520,196

CITY OF LAFAYETTE

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	$ -	$ -	$ -	$ 35,190	$ 34,410	$ 33,996	$ 36,636	$ 44,515	$ 54,100	$ 12,160
Committed	-	-	-	116,276	94,895	110,703	72,171	-	-	-
Unassigned	702,378	749,250	196,308	(626,543)	(576,965)	117,120	236,892	884,237	1,604,125	2,005,347
Total General Fund	$ 702,378	$ 749,250	$ 196,308	$ (475,077)	$ (447,660)	$ 261,819	$ 345,699	$ 928,752	$ 1,658,225	$ 2,017,507
All Other Governmental Funds										
Nonspendable	$ (338,635)	$ 370,207	$ 372,480	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	765,591	683,172	435,934	2,234,238	1,734,417	1,007,714	750,047
Unassigned	(583,994)	1,349,121	443,945	(35,726)	(49,308)	(72,887)	(22,980)	(188,129)	(299,984)	(329,128)
Total All Other Governmental Funds	$ (922,629)	$ 1,719,328	$ 816,425	$ 729,865	$ 633,864	$ 363,047	$ 2,211,258	$ 1,546,288	$ 707,730	$ 420,919

CITY OF LAFAYETTE, GEORGIA

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	$ 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	$ 2,152,743
Grant Revenue	53,551	129,917	249,387	265,329	229,324	454,251	178,451	194,588	170,062	-
Licenses and Permits	17,011	11,519	8,191	20,259	11,088	53,223	30,592	35,967	21,428	19,893
Intergovernmental	39,624	180,545	340	678,286	724,859	652,775	703,148	636,672	569,697	526,508
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	278,683	273,686	365,015	377,112	228,377	154,575	141,508	212,096	251,513	395,254
Charges for Services	232,636	223,217	227,744	221,676	257,814	253,990	246,224	249,131	256,965	1,071,271
Contributions and Donations	3,281	7,015	8	3,779	23,168	323	1,103	13,701	11,167	62,147
Miscellaneous Income	1,448,638	1,127,298	813,863	786,787	826,405	778,368	858,831	826,975	940,076	145,568
Interest Income	22,293	45,848	25,000	6,048	3,600	2,500	16,512	21,892	19,426	19,163
Total Revenues	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	4,392,547
Expenditures										
General Government	885,421	927,908	931,920	1,019,574	1,015,374	1,094,371	1,321,939	1,254,664	1,344,074	2,359,509
Police	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	1,858,312
Fire	322,461	294,913	325,242	323,770	315,646	309,163	321,440	319,403	310,183	380,108
Public Works	862,912	787,221	1,073,030	1,017,074	839,336	721,214	771,127	726,910	633,389	911,744
Engineering	331,100	278,499	232,890	205,498	193,517	214,825	217,117	188,039	182,394	181,754
Recreation	850,184	740,019	802,517	765,844	764,731	807,607	822,309	824,295	792,600	799,664
Garage	200,080	152,250	167,943	211,514	173,471	174,150	185,935	134,907	173,874	217,741
Animal Control	49,090	43,749	55,980	44,564	39,783	35,430	21,833	155	-	-
Intergovernmental Expenditures	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	382,429
Interest	-	88,112	125,154	104,709	60,695	38,894	30,660	41,844	37,471	44,571
Bond Issuance Costs	-	105,807	-	-	-	-	-	-	-	-
Capital Outlay	1,995,556	1,122,077	1,113,142	633,329	380,014	609,314	501,105	766,737	951,121	370,543
Total Expenditures	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	7,506,375
Excess (Deficiency) of Revenues Over (Under) Expenditures	(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)	(3,113,828)
Other Financing Sources (Uses)										
Bond Issuance	-	3,400,000	-	-	-	-	2,085,000	-	-	
Transfers Out	(566,635)	(984,700)	(974,461)	(91,177)	(397,524)	(40,143)	(47,383)	(229,152)	(128,425)	(62,648)
Transfers In	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	2,577,648
Capital Leases	-	-	-	-	42,515	40,024	37,590	-	47,200	181,619
Sale of Capital Assets	23,273	44,200	17,381	-	67,574	7,836	20,688	3,528	32,963	489,680
Total Other Financing Sources (Uses)	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	3,186,299
Net Change in Fund Balances	$ (1,749,051)	$ 2,688,829	$ (1,455,845)	$ (757,945)	$ 14,389	$ 438,662	$ 1,932,091	$ (81,917)	$ (109,085)	$ 72,471
Debt service as a percentage of non capital expenditures	0.0%	3.9%	10.5%	10.7%	11.1%	11.2%	10.8%	11.7%	6.1%	6.0%

