CITY OF LAFAYETTE, GEORGIA

FINANCIAL STATEMENTS

For The

Fiscal Year Ended September 30, 2020

David Hamilton

City Manager

By Authority Of

Mayor and Council

CITY OF LAFAYETTE, GEORGIA
Table of Contents
September 30, 2020

Page

FINANCIAL SECTION

Independent Auditor's Report 1-2

Management's Discussion and Analysis 3-13

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 14

Statement of Activities 15-16

Fund Financial Statements:

Balance Sheet – Governmental Funds 17

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 18

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 19

Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Budget and Actual 20

Statement of Net Position – Proprietary Funds 21

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 22

Statement of Cash Flows – Proprietary Fund Funds 23

Notes to the Financial Statements 24-46

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios..... 47

Schedule of Required Contributions..... 48

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds..... 49

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds..... 50

Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund – 2014 SPLOST - Budget and Actual..... 51

Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund – TSPLOST - Budget and Actual 52

CITY OF LAFAYETTE, GEORGIA
Table of Contents
September 30, 2020

Page

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 53-54

Schedule of Findings and Responses..... 55-56

Schedule of Special Local Option Sales Tax – 2014 SPLOST.....57

Schedule of Special Local Option Sales Tax – TSPLOST..... 58

FINANCIAL SECTION

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CHRYSAN THOMAS
Certified Public Accountant
Professional Corporation
Member
American Institute of
Certified Public Accountants
Trion, Georgia

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of LaFayette Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia as of and for the year ended September 30, 2020, 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 47, and the Schedule of Contributions – Pension Plan on page 48, 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 combining and individual fund statements and schedules, and the two schedules of special purpose local option sales tax expenditures, as required by the Official Code of Georgia 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedules of special purpose local option sales expenditures 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 two Schedules of Special Purpose Local Option Sales Tax Expenditures and are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021 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.

Chrysan Thomas

CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
June 18, 2021

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, 2020. It should be read in conjunction with 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 $39,170,940 at the end of the year. This amount includes $31,303,596 invested in capital assets net of accumulated depreciation and related debt, restricted net position of $2,370,767 and unrestricted net position of $5,496,577. Significant portions of restricted net position include amounts for debt service and construction.

- The City's total net position increased by $2,202,302, or 6% to $39,170,940. The net position for governmental activities increased by $1,819,016, or 17.6% and the business-type net position increased by $383,286, or 1.4%.

- The City's revenues for governmental activities, excluding transfers were $5,886,180. Total expenses for governmental activities, excluding transfers, were $7,064,684.

- The City's business-type activities had total revenues, excluding transfers of $20,007,950, while expenses, excluding transfers, were $16,899,664.

- The General Fund, which is the City's primary operating fund, reported an increase in fund balance of $667,602 in fiscal year 2020.

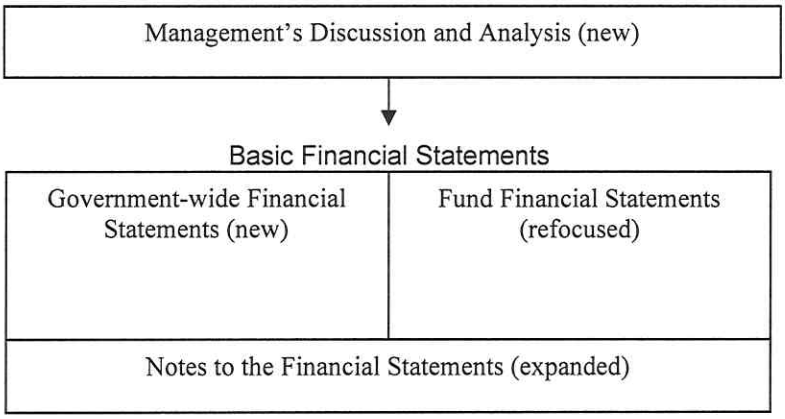
- Total cash (Note 3) at September 30, 2020 was $9,006,594.

- The capital assets (Note 6), net of accumulated depreciation, of the City at the end of the 2020 fiscal year totaled $43,001,591. This includes net capital assets for governmental activities of $8,483,089 and business-type activities of $34,518,502.

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	- Statement 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 $2,202,302, or 6%, in fiscal year 2020. The net position of the governmental activities includes $8,072,121 net investment in capital assets. Capital assets of $8,483,089 include land, buildings, park improvements, equipment and current year infrastructure additions. Related governmental activities debt includes general obligation bonds of $370,000.

The net position of the business-type activities includes $23,231,475 net investment in capital assets. Capital assets of $34,518,502 include land, utility system, building, other improvements, equipment, airport and golf course. Related debt includes notes payable and revenue bonds of $11,287,027.

For more detailed information, see the Statement of Net Position on page 14 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	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	$ 5,406	$ 4,149	$ 7,686	$ 7,757	$ 13,092	$11,906
Capital Assets	8,483	8,106	34,518	31,503	43,001	39,609
Total Assets	13,889	12,255	42,204	39,260	56,093	51,515
Deferred Outflows of Resources						
Pension Contributions	559	304	420	247	979	551
Total Deferred Outflows of Resources	559	304	420	247	979	551
Liabilities						
Current and Other Liabilities	2,067	1,214	5,077	3,400	7,144	4,614
Long-Term Debt Outstanding	149	500	10,450	9,036	10,599	9,536
Total Liabilities	2,216	1,714	15,527	12,436	17,743	14,150
Deferred Inflows of Resources						
Changes in Pension Plan	91	523	68	425	159	948
Total Deferred Inflows of Resources	91	523	68	425	159	948
Net Position						
Net Investment in Capital Assets	8,072	7,281	23,231	21,672	31,303	28,953
Restricted	1,850	1,417	520	815	2,370	2,232
Unrestricted	2,219	1,624	3,278	4,159	5,497	5,783
Total Net Position	$12,141	$10,322	$ 27,029	$ 26,646	$ 39,170	$36,968

CHANGES IN NET POSITION

The City's total revenues before transfers were $26,166,650 in the 2020 fiscal year. Expenses before transfers were $23,964,348 during that same period. Governmental and business-type activities combined provided a $2,202,302 increase in net position.

Governmental activities revenues were $6,158,700 and included $1,354,338 for charges for services, $2,266,711 grant revenues, $596,693 property taxes, and $777,289 for sales taxes. The largest governmental activities expenses were for public safety of $2,601,698 (police, fire, and animal control), public works of $1,412,422, general government of $1,468,218 and recreation of $1,012,810. Expenses include depreciation expense as explained in the notes to the financial statements (Note 6).

Business-type activity revenues were $20,007,950 and included $19,506,547 charges for services, $460,270 for capital grants, and $19,068 interest. The largest business-type activity expenses were for purchases of energy for resale to customers such as electricity for $8,128,145 and gas for $876,197.

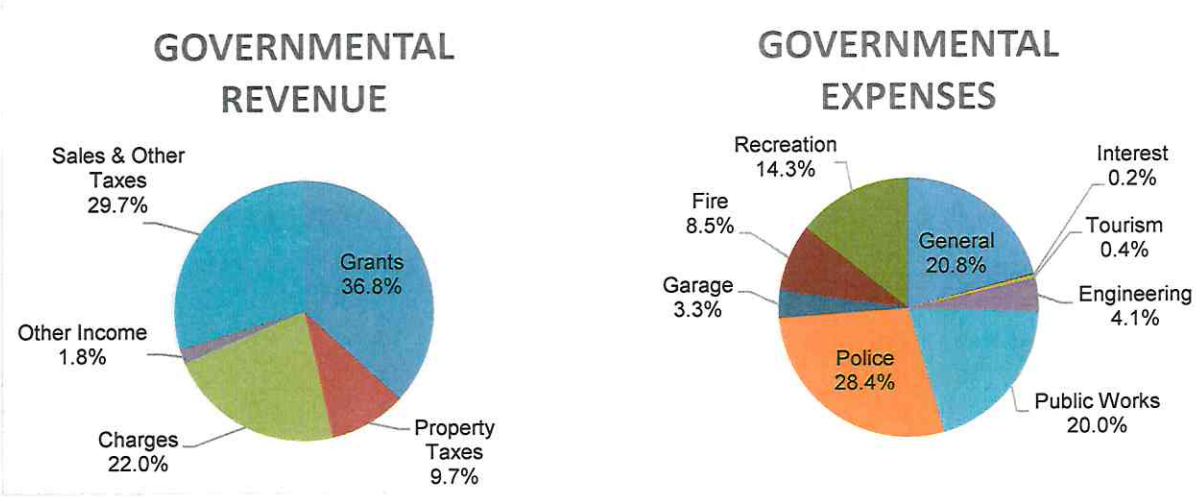
Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	$ 1,354	$ 1,602	$ 19,506	$ 20,935	$ 20,860	$ 22,537
Operating Grants and Contributions	736	481	-	-	736	1,227
Capital Grants and Contributions	1,530	953	460	274	1,990	
General Revenues						
Property Taxes	597	640	-	-	597	640
Local Option Sales Tax	777	673	-	-	777	673
Other Taxes	1,054	1,041	-	-	1,054	1,041
Investment Income	72	60	19	41	91	101
Other Revenues	38	230	22	-	60	230
Total Revenues	6,158	5,680	20,007	21,250	26,165	26,449
Expenses						
General Government	1,468	1,789	-	-	1,468	1,789
Police	2,003	1,888	-	-	2,003	1,888
Fire	598	560	-	-	598	560
Public Works	1,412	1,110	-	-	1,412	1,110
Engineering	291	234	-	-	291	234
Recreation	1,013	1,015	-	-	1,013	1,015
Garage	236	242	-	-	236	242
Tourism & Promotion	30	34	-	-	30	34
Interest on Long-term debt	13	21	-	-	13	21
Electric	-	-	9,286	9,033	9,286	9,033
Gas	-	-	1,467	1,738	1,467	1,738
Water/Sewer	-	-	4,239	4,266	4,239	4,266
Solid Waste	-	-	754	662	754	662
Golf	-	-	784	763	784	763
Airport	-	-	369	400	369	400
Total Expenses	7,064	6,893	16,899	16,862	23,963	23,755
Excess (Deficiency) Before Transfers	(906)	(1,213)	3,108	4,388	2,202	3,175
Transfers	2,725	2,823	(2,725)	(2,823)	-	-
Increase/Decrease in Net Position	1,819	1,610	383	1,565	2,202	3,175
Beginning Net Position	10,322	8,712	26,646	25,081	36,968	33,793
Ending Net Postion	$ 12,141	$ 10,322	$ 27,029	$ 26,646	$ 39,170	$ 36,968

GOVERNMENTAL ACTIVITIES

See pages 15-16 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



Revenue Impacts

- Property taxes of $596,693 provided 9.7% of governmental revenues for general operations. The millage rate was set at 2.82 in the current year.
- Revenues from local option sales taxes were $777,289. This represents an overall increase of 15.4% from the prior year.
- The transfers from proprietary funds were $2,725,000, which was a $98,095 decrease from the prior year.
- Charges for services include amounts charged for providing utility billing and collection services to the enterprise funds of $703,030. Municipal court fines were $157,851.

Expense Impacts

- General Government expenditures decreased by $321,385 or 18% compared to the prior year. The decrease was partly due to less training and overall operational expenses due to COVID.
- Police, fire and animal control expenditures increased by $153,069 or 6.3% from the prior year. This was largely due to an increase in salaries and benefits.
- Public Works expenditures increased by $302,672 or 27% compared to the prior year. This was largely due to an increase in capital expenditures.
- Culture and Recreation expenditures decreased by $2,504.

BUSINESS-TYPE ACTIVITIES

Table 4
Business-type Activities
(in thousands)

Fund	Program Revenues		Program Expenses		Excess (Deficiency) Before Transfers & Investment Earnings	
	2020	2019	2020	2019	2020	2019
Electric	$ 10,467	$ 11,311	$ 9,286	$ 9,033	$ 1,181	$ 2,278
Gas	2,199	2,505	1,467	1,738	732	767
Water/Sewer	6,004	5,986	4,239	4,266	1,765	1,720
Solid Waste	550	510	754	662	(204)	(152)
Golf	527	506	785	763	(258)	(257)
Airport	219	390	369	400	(150)	(10)
Total	$ 19,966	$ 21,208	$ 16,900	$ 16,862	$ 3,066	$ 4,346

Operating revenues for business-type activities for the fiscal year 2020 were $19,506,547, a $1,428,202 decrease compared to the prior year. Operating expenses were $16,899,664 in 2020. The operating income was $2,849,706 in 2020 compared to $4,303,919 in 2019. Activities for individual business-type funds are summarized below.

- Electric program operating revenues decreased by $843,152 from the prior year in addition to operating expenses increasing by $252,068. The revenue decrease was driven by an average winter, resulting in less electricity usage in both heating, however the cost of electricity increased because of market pricing and increase of cost of fuels.

- Gas program operating revenues decreased by $305,440 and operating expenses decreased by $266,897. The decrease in expenses was largely attributable to a decrease in cost of natural gas supply.

- Water & Sewer program operating revenues decreased by $341,943, while operating expenses decreased by $29,736 from the prior year. Revenues were down driven mostly by rate adjustments in both water and sewer. Expenses increased primarily due to maintenance on capital items.

- Solid Waste program operating revenues increased $39,698 from the prior year and operating expenses increased $85,443. Revenues were up due to a rate increase. Expenses were up due to an increase in labor costs, landfill fees, and maintenance items.

- Golf operating revenues increased by $20,887 over the prior year. Operating expenses were up by $17,191, due largely to increase in labor benefit costs.

- Airport operating revenues remained steady. Grant revenues decreased due to fewer funds received for the runway obstruction removal and clearing projects. Operating expenses decreased by $32,058 from the prior year, mostly driven by decrease costs of fuel.

GOVERNMENTAL FUNDS

Table 5
Financial Analysis of the City's Funds

Fund	Fund Balances 9/30/2019	Sources	Uses	Sources Over (Under) Uses	Fund Balances 9/30/2020
General Fund	$ 2,353,712	$ 7,129,928	$ (6,462,326)	$ 667,602	$ 3,021,314
Capital Projects - 2014 SPLOST	685,752	601,467	(437,133)	164,334	850,086
Capital Projects - T SPLOST	727,442	656,435	(436,033)	220,402	947,844
Total	$ 3,766,906	$ 8,387,830	$ (7,335,492)	$ 1,052,338	$ 4,819,244

At September 30, 2020, the City's governmental funds reported a combined fund balance of $4,871,803 (see statement on page 18), which is $1,100,709 more than the previous year-end. The unassigned portion of fund balance was $3,005,377. 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 $667,602 increase in fund balance, to end the fiscal year at $3,021,314. More detailed information for the general fund is presented on page 20.

Operating revenues and other financing sources increased $187,126. Property taxes, and grants all showed increases. The City received Covid Relief Funding from the federal government in the amount of $384,000. Other revenue streams such as Fines and charges for services showed decreases.

Overall expenditures and other uses decreased $94,118.

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 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 2020. Capital outlay expenditures are to be primarily for street and road improvements, recreation, water and sewer improvements, solid waste and street equipment.

In November 2017, voters approved a one-percent transportation special purpose local option sales tax. Collections began April 1, 2018 and ends March 31, 2023.

The major sources of revenue were:

- Sales tax $601,467
- TSPLOST $656,435

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 Schedules of Special Purpose Local Option Sales Tax Expenditures on pages 57 and 58.

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 20 of the financial statements.

In September 2019, the City Council appropriated $6,633,149 for general fund expenditures in the 2020 fiscal year budget.

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

Expenditures:

Higher than anticipated contract services and increase in capital investments than originally budgeted for.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounted to $43,001,591 (net of accumulated depreciation). Investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. 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	
	2020	2019	2020	2019	2020	2019
Land	$ 3,418	$ 3,370	$ 2,782	$ 2,782	$ 6,200	$ 6,152
Construction in Progress	-	-	3,777	-	3,777	-
Building and Structures	1,509	1,272	4,645	2,406	6,154	3,678
Infrastructure	1,682	1,682	-	-	1,682	1,682
Utility Systems	-	-	20,966	21,860	20,966	21,860
Improvements Other than Buildings	768	814	-	2,576	768	3,390
Machinery and Equipment	1,106	969	2,348	1,879	3,454	2,848
Total	$ 8,483	$ 8,107	$ 34,518	$ 31,503	$ 43,001	$ 39,610

This year's major capital asset additions included:

Governmental Activities:

• Max Boom Mower	$ 197,200
• Isuzu Leaf Truck	$ 25,000
• John Deere Mower	$ 13,558

The city received a donation from the state of Georgia of a building known as the Federal Building located on North Main Street valued at $272,520.