CITY OF LAFAYETTE

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					
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%
2017	69,901,378	37,751,692	56,498,943	-	2,130,626	14,399,991	151,882,648	2.99	379,706,620	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

Fiscal Year	Direct Rates: City of Lafayette Operating Millage	Overlapping Rates: Walker County (A)	Overlapping Rates: State of Georgia (B)	Total Direct and Overlapping Rates
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	24.60	0.20	27.79
2014	2.99	24.60	0.15	27.74
2015	2.99	25.23	0.10	28.32
2016	2.99	26.05	0.05	29.09
2017	2.83	24.47	-	27.30

(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)
It was phased out in fiscal 2017.

CITY OF LAFAYETTE, GEORGIA
Principal Property Taxpayers
September 30, 2017

	2017			2008		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ropcor LP	$ 30,032,024	1	18.06%	$ 22,593,220	1	15.26%
Unique Fabricating South	4,913,148	2	2.95%			
Zorn, Eric, As Trustee	2,754,402	3	1.66%			
Walmart Stores East	2,452,792	4	1.48%	4,539,683	3	3.07%
Georgia Windstream, Inc.	1,727,785	5	1.04%	3,030,174	4	2.05%
Dixie Color Plant 2	1,348,816	6	0.81%			
Buy the Truck, LLC.	1,305,402	7	0.79%			
Lafayette Plaza Associates, LLC	1,197,120	8	0.72%			
Comcast of the South	1,173,107	9	0.71%			
Bank of Lafayette	967,279	10	0.58%			
Syntec Industries, LLC	-		-	1,008,112	7	0.68%
Auto Custom Carpets, Inc.	-		-	878,639	10	0.59%
Blud Bird of North Georgia	-		-	10,053,759	2	6.79%
Solution First, Inc.	-		-	2,342,840	5	1.58%
Lafayette Station	-		-	1,397,905	6	0.94%
Northeast Enterprises	-		-	945,136	8	0.64%
Shaw Industries	-		-	918,828	9	0.62%
Totals	$ 47,871,875		28.79%	$ 47,708,296		32.23%

Source:Walker County Tax Commissioner

Total Taxable Assessed Value	$ 166,282,639	$ 148,010,821

CITY OF LAFAYETTE, GEORGIA

Property Tax Levies and Collections

September 30, 2017

	Taxes Levied for the Fiscal year	Collected within the Fiscal year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	$ 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%	20,403	388,261	98.7%
2013	369,923	341,994	92.5%	27,929	369,923	100.0%
2014	365,405	341,882	93.6%	20,739	362,621	99.2%
2015	397,071	382,796	96.4%	12,548	395,344	99.6%
2016	407,540	394,079	96.7%	10,891	404,970	99.4%
2017	419,495	408,363	97.3%	-	408,363	97.3%

Source:Walker County Tax Commissioner

CITY OF LAFAYETTE, GEORGIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Acitivities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita	Per Capita Income	Population Per Capita Income
	General Obligation Bonds	Notes Payable	Capitalized Leases	Water/Sewer Revenue Bonds	Notes Payable	Capitalized Leases					
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
2017	1,435,000	-	153,154	7,132,615	2,700,631	315,233	11,736,633	11.90%	1,648	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 82 for person income and population data.