Business-type Activities:

• Water and Sewer Fleet Vehicles	$ 60,911
• Airport Easement Obstruction Removal, and FAA Expansion	$ 86,085
• Water and Sewer Expansion	$ 3,691,555
• Solid Waste Garbage Truck	$ 278,891

LONG-TERM DEBT

At the end of the 2020 fiscal year, the City had $11,684,432 in outstanding debt. This is a net increase of $1,072,330 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 $17,949,482. As of September 30, 2020, the City has $370,000 of outstanding general obligation debt.

Table 7
Outstanding Debt at September 30, 2020

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	$ 370	$ 735	$ -	$ -	$ 370	$ 735
Revenue Bonds, Net	-	-	5,545	6,070	5,545	6,070
Capital Leases	69	91	418	299	487	390
Notes Payable	-	-	5,282	3,418	5,282	3,418
Total	$ 439	$ 826	$ 11,245	$ 9,787	$ 11,684	$ 10,613

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

COVID created a high degree of stress, some very tough decisions and tragic loss of life. From very early on, the team at the City focused an equal amount of time on the health side of the crisis and the economic side of the crisis. We expected what we are experiencing with a movement of people leaving big cities in favor of more rural areas. This has been driving real estate values up in the City and surrounding area, and has spurred some significant housing builds. We also did not see a restriction on sales tax as our County does not have a large tourism economy. Our local industry continues to expand, slowed only by their ability to hire labor. We have continued to make rate adjustments as necessary to enable the City to make the investments in critical infrastructure to position the City for growth and continued reliable utilities and other infrastructure. Some of this has been made easy through the enactment of the Utility Cost Adjustment (UCA) by the Council, which is monitored each month by the City Manager and will ensure that the cost of utilities does not exceed the revenues.

We continue to increase 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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Lafayette Development Authority
Assets				
Cash	$ 2,724,536	$ 6,282,058	$ 9,006,594	$ 248,172
Receivables - Net	23,860	2,972,873	2,996,733	-
Internal Balances	2,371,307	(2,371,307)	-	-
Inventory	15,937	802,345	818,282	-
Due from other governments	270,415	-	270,415	-
Capital Assets:				
Land and Construction in Progress	3,417,877	6,559,650	9,977,527	-
Other Capital Assets - Net	5,065,212	27,958,852	33,024,064	404,635
Total Capital Assets	8,483,089	34,518,502	43,001,591	404,635
Total Assets	13,889,144	42,204,471	56,093,615	652,807
Deferred Outflows of Resources				
Pension Contributions	558,803	420,291	979,094	-
Total Deferred Outflows of Resources	558,803	420,291	979,094	-
Liabilities				
Accounts Payable	307,930	2,291,710	2,599,640	-
Accrued Wages Payable and Withholdings	91,937	66,025	157,962	-
Customer Deposits	-	695,804	695,804	-
Accrued Interest Payable	1,804	958	2,762	-
Net Pension Liability	1,153,274	867,412	2,020,686	-
Noncurrent Liabilities:				
Due Within One Year	511,972	1,154,799	1,666,771	124,399
Due In More Than One Year - Net	148,583	10,450,200	10,598,783	95,724
Total Liabilities	2,215,500	15,526,908	17,742,408	220,123
Deferred Inflows of Resources				
Pension Contributions	90,953	68,408	159,361	-
Total Deferred Inflows of Resources	90,953	68,408	159,361	-
Net Position				
Net Investment in Capital Assets	8,072,121	23,231,475	31,303,596	184,512
Restricted for:				
Capital Projects	1,797,930	520,278	2,318,208	-
Debt Service Reserve	-	-	-	-
Law Enforcement Activities	52,559	-	52,559	-
Unrestricted	2,218,884	3,277,693	5,496,577	248,172
Total Net Position	$ 12,141,494	$ 27,029,446	$ 39,170,940	$ 432,684

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

CITY OF LAFAYETTE, GEORGIA
Statement of Activities
For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 1,468,218	$ 1,160,225	$ 66,598	$ 873,987
Police	2,003,545	86,000	559,036	-
Fire	598,153	-	-	-
Public Works	1,412,422	20,295	110,655	656,435
Engineering	290,567	-	-	-
Recreation	1,012,810	87,818	-	-
Garage	235,346	-	-	-
Tourism and Promotion	30,402	-	-	-
Interest on Long-term Debt	13,221	-	-	-
Total Governmental Activities	7,064,684	1,354,338	736,289	1,530,422
Business-type Activities:				
Airport	368,566	118,209	-	100,841
Electric	9,286,302	10,467,447	-	-
Gas	1,467,265	2,199,393	-	-
Golf	784,517	527,285	-	-
Water/Sewer	4,239,218	5,644,304	-	359,429
Solid Waste	753,796	549,909	-	-
Total Business-type Activities	16,899,664	19,506,547	-	460,270
Total Primary Government	$ 23,964,348	$ 20,860,885	$ 736,289	$ 1,990,692
Component Unit:				
Lafayette Development Authority	$ 19,556	$ 151,762	$ -	$ -

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

CITY OF LAFAYETTE, GEORGIA
Statement of Activities
For the Year Ended September 30, 2020

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	$ 632,592		$ 632,592	
Police	(1,358,509)		(1,358,509)	
Fire	(598,153)		(598,153)	
Public Works	(625,037)		(625,037)	
Engineering	(290,567)		(290,567)	
Recreation	(924,992)		(924,992)	
Garage	(235,346)		(235,346)	
Tourism and Promotion	(30,402)		(30,402)	
Interest on Long-term Debt	(13,221)		(13,221)	
Total Governmental Activities	(3,443,635)		(3,443,635)	
Business-type Activities:				
Airport	-	$ (149,516)	(149,516)	
Electric	-	1,181,145	1,181,145	
Gas	-	732,128	732,128	
Golf	-	(257,232)	(257,232)	
Water/Sewer	-	1,764,515	1,764,515	
Solid Waste	-	(203,887)	(203,887)	
Total Business-type Activities	-	3,067,153	3,067,153	
Total Primary Government	(3,443,635)	3,067,153	(376,482)	
Component Unit				
Lafayette Development Authority				$ 132,206
General Revenues:				
Taxes:				
Property	596,693	-	596,693	-
Sales	777,289	-	777,289	-
Hotel/Motel	48,978	-	48,978	-
Insurance Premium	542,156	-	542,156	-
Malt Beverage	128,903	-	128,903	-
Franchise	226,308	-	226,308	-
Occupation	95,997	-	95,997	-
Intangible	10,538	-	10,538	-
Investment Earnings	72,319	19,068	91,387	976
Gain on Sale of Capital Assets	-	22,065	22,065	-
Miscellaneous	38,470	-	38,470	-
Transfers	2,725,000	(2,725,000)	-	-
Total General Revenues and Transfers	5,262,651	(2,683,867)	2,578,784	976
Change in Net Position	1,819,016	383,286	2,202,302	133,182
Net Position - Beginning	10,322,478	26,646,160	36,968,638	299,502
Net Position - Ending	$ 12,141,494	$ 27,029,446	$ 39,170,940	$ 432,684

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

CITY OF LAFAYETTE, GEORGIA
Balance Sheet
Governmental Funds
September 30, 2020

	General	Capital Projects - 2014 SPLOST	Capital Projects - T-SPLOST	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 934,166	$ 728,934	$ 888,460	$ 49,842	$ 2,601,402
Receivables (Net of Allowance for Uncollectibles):					-
Accounts	6,638	-	-	-	6,638
Taxes	17,222	-	-	-	17,222
Inventory	15,937	-	-	-	15,937
Due from Other Funds	7,328,077	-	-	2,717	7,330,794
Due from Other Governments	83,106	124,456	59,384	3,469	270,415
Total Assets	$ 8,385,146	$ 853,390	$ 947,844	$ 56,028	$ 10,242,408
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable	$ 306,430	$ 1,500	$ -	$ -	$ 307,930
Accrued Payables & Withholdings	91,937	-	-	-	91,937
Due to Other Funds	4,956,018	-	-	3,469	4,959,487
Accrued Interest Payable	-	1,804	-	-	1,804
Total Liabilities	5,354,385	3,304	-	3,469	5,361,158
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	9,447	-	-	-	9,447
Total Deferred Inflows of Resources	9,447	-	-	-	9,447
Fund Balances					
Nonspendable					
Inventory	15,937	-	-	-	15,937
Restricted					
Acquisition and Construction of Capital Assets	-	850,086	947,844	-	1,797,930
Law Enforcement Activities	-	-	-	52,559	52,559
Unassigned	3,005,377	-	-	-	3,005,377
Total Fund Balances	3,021,314	850,086	947,844	52,559	4,871,803
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 8,385,146	$ 853,390	$ 947,844	$ 56,028	$ 10,242,408

Reconciliation of the Balance Sheet to the Statement of Net Position

Fund Balances - Total Governmental Funds		$ 4,871,803
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.		8,483,089
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.		123,134
A portion of deferred revenue in the general fund represents property tax billed but uncollected and is eliminated in the Statement of Net Position.		9,447
A portion of pension plan contributions are for future use and are considerred deferred outflows of resources.		558,803
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.		(90,953)
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	(370,000)	
Leases Payable	(40,968)	
Notes Payable	(28,530)	
Compensated Absences	(221,057)	
Net Pension Liability	(1,153,274)	(1,813,829)
Net Position of Governmental Activities		$ 12,141,494

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, 2020

	General	Capital Projects - 2014 SPLOST	Capital Projects T-SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 2,377,884	$ -	$ -	$ 48,978	$ 2,426,862
Licenses and Permits	26,800	-	-	-	26,800
Intergovernmental	506,363	601,215	656,435	162,948	1,926,961
Fines and Forfeitures	157,851	-	-	-	157,851
Charges for Services	1,139,808	-	-	-	1,139,808
Contributions and Donations	66,978	-	-	-	66,978
Miscellaneous Income	38,470	-	-	29,879	68,349
Interest Income	72,198	252	-	121	72,571
Total Revenues	4,386,352	601,467	656,435	241,926	5,886,180
Expenditures					
Current:					
General Government	1,434,299	960	-	-	1,435,259
Police	1,803,947	-	-	144,577	1,948,524
Fire	558,281	-	-	-	558,281
Public Works	1,153,530	640	-	-	1,154,170
Engineering	290,139	-	-	-	290,139
Culture and Recreation	935,749	61,539	-	-	997,288
Garage	225,896	-	-	-	225,896
Tourism and Promotion	-	-	-	30,402	30,402
Capital Outlay:					-
Police	-	-	-	-	-
Public Works	-	-	76,604	-	76,604
Water/Sewer Improvements	-	-	359,429	-	359,429
Recreation	-	-	-	-	-
Debt Service:					-
Principal	56,258	365,000	-	-	421,258
Interest	4,227	8,994	-	-	13,221
Total Expenditures	6,462,326	437,133	436,033	174,979	7,510,471
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,075,974)	164,334	220,402	66,947	(1,624,291)
Other Financing Sources (Uses)					
Transfers - Out	-	-	-	(18,576)	(18,576)
Transfers - In	2,743,576	-	-	-	2,743,576
Total Other Financing Sources (Uses)	2,743,576	-	-	(18,576)	2,725,000
Net Change in Fund Balances	667,602	164,334	220,402	48,371	1,100,709
Fund Balance (Deficit) - Beginning of Year	2,353,712	685,752	727,442	4,188	3,771,094
Fund Balance- End of Year	$ 3,021,314	$ 850,086	$ 947,844	$ 52,559	$ 4,871,803

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, 2020

Net Change in Fund Balances - Total Governmental Funds		$ 1,100,709
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	744,435	
Less Current Year Depreciation	(367,943)	376,492
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		-
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.		
Proceeds from borrowing	(35,000)	
Principal Payments on Bonds	365,000	
Principal Payments on Leases	56,258	386,258
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.		254,486
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.		431,912
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	(754,598)	
Change in Compensated Absences	(21,222)	(775,820)
The net change in net position of internal service funds is reported with governmental activities.		44,979
Change in Net Position of Governmental Activities		$ 1,819,016

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

CITY OF LAFAYETTE, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund - Budget and Actual
For the Year Ended September 30, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 2,001,100	$ 2,001,100	$ 2,377,884	$ 376,784
Licenses and Permits	37,000	37,000	26,800	(10,200)
Intergovernmental	206,000	206,000	506,363	300,363
Fines and Forfeitures	215,000	215,000	157,851	(57,149)
Charges for Services	1,274,475	1,274,475	1,139,808	(134,667)
Contributions and Donations	90,000	90,000	66,978	(23,022)
Miscellaneous Income	47,000	47,000	38,470	(8,530)
Interest Income	30,000	30,000	72,198	42,198
Total Revenues	3,900,575	3,900,575	4,386,352	485,777
Expenditures				
Current:				
General Government	1,673,385	1,673,385	1,434,299	239,086
Police	1,845,708	1,845,708	1,803,947	41,761
Fire	575,827	575,827	558,281	17,546
Public Works	971,523	1,153,523	1,153,530	(7)
Engineering	286,509	290,509	290,139	370
Culture and Recreation	976,722	976,722	935,749	40,973
Garage	250,735	250,735	225,896	24,839
Debt Service:				
Principal	52,740	56,240	56,258	(18)
Interest	-	4,300	4,227	73
Total Expenditures	6,633,149	6,826,949	6,462,326	364,623
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,732,574)	(2,926,374)	(2,075,974)	850,400
Other Financing Sources (Uses)				
Transfers - In	2,725,000	2,725,000	2,743,576	18,576
Transfers - out	-	-	-	-
Total Other Financing Sources (Uses)	2,725,000	2,725,000	2,743,576	18,576
Net Change in Fund Balance	(7,574)	(201,374)	667,602	868,976
Fund Balance - Beginning of Year	2,353,712	2,353,712	2,353,712	-
Fund Balance - End of Year	$ 2,346,138	$ 2,152,338	$ 3,021,314	$ 868,976

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

CITY OF LAFAYETTE, GEORGIA
Statement of Net Position
Proprietary Funds
September 30, 2020

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities Internal Service Fund
Assets								
Current Assets:								
Cash and Cash Equivalents	$ 34,760	$ 1,911,522	$ 168,692	$ -	$ 4,167,084	$ -	$ 6,282,058	$ 123,134
Accounts Receivable - Net	-	1,776,753	175,688	-	916,315	104,117	2,972,873	-
Due From Other Funds	-	3,613,046	1,352,002	-	2,975	144,074	5,112,097	-
Inventory	29,708	512,046	83,215	7,311	170,065	-	802,345	-
Total Current Assets	64,468	7,813,367	1,779,597	7,311	5,256,439	248,191	15,169,373	123,134
Non-Current Assets:								
Capital Assets:								
Land	508,822	9,000	7,000	1,340,395	843,741	73,052	2,782,010	-
Construction in Process	86,085	-	-	-	3,691,555	-	3,777,640	-
Equipment	158,913	1,105,989	308,288	600,595	2,014,837	1,375,564	5,564,186	-
Buildings	5,186,955	374,373	19,701	2,369,554	452,420	5,206	8,408,209	-
Utility Systems	-	4,085,499	1,133,223	-	40,641,323	-	45,860,045	-
Less Accumulated Depreciation	(3,081,789)	(4,296,144)	(745,453)	(1,327,936)	(21,705,212)	(717,054)	(31,873,588)	-
Total Non-Current Assets	2,858,986	1,278,717	722,759	2,982,608	25,938,664	736,768	34,518,502	-
Total Assets	2,923,454	9,092,084	2,502,356	2,989,919	31,195,103	984,959	49,687,875	123,134
Deferred Outflows of Resources								
Deferred Resources Related to Pension	11,392	73,404	43,780	62,087	185,362	44,266	420,291	-
Total Deferred Outflows	$ 11,392	$ 73,404	$ 43,780	$ 62,087	$ 185,362	$ 44,266	$ 420,291	$ -
Liabilities								
Current Liabilities:								
Accounts Payable	$ 28,769	$ 783,580	$ 45,012	$ 13,951	$ 1,400,594	$ 19,804	$ 2,291,710	$ -
Accrued Wages and Withholdings Payable	1,565	9,280	3,558	9,406	33,411	8,805	66,025	-
Compensated Absences Payable	8,324	16,090	14,059	37,929	60,567	17,359	154,328	-
Due to Other Funds	1,282,730	143,002	6,053	3,023,741	1,283,270	1,744,608	7,483,404	-
Customer Deposits	-	455,015	88,677	-	152,112	-	695,804	-
Accrued Interest Payable	-	-	-	-	958	-	958	-
Notes Payable - Current	-	-	-	-	198,502	-	198,502	-
Capital Leases Payable - Current	-	22,567	39,226	37,955	-	51,906	151,654	-
Revenue Bonds Payable	-	-	-	-	530,000	-	530,000	-
Total Current Liabilities	1,321,388	1,429,534	196,585	3,122,982	3,659,414	1,842,482	11,572,385	-
Noncurrent Liabilities:								
Net Pension Liability	23,511	151,493	90,355	128,138	382,557	91,358	867,412	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	163,644	163,644	-
Notes Payable	-	-	-	-	5,083,771	-	5,083,771	-
Capital Leases Payable	-	-	40,950	95,512	-	129,546	266,008	-
Revenue Bonds Payable (Net)	-	-	-	-	5,057,092	-	5,057,092	-
Total Noncurrent Liabilities	23,511	151,493	131,305	223,650	10,523,420	384,548	11,437,927	-
Total Liabilities	1,344,899	1,581,027	327,890	3,346,632	14,182,834	2,227,030	23,010,312	-
Deferred Inflows of Resources								
Deferred Resources Related to Pension	1,854	11,947	7,126	10,106	30,170	7,205	68,408	-
Total Deferred Inflows	1,854	11,947	7,126	10,106	30,170	7,205	68,408	-
Net Position								
Net Investment in Capital Assets	2,858,986	1,256,150	642,583	2,849,141	15,069,299	555,316	23,231,475	-
Restricted								
Renewal and Replacement	-	520,278	-	-	-	-	520,278	-
Debt Service	-	-	-	-	-	-	-	-
Unrestricted	(1,270,893)	5,796,086	1,568,537	(3,153,873)	2,098,162	(1,760,326)	3,277,693	123,134
Total Net Position	$ 1,588,093	$ 7,572,514	$ 2,211,120	$ (304,732)	$ 17,167,461	$ (1,205,010)	$ 27,029,446	$ 123,134