CITY OF LAFAYETTE, GEORGIA

Direct and Overlapping Governmental Activities Debt
As of September 30, 2017

Governmental Unit			
Debt Repaid with Property Taxes:Walker County	$ 4,870,000	12%	$ 584,400
City of Lafayette Direct Debt			
Bonds Payable	1,435,000		
Lease Payable	153,154		
	1,588,154	100%	1,588,154
Total Direct and Overlapping Debt	$ 6,458,154		$ 2,172,554

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the City of Lafayette. This process recognizes that, when considering the City's ability to issue and repay long-term debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

CITY OF LAFAYETTE, GEORGIA

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds					
	Utility Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2017	4,568,768	3,047,042	1,521,726	480,000	240,000	2.1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	$ 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	$ 16,628,264
Total net debt applicable to limit	-	3,400,000	2,905,000	2,370,000	1,810,000	1,230,000	2,710,000	2,085,000	1,775,000	1,435,000
Legal debt margin	$ 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	$ 15,193,264
Total net debt applicable to the limit as a percentage of debt limit	0.00%	23.71%	19.02%	16.10%	23.71%	19.02%	16.10%	13.76%	12.89%	8.63%

Legal Debt Margin Calculation for Fiscal Year 2017

Total taxable assessed value	$ 166,282,639
Debt limit (10% of assessed taxable value)	16,628,264
Debt applicable to limit:	
General obligation bonds	1,435,000
Legal debt margin	$ 15,193,264

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 Eight Fiscal Years

Fiscal Year	General Obligation Bonds[1]	Percentage of Estimated Actual Taxable Value of Property[2]	Per Capita[3]
2010	$ 2,905,000	0.84%	$ 408
2011	2,370,000	0.70%	333
2012	1,810,000	0.55%	254
2013	1,230,000	0.38%	173
2014	2,710,000	0.87%	381
2015	2,085,000	0.63%	293
2016	1,775,000	0.52%	249
2017	1,435,000	0.38%	199

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

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums
(2) See the Schedule of Assessed Value and the Estimated Actual value of Taxable Property on page 73 for property value data
(3) Population data can be found in the Schedule of Demographic and Economic Statistics on page 82.

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
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
2017	7,225	139,521,975	19,311	38.0	12	8,844	7.7

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

	2017			2008		
Employer	Employees	Rank	Percentage Of Total	Employees	Rank	Percentage Of Total
Roper Corp	1,709	1	35.89%	1,450	1	32.86%
Walker County Board of Education	1,513	2	31.77%	1,444	2	32.72%
Walker County Government	439	3	9.22%	380	5	8.61%
Lookout Mtn Services	257	4	5.40%	-	-	0.00%
Walmart	177	5	3.72%	253	4	5.73%
Syntec Industries	191	6	4.01%	97	6	2.20%
City of LaFayette	125	7	2.62%	140	7	3.17%
Unique Fabricating	175	8	3.67%	-	-	0.00%
Walker County Sheriff Dept	118	9	2.48%	120	8	2.72%
Bank of LaFayette	58	10	1.22%	53	9	1.20%
Bluebird of North Georgia	-	-	0.00%	450	3	10.20%
Quality Carpet Cushion	-	-	0.00%	26	10	0.59%
Totals	4,762		100.00%	4,413		100.00%

Source: Respective Employers

CITY OF LAFAYETTE, GEORGIA

Number of City Employees By Function/Program

Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	7	7	7	11	10	10	10	10	10	11
Police	19	21	23	23	23	24	23	24	25	25
Fire	5	5	5	5	6	6	7	8	8	10
Garage	3	3	4	3	3	3	2	2	3	4
Culture and Recreation	12	9	10	10	12	10	10	8	9	11
Public Works	16	14	14	15	15	11	9	7	9	12
Sanitation	6	4	4	6	7	7	8	7	7	5
Total	68	63	67	73	76	71	69	66	71	78