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, 2020

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities Internal Service Fund
Operating Revenues								
Charges for Services	$ 118,209	$ 10,242,538	$ 2,069,160	$ 527,285	$ 5,182,822	$ 542,828	$ 18,682,842	$ 1,581,679
Fees	-	111,163	16,412	-	403,009	7,081	537,665	-
Other Revenues	-	113,746	113,821	-	58,473	-	286,040	-
Total Operating Revenues	118,209	10,467,447	2,199,393	527,285	5,644,304	549,909	19,506,547	1,581,679
Operating Expenses								
Costs of Sales and Services	148,814	912,844	449,033	648,609	2,151,378	618,228	4,928,906	1,536,867
Administrative Expense	-	137,022	86,811	-	381,968	97,228	703,029	-
Cost of Water	-	-	-	-	435,984	-	435,984	-
Cost of Gas	-	-	876,197	-	-	-	876,197	-
Cost of Electricity	-	8,128,145	-	-	-	-	8,128,145	-
Depreciation Expense	219,752	103,021	54,681	131,348	1,044,182	31,596	1,584,580	-
Total Operating Expenses	368,566	9,281,032	1,466,722	779,957	4,013,512	747,052	16,656,841	1,536,867
Operating Income (Loss)	(250,357)	1,186,415	732,671	(252,672)	1,630,792	(197,143)	2,849,706	44,812
Nonoperating Revenues (Expenses)								
Interest Revenue	-	16,757	114	-	2,197	-	19,068	167
Interest Expense	-	(5,270)	(543)	(4,560)	(225,706)	(6,744)	(242,823)	-
Gain(Loss) on Disposal of Capital Assets	-	(27,271)	-	49,336	-	-	22,065	-
Total Nonoperating Revenues (Expenses)	-	(15,784)	(429)	44,776	(223,509)	(6,744)	(201,690)	167
Income Before Contributions and Transfers	(250,357)	1,170,631	732,242	(207,896)	1,407,283	(203,887)	2,648,016	44,979
Capital Contributions	100,841	-	-	-	359,429	-	460,270	-
Transfers	-	(1,350,000)	(710,000)	-	(665,000)	-	(2,725,000)	-
Total Contributions and Transfers	100,841	(1,350,000)	(710,000)	-	(305,571)	-	(2,264,730)	-
Change in Net Position	(149,516)	(179,369)	22,242	(207,896)	1,101,712	(203,887)	383,286	44,979
Net Position - Beginning	1,737,609	7,751,883	2,188,878	(96,836)	16,065,749	(1,001,123)	26,646,160	78,155
Net Position - Ending	$ 1,588,093	$ 7,572,514	$ 2,211,120	$ (304,732)	$ 17,167,461	$ (1,205,010)	$ 27,029,446	$ 123,134

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

CITY OF LAFAYETTE, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities Internal Service Fund
Cash Flows From Operations								
Receipts from Customers and Users	$ 118,209	$ 10,811,276	$ 2,199,331	$ 527,285	$ 5,785,861	$ 535,398	$ 19,977,360	$ 1,581,679
Receipts from Interfund Charges for Healthcare	-	-	-	-	-	-	-	-
Payments to Suppliers	(80,547)	(8,823,588)	(1,210,987)	(319,418)	(1,155,956)	(510,408)	(12,100,904)	(1,536,867)
Payments to/for Employees	(50,598)	(299,065)	(202,971)	(312,474)	(853,750)	(153,407)	(1,872,265)	-
Net Cash Provided by (Used in) Operating Activities	(12,936)	1,688,623	785,373	(104,607)	3,776,155	(128,417)	6,004,191	44,812
Cash Flows from Noncapital Financing Activities								
Transfers to Other Funds	-	(1,350,000)	(710,000)	-	(665,000)	-	(2,725,000)	-
Transfers from Other Funds	-	-	-	173,510	-	379,875	553,385	-
Net Cash from Noncapital Financing Activities	-	(1,350,000)	(710,000)	173,510	(665,000)	379,875	(2,171,615)	-
Cash Flows from Capital and Related Financing Activities								
Principal Payments - Bonds	-	-	-	-	(525,000)	-	(525,000)	-
Principal Payments - Notes	-	-	-	-	(176,062)	(50,261)	(226,323)	-
Principal Payments - Leases	-	(127,577)	(45,610)	(38,867)	(4,676)	-	(216,730)	-
Proceeds from loan	-	-	-	-	2,040,549	231,713	2,272,262	-
Capital Contributions	100,841	-	-	-	359,429	-	460,270	-
Acquisition and Construction of Capital Assets	(86,085)	(94,554)	-	(25,476)	(3,794,277)	(426,166)	(4,426,558)	-
Interest Paid	-	(5,270)	(543)	(4,560)	(225,706)	(6,744)	(242,823)	-
Net Cash from Capital and Related Financing Activities	14,756	(227,401)	(46,153)	(68,903)	(2,325,743)	(251,458)	(2,904,902)	-
Interest Received	-	16,757	114	-	2,197	-	19,068	167
Net Increase (Decrease) in Cash	1,820	127,979	29,334	-	787,609	-	946,742	44,979
Cash - October 1, 2019	32,940	1,783,543	139,358	-	3,379,475	-	5,335,316	78,155
Cash - September 30, 2020	$ 34,760	$ 1,911,522	$ 168,692	$ -	$ 4,167,084	$ -	$ 6,282,058	$ 123,134
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Operating Income (Loss)	$ (250,357)	$ 1,186,415	$ 732,671	$ (252,672)	$ 1,630,792	$ (197,143)	$ 2,849,706	$ 44,812
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities								
Depreciation	219,752	103,021	54,681	131,348	1,044,182	31,596	1,584,580	-
(Increase) Decrease in Assets:								
Accounts Receivable	-	249,847	5,507	-	152,816	(14,511)	393,659	-
Inventory	(8,198)	74,515	2,969	1,319	(759)	-	69,846	-
Deferred Outflows	(4,983)	(25,760)	(15,060)	(24,767)	(75,146)	(27,180)	(172,896)	-
Increase (Decrease) in Liabilities:								-
Accounts Payable	24,814	(19,192)	1,712	6,783	928,652	9,880	952,649	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	12,159	12,159	-
Compensated Absences Payable	(420)	3,292	(748)	4,156	11,309	4,420	22,009	-
Salaries and Wages Payable	498	3,340	(1,301)	3,994	16,600	5,539	28,670	-
Customer Deposits	-	93,982	(5,569)	-	(11,259)	-	77,154	-
Deferred Inflows	(9,157)	(69,913)	(42,219)	(54,015)	(159,199)	(22,151)	(356,654)	-
Net Pension Liability	15,115	89,076	52,730	79,247	238,167	68,974	543,309	-
Net Cash Provided by (Used in) Operating Activities	$ (12,936)	$ 1,688,623	$ 785,373	$ (104,607)	$ 3,776,155	$ (128,417)	$ 6,004,191	$ 44,812

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Fund Types and Major Funds - continued

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Assets, Liabilities, Net Position or Equity - continued

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".

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Assets, Liabilities, Net Position or Equity - continued

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.

NOTE 3. CASH AND INVESTMENTS

Cash balances as of September 30, 2020 are classified in the financial statements as follows:

Statement of Net Position:		
Cash	$	6,553,809
Restricted Cash		2,452,785
Total Cash	$	9,006,594

Cash balances consist of the following:

Cash on Hand	$	3,284
Cash Deposits in Financial Institutions		8,483,032
MEAG		520,278
Total Cash	$	9,006,594

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.

NOTE 3. CASH AND INVESTMENTS - continued

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, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Water Sewer Fund	Electric Fund	Gas Fund	Solid Waste Fund
Receivables:					
Accounts	$ 6,638	$ 916,315	$ 1,776,753	$ 175,688	$ 104,117
Taxes	42,347	-	-	-	-
Total	48,985	916,315	1,776,753	175,688	104,117
Less: Allowance for Uncollectibles	(25,125)	-	-	-	-
Net Total Receivables	$ 23,860	$ 916,315	$ 1,776,753	$ 175,688	$ 104,117

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, 2019 and due by December 20, 2019. 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.

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, 2020, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water/Sewer	$ 1,277,540
General Fund	Golf	3,023,455
General Fund	Airport	1,281,658
General Fund	Hotel/Motel	3,469
General Fund	Solid Waste	1,741,955
		$ 7,328,077
Forfeiture	General Fund	$ 966
Drug Task Force	General Fund	$ 1,751
Electric	General Fund	$ 3,601,585
Electric	Water/Sewer	5,730
Electric	Gas	5,730
		$ 3,613,045
Gas	General Fund	$ 1,351,716
Gas	Golf	286
		$ 1,352,002
Water/Sewer	Solid Waste	$ 2,652
Water/Sewer	Gas	323
		$ 2,975
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.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – continued

As of September 30, 2020, interfund transfers were as follows:

	Transfer Out:				
Transfer in:	Water/ Sewer	Electric	Gas	Hotel/Motel	Total
General Fund	$ 665,000	$ 1,350,000	$ 710,000	$ 18,576	$ 2,743,576
Total	$ 665,000	$ 1,350,000	$ 710,000	$ 18,576	$ 2,743,576

Routine transfers and payments between funds are to subsidize operations, fund capital projects and asset acquisition.

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	$ 47,520	$ -	$ -	$ 3,417,877
Total Nondepreciable Capital Assets	3,370,357	47,520	-	-	3,417,877
Depreciable Capital Assets					
Buildings and Improvements	2,517,628	309,391	-	-	2,827,019
Park Improvements	2,686,388	-	-	-	2,686,388
Machinery and Equipment	3,261,021	296,276	147,353	-	3,409,944
Infrastructure	2,634,880	91,247	-	-	2,726,127
Total Depreciable Capital Assets	11,099,917	696,914	147,353	-	11,649,478
Less Accumulated Depreciation For:					
Buildings and Improvements	(1,245,335)	72,430	-	-	(1,317,765)
Park Improvements	(1,872,734)	46,133	-	-	(1,918,867)
Machinery and Equipment	(2,292,335)	158,794	147,353	-	(2,303,776)
Infrastructure	(953,272)	90,586	-	-	(1,043,858)
Total Accumulated Depreciation	(6,363,676)	367,943	147,353	-	(6,584,266)
Total Depreciable Capital Assets, Net	4,736,241	328,971	-	-	5,065,212
Total Capital Assets, Net	$ 8,106,598	$ 376,491	$ -	$ -	$ 8,483,089

NOTE 6. CAPITAL ASSETS – continued

Business-Type Activities	*Restated Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	$ 2,782,010	$ -	$ -	$ -	$ 2,782,010
Construction in Progress	-	3,777,640	-	-	3,777,640
Total Nondepreciable Capital Assets	2,782,010	3,777,640	-	-	6,559,650
Depreciable Capital Assets					
Buildings and Improvements	8,581,389	17,486	190,666	-	8,408,209
Machinery and Equipment	5,004,151	767,356	207,321	-	5,564,186
Distribution and Collection Systems	45,895,450	121,972	157,377	-	45,860,045
Total Depreciable Capital Assets	59,480,990	906,814	555,364	-	59,832,440
Less Accumulated Depreciation For:					
Buildings and Improvements	(3,599,196)	(329,293)	165,772	-	(3,762,717)
Machinery and Equipment	(3,125,132)	(245,223)	153,726	-	(3,216,629)
Distribution and Collection Systems	(24,035,097)	(1,010,064)	150,919	-	(24,894,242)
Total Accumulated Depreciation	(30,759,425)	(1,584,580)	470,417	-	(31,873,588)
Total Depreciable Capital Assets, Net	28,721,565	(677,766)	84,947	-	27,958,852
Total Capital Assets, Net	$ 31,503,575	$ 3,099,874	$ 84,947	$ -	$ 34,518,502

Governmental Activities:

General Government	$ 43,167
Police	54,531
Fire	9,104
Public Works	154,281
Engineering	428
Garage	96,982
Recreation	9,450
Total	$ 367,943

Business-Type Activities

Airport	$ 219,752
Electric	103,021
Gas	54,681
Golf	131,348
Water/Sewer	1,044,182
Solid Waste	31,596
Total	$ 1,584,580

* Beginning numbers were restated to correct allocation between asset groups.

NOTE 7. LEASES

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 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 $4,191. 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	(47,000)
Total Net Book Value	$ -

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	(27,243)
Total Net Book Value	$ 154,376

Komatsu Excavator –Business-type Capital Lease: During fiscal year 2016, the City entered into a capital lease agreement 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 $5,301. The interest rate on this lease is 3.46%

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

	Governmental Activities
Komatsu Excavator	$ 53,010
Less: Accumulated Depreciation	(26,505)
Total Net Book Value	$ 26,505

NOTE 7. LEASES - continued

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	(72,991)
Total Net Book Value	$ 239,379

Golf Carts - Business-type Capital Lease: During fiscal year 2020, the City entered into a lease agreement with Yamaha Financial Services as lessee for financing a portion of the acquisition of 60 golf carts for $257,323 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 $51,465. The interest rate on this lease is 4.68%.

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

	Business-Type Activities
Golf Carts	$ 257,323
Less: Accumulated Depreciation	(51,465)
Total Net Book Value	$ 205,858

Freightliner Truck - Business-type Capital Lease: During fiscal year 2018, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of a 2018 Freightliner utility truck for the electric 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 $16,600. The interest rate on this lease is 4.21%.

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

	Business-Type Activities
GMC Truck	$ 166,000
Less: Accumulated Depreciation	(33,200)
Total Net Book Value	$ 132,800

NOTE 7. LEASES - continued

Bucket Truck - Business-type Capital Lease: During fiscal year 2019, the City entered into a lease agreement with GMA Finance as lessee for financing the acquisition of a 2019 F-550 Bucket truck for the electric 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 $15,289. The interest rate on this lease is 4.15%.

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

	Business-Type Activities
Bucket Truck	$ 152,885
Less: Accumulated Depreciation	(15,289)
Total Net Book Value	$ 137,596

Garbage Truck - Business-type Capital Lease: During fiscal year 2020, the City entered into a lease agreement with GMA Finance as lessee for financing the acquisition of a 2020 Peterbilt Garbage Truck 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 $0. The interest rate on this lease is 3.52%.

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

	Business-Type Activities
Garbage Truck	$ 278,891
Less: Accumulated Depreciation	-
Total Net Book Value	$ 278,891

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, 2020, are as follows:

Year Ending September 30	Governmental Activities	Business-Type Activities
2021	$ 44,761	$ 163,882
2022	12,978	146,261
2023	7,835	106,052
2024	7,861	24,812
Total Minimum Lease Payments	73,435	441,007
Less Amount Representing Interest	(3,937)	(23,346)
Present Value of Future Minimum Lease Payments	$ 69,498	$ 417,661

NOTE 8. LONG-TERM DEBT

Debt outstanding as of September 30, 2020 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	$ 370,000

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2021	$ 370,000	$ 3,608
Total	$ 370,000	$ 3,608

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	$ 5,545,000

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

Year Ending September 30	Business-Type Activites	
	Principal	Interest
2021	$ 530,000	$ 139,861
2022	545,000	129,261
2023	480,000	117,680
2024	415,000	106,880
2025	425,000	97,024
2026-2030	2,290,000	315,687
2031-2032	860,000	36,008
Total	$ 5,545,000	$ 942,401

NOTE 8. LONG-TERM DEBT - continued

Notes Payable

	Interest Rate	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Business-Type Activities:					
Water/Sewer System	3.00%	11/1/2010	7/1/2032	$ 473,000	$ 313,232
Water/Sewer System	2.40%	9/17/2014	9/17/2036	1,600,000	1,326,805
Water/Sewer System	2.27%	9/4/2015	3/1/3032	825,000	656,802
Water/Sewer System	1.25%	12/10/18	1/1/2040	1,250,000	1,213,169
Water/Sewer System*	1.25%			3,000,000	1,772,265
				$ 7,148,000	$ 5,282,273

* Water system loan was issued in May of 2019, with draws beginning February of 2020. The balance of the draws at September 30, 2020 was $1,772,265. The loan will close in 2021 with payments beginning at that time.