CITY OF LAFAYETTE, GEORGIA
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Physical Arrests	507	462	423	485	401	202	548	682	527	625
Parking Violations	25	11	20	21	20	15	36	20	36	30
Traffic Violations	1,129	763	1,434	1,088	1,013	755	1,199	1,955	1,937	2,321
Fire										
Emergency Responses	326	553	655	751	941	863	758	801	718	982
Fires Extinguished	55	78	64	64	39	31	48	55	52	34
Culture and Recreation										
Participation Fees	$ 118,484	$ 117,482	$ 116,762	$ 130,937	$ 153,348	$ 159,200	$ 146,165	$ 136,797	$ 110,942	$ 142,958
Library Volumes	69,297	71,203	76,985	75,847	78,000	75,000	75,000	77,000	78,000	78,495
Public Works										
Street Resurfacing Miles	1.15	1.09	0.53	1.01	0.00	0.90	3.00	4.10	2.85	1.50
Housing and Development										
Building Permits Issued	73	59	60	46	46	48	55	70	51	45
Sanitation										
Number of Customers	2,773	2704	2,686	2,858	2,667	2,635	2,655	2,658	2,690	2,624

CITY OF LAFAYETTE, GEORGIA
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	20	20	23	23	23	24	25	25	25	24
Culture and Recreation										
Acreage	147.5	147.5	147.5	147.5	147.5	147.8	147.8	147.8	147.8	147.8
Baseball/Softball Fields	6	6	10	9	9	9	9	9	9	9
Soccer/Football Fields	3	3	5	5	5	5	6	6	6	7
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	59	60	46	46	48	55	70	51	45
Sanitation										
Collection Vehicles	3	3	3	3	8	8	7	7	7	7

COMPLIANCE SECTION

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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, 2017, 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 July 31, 2018.

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

Williamson & Company
Certified Public Accountants
July 31, 2018

CITY OF LAFAYETTE, GEORGIA

Schedule of Special Purpose Local Option Sales Tax - SPLOST V

For the Fiscal Year Ended September 30, 2017

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					
General Government					
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					
Site Improvements	-	-	58,374	-	58,374
Water and Sewer					
Improvements	-	-	206,575	-	206,575
Gas					
Equipment	-	-	50,333	-	50,333
Electric					
Equipment	-	-	5,160	-	5,160
Golf					
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 modified accrual basis of accounting.

CITY OF LAFAYETTE, GEORGIA

Schedule of Special Purpose Local Option Sales Tax - SPLOST VI

For the Fiscal Year Ended September 30, 2017

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year[1]	Total
SPLOST VI					
Roads & Streets	$ 1,580,000	$ 1,580,000	$ 111,909	$ 286,051	$ 397,960
Other Projects					
Admin					
Buildings	-	-	16,262	-	16,262
Equipment	-	-	166,349	1,061	167,410
Public Safety					
Equipment	-	-	12,574	-	12,574
Solid Waste					
Equipment	-	-	-	-	-
Public Works					
Equipment	-	-	105,000	-	105,000
Improvements	-	-	551,140	-	551,140
Recreation					
Equipment	-	-	6,990	-	6,990
Site Improvements	-	-	28,550	75,818	104,368
Airport					
Buildings	-	-	-	-	-
Site Improvements	-	-	-	-	-
Water and Sewer					
Equipment	-	-	-	-	-
Improvements	-	-	595,103	-	595,103
Gas					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Electric					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Golf					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Total Other Projects	1,300,000	1,300,000	1,481,968	76,879	1,558,847
Total for All Projects	$ 2,880,000	$ 2,880,000	$ 1,593,877	$ 362,930	$ 1,956,807

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