Notes payable debt service requirements to maturity are presented below:

Year Ending September 30	Business-Type Activities	
	Principal	Interest
2021	$ 198,502	$ 69,402
2022	202,736	65,169
2023	207,068	60,836
2024	211,500	56,402
2025	216,033	51,871
2026-2030	1,151,905	187,610
2031-2035	941,235	71,288
2036-2040	381,029	9,217
Total	$ 3,510,008	$ 571,795

On May 12, 2020 the Georgia Environmental Finance Authority (GEFA) approved a Drinking Water State Revolving Loan in the amount of $4,600,000 with a potential forgiveness of $750,000. This loan is for a new water treatment plant at Dixon Springs. Construction will begin in 2021.

NOTE 8. LONG-TERM DEBT - continued

The following is a summary of the City's long-term debt transactions for the year ended September 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 735,000	$ -	$ (365,000)	$ 370,000	$ 370,000
Capitalization Leases	90,755	35,000	(56,257)	69,498	35,972
Compensated Absences	199,835	127,582	(106,360)	221,057	106,000
Total Governmental Activities	$ 1,025,590	$ 162,582	$ (527,617)	$ 660,555	$ 511,972
Business- Type Activites:					
Note Payable	$ 3,417,786	$ 2,040,549	$ (176,062)	$ 5,282,273	$ 198,502
Revenue Bonds	6,070,000	-	(525,000)	5,545,000	530,000
Unamortized Bond Premium	45,599	-	(3,508)	42,091	-
Landfill Closure/Post Closure	151,485	163,644	(151,485)	163,644	163,644
Capitalized Leases	298,561	389,556	(270,456)	417,661	151,653
Compensated Absences	132,319	133,519	(111,510)	154,328	111,000
Total Business-Type Activities	$ 10,115,750	$ 2,727,268	$ (1,238,021)	$ 11,604,997	$ 1,154,799

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, 2020, the outstanding debt of MEAG was $7,151,025,874. The City's guarantee varies by individual project and totals $71,200,979.

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.

NOTE 10. PENSION PLAN - continued

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, 2020, the estimated minimum annual contribution under these funding standards is $395,204.

According to the plan's actuarial valuation dated January 1, 2020, the recommended contribution to the plan for the coming year is $443,669 ($0 employee and $443,669 employer; 0% employee and 9.72% employer of covered payroll respectively), and for the prior year was $386,093 ($0 employee and $386,093 employer; 0% employee and 8.01% employer of covered payroll respectively). Covered payroll for 2020 and 2019 is $4,489,336 and $4,720,392 respectively.

Net Pension Liability

The City's net pension liability (NPL) was measured as of January 1, 2020, 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, 2020.

Changes in Net Pension Liability

	(a) (TPL)	(b) (FNP)	(a) - (b) (NPL)
	Total Pension Liability	**Fiduciary Net Position**	**Net Pension Liability**
Balances at September 30, 2018	$ 14,144,160	$ 13,421,382	$ 722,778
Changes for the Year			
Service Cost	214,397	-	214,397
Interest	1,044,537	-	1,044,537
Differences Between Expected and Actual Experience	609,932	-	609,932
Contributions - Employer	-	359,931	(359,931)
Contributions - Employees	-	-	-
Net Investment Income	-	382,551	(382,551)
Benefit Payments, Including Refunds of Employee Contributions	(862,781)	(862,781)	-
Administrative Expense	-	(24,505)	24,505
Other	147,019	-	147,019
Net Changes	1,153,104	(144,804)	1,297,908
Balances at September 30, 2019	$ 15,297,264	$ 13,276,578	$ 2,020,686

NOTE 10. PENSION PLAN - continued

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 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.375%) or 1% point higher (8.375%) than the current rate.

Sensitivity of the NPL to Changes in Discount Rate

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Total Net Pension Liability	$ 3,816,923	$ 2,020,686	$ 506,855

As of January 1, 2020, employee membership data related to the current plan membership was as follows:

Number of retirees and beneficiaries currently receiving benefits	102
Number of terminated employees entitled to benefits, but not yet receiving them	67
Number of Active Plan Participants	
Vested	90
Nonvested	23
Total	282

NOTE 10. PENSION PLAN - continued

Significant Actuarial Assumptions

Actuarial Assumptions:

Net Investment Rate of Return	7.375% per year
Projected Salary Increase	2.25% plus service based merit increases
Cost of Living Adjustment	0.00%
Post Retirement Benefit Increase	N/A

Actuarial Methods:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortixation period of 18 years
Actuarial Value of Assets	Sum of the actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Mortality & Economic Assumptions	The mortality and economic assumptions are based on the Pri-2012 head-count weighted Healthy Retiree mortality tables with reates multiplied by 1.25. Based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019.
Discount Rate	The discount rate used to measure the total pension liability was 7.375 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.

NOTE 10. PENSION PLAN - continued

For the year ended September 30, 2020, the City recognized pension expense of $459,445. At September 30, 2020, 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	$ 298,506	$ -
Differences between expected and actual experience	505,957	(65,594)
Changes of assumptions	174,632	-
Net differences between projected and actual earnings on pension plan investments and changes in assumptions	-	(93,767)
	$ 979,095	$ (159,361)

Pension contributions subsequent to the measurement date of $ 298,506 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, 2021. 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
2020	$ 30,064
2021	116,363
2022	253,946
2023	120,855

Net Investment Return

On-going basis: 7.375% - 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 March 31, 2019 are as summarized in the following table:

NOTE 10. PENSION PLAN – continued

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	45.00%	6.41%
International Equity	20.00%	6.96%
Real Estate	10.00%	4.76%
Global Fixed Income	5.00%	3.06%
Domestic Fixed Income	20.00%	1.96%
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, 2020.

NOTE 11. SPECIAL LOCAL OPTION SALES TAX

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.

In November 2017, voters approved a referendum to collect a 1% Transportation Special Purpose Local Option Sales Tax. Collections began April 1, 2018 and are scheduled to end March 31, 2023. The City's distributive share of this tax is projected to be $2,917,500 or 11.67%. The proceeds from this sales tax are to be used for utility/sewer relocation for street projects.

NOTE 12. 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.

NOTE 12. RISK MANAGEMENT - continued

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 13. RESTRICTED ASSETS

At September 30, 2020, the restricted assets account balances are comprised of the following:

Governmental Activities:	General	Capital Projects	Other Governmental Funds
Cash - Shop with a Cop	$ 12,863	$ -	$ -
Cash - Capital Projects	-	1,617,394	-
Cash - Police Funds	55,860	-	49,842
Cash - Bond Debt Service	11,004	-	-
Total Restricted Assets	$ 79,727	$ 1,617,394	$ 49,842

Business-Type Activities:	Water/Sewer	Electric
Cash - MEAG	$ -	$ 520,278
Cash - Construction Cash	83,426	-
Cash - GEFA loan account	102,118	-
Total Restricted Assets	$ 185,544	$ 520,278

NOTE 14. 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 15. 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, 2020 is $605,278. Estimated total current cost of closure and post closure care remaining to be recognized is $163,644. 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 16. HOTEL/MOTEL TAX REVENUES AND TOURISM EXPENDITURES

The City of LaFayette levies an 8% 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, 2020, the amount the City collected was $48,978. 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 17. 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LAFAYETTE, GEORGIA

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

For the Previous Ten Fiscal Periods

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Pension Liability										
Service Cost	$ 214,397	$ 160,290	$ 187,639	$ 183,261	$ 199,245	$ 165,910	*	*	*	*
Interest	1,044,537	1,005,986	995,682	981,250	907,702	850,512	*	*	*	*
Benefit Changes	-	-	-	-	-	-	*	*	*	*
Differences Between Expected and Actual Experience	609,932	97,017	(262,375)	(321,087)	495,739	425,825	*	*	*	*
Changes of Assumptions	147,019	-	-	-	-	(92,127)	*	*	*	*
Benefit Payments, Including Refunds	(862,781)	(743,977)	(682,652)	(631,747)	(675,620)	(548,747)	*	*	*	*
Other	-	-	197,708	-	-	-				
Net Change in Total Pension Liability	1,153,104	519,316	436,002	211,677	927,066	801,373	*	*	*	*
Total Pension Liability - Beginning	14,144,160	13,624,844	13,188,842	12,977,165	12,050,099	11,248,726	*	*	*	*
Total Pension Liability - Ending	$ 15,297,264	$ 14,144,160	$ 13,624,844	$ 13,188,842	$ 12,977,165	$ 12,050,099	*	*	*	*
Plan Net Position										
Contributions - Employer	$ 359,931	$ 391,282	$ 430,901	$ 373,892	$ 327,777	$ 418,853	*	*	*	*
Contributions - Member	-	-	-	-	-	-	*	*	*	*
Net Investment Income	382,551	1,233,952	1,665,002	1,139,625	134,281	1,092,710	*	*	*	*
Benefit Payments, Including Refunds	(862,781)	(743,977)	(682,652)	(631,747)	(675,620)	(548,747)	*	*	*	*
Administrative Expense	(24,505)	(27,564)	(28,484)	(15,878)	(18,213)	(14,476)	*	*	*	*
Other	-	-	-	-	-	-	*	*	*	*
Net Change in Plan Net Position	(144,804)	853,693	1,384,767	865,892	(231,775)	948,340	*	*	*	*
Plan Net Position - Beginning	13,421,382	12,567,689	11,182,922	10,317,030	10,548,805	9,600,465	*	*	*	*
Plan Net Position - Ending	$ 13,276,578	$ 13,421,382	$ 12,567,689	$ 11,182,922	$ 10,317,030	$ 10,548,805	*	*	*	*
Net Pension Liability - Ending	$ 2,020,686	$ 722,778	$ 1,057,155	$ 2,005,920	$ 2,660,135	$ 2,428,360	*	*	*	*
Total Pension Liability	$ 15,297,264	$ 14,144,160	$ 13,624,844	$ 13,188,842	$ 12,977,165	$ 12,977,165	*	*	*	*
Plan Net Position	13,276,578	13,421,382	12,567,689	11,182,922	10,317,030	10,548,805	*	*	*	*
Net Pension Liability	$ 2,020,686	$ 722,778	$ 1,057,155	$ 2,005,920	$ 2,660,135	$ 2,428,360	*	*	*	*
Ratio of Plan Net Position to Total Pension Liability	86.79%	94.89%	92.24%	84.79%	79.50%	81.29%	*	*	*	*
Covered Employee Payroll	$ 4,489,336	$ 4,720,392	$ 3,889,463	$ 4,301,277	$ 4,470,429	$ 4,408,649	*	*	*	*
Net Pension Liability as a Percentage of Covered Employee Payroll	45.01%	15.31%	27.18%	46.64%	59.51%	55.08%	*	*	*	*

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution	**	$ 359,931	$ 390,157	430,901	373,892	327,777	*	*	*	*
Contributions in Relation to the Actuarially Determined Contribution	**	359,931	391,282	430,901	373,892	327,777	*	*	*	*
Contribution Deficiency (Excess)	**	$ -	$ 1,125	-	-	-	*	*	*	*
Covered Employee Payroll	**	$ 4,720,392	$ 3,889,463	4,301,277	4,408,649	3,521,904	*	*	*	*
Contributions As a Percentage of Covered Employee Payroll	**	7.63%	10.06%	10.02%	8.48%	9.31%	*	*	*	*

* Historical information prior to implementation of GASB 67/68 not required.
** 2020 information will be determined after fiscal year end and will be included in 2021 valuation report

Notes to Schedule of Contributions:

Valuation Date: The actuarially determined contribution rate was determined as of January 1, 2020, 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	7.375% net pension plan investment expense, including inflation
Projected Salary Increases	2.25% 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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019.
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.

SUPPLEMENTARY INFORMATION

Non-Major Governmental Funds

Special Revenue Funds

These operating funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or major capital projects) that are legally restricted as to use by the Federal or State Government and special purpose funds established by the City Council.

Drug Task Force Fund – accounts for revenue and expenditures associated with the drug task force grant.

Police Forfeiture Fund – accounts for revenues and expenditures associated with seized property through court ordered forfeitures for the purpose of enhancing law enforcement.

Federal Asset Forfeiture Fund – accounts for revenues and expenditures associated with seized property through court ordered forfeitures for the purpose of enhancing law enforcement.

Hotel/Motel Fund – accounts for revenues and expenditures associated with the city's hotel/motel room tax.

Capital Projects Funds

2014 SPLOST Capitals Project Fund - accounts for projects constructed using 2014 SPLOST funds. The Schedule of Revenues, Expenditures and Changes in Fund Balances is provided to meet requirements of the State of Georgia.

TSPLOST Capital Projects Fund - accounts for projects constructed using TSPLOST funds. The Schedule of Revenues, Expenditures and Changes in Fund Balances is provided to meet requirements of the State of Georgia.

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CITY OF LAFAYETTE, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

	Special Revenue				
	Drug Task Force	Police Forfeiture	Federal Asset Forfeiture	Hotel/Motel	Total Nonmajor Governmental Funds
Assets					
Cash	$ 1,364	$ 18,869	$ 29,609	$ -	$ 49,842
Due from Other Governments	-	-	-	3,469	3,469
Due from Other Funds	1,751	966	-	-	2,717
Total Assets	$ 3,115	$ 19,835	$ 29,609	$ 3,469	$ 56,028
Liabilities and Fund Balances					
Liabilities:					
Unreleased Confiscations	$ -	$ -	$ -	$ -	$ -
Due to Other Funds	-	-	-	3,469	3,469
Total Liabilities	-	-	-	3,469	3,469
Fund Balance:					
Restricted for:					
Law Enforcement Activities	3,115	19,835	29,609	-	52,559
Total Fund Balances	3,115	19,835	29,609	-	52,559
Total Liabilities and Fund Balances	$ 3,115	$ 19,835	$ 29,609	$ 3,469	$ 56,028

CITY OF LAFAYETTE, GEORGIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Special Revenue				Total Nonmajor Governmental Funds
	Drug Task Force	Police Forfeiture	Federal Asset Forfeiture	Hotel/Motel	
Revenues					
Taxes	$ -	$ -	$ -	$ 48,978	$ 48,978
Intergovernmental Revenue	72,632	-	90,316	-	162,948
Miscellaneous Income	-	29,879	-	-	$ 29,879
Interest Income	27	34	60	-	121
Total Revenues	72,659	29,913	90,376	48,978	241,926
Expenditures					
Current:					
Police	72,655	11,155	60,767	-	144,577
Tourism and Promotion	-	-	-	30,402	30,402
Total Expenditures	72,655	11,155	60,767	30,402	174,979
Excess (Deficit) of Revenues Over (Under) Expenditures	4	18,758	29,609	18,576	66,947
Other Financing Sources (Uses)					
Transfers - In(Out)	-	-	-	(18,576)	(18,576)
Total Other Financing Sources (Uses)	-	-	-	(18,576)	(18,576)
Net Change in Fund Balances	4	18,758	29,609	-	48,371
Fund Balance - Beginning of Year	3,111	1,077	-	-	4,188
Fund Balance - End of Year	$ 3,115	$ 19,835	$ 29,609	$ -	$ 52,559

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, 2020

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ 601,215	$ 601,215
Interest Income	-	-	252	252
Total Revenues	-	-	601,467	601,467
Expenditures				
Current:				
General Government	30,000	30,000	960	29,040
Public Works	193,949	193,949	640	193,309
Capital Outlays:				
Public Works	1,386,051	1,386,051	-	1,386,051
Recreation	75,818	75,818	61,539	14,279
Other Capital Outlays	840,191	840,191	-	840,191
Debt Service:				-
Principal	340,000	340,000	365,000	(25,000)
Interest	13,991	13,991	8,994	4,997
Total Expenditures	2,880,000	2,880,000	437,133	2,442,867
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,880,000)	(2,880,000)	164,334	3,044,334
Net Change in Fund Balance	(2,880,000)	(2,880,000)	164,334	3,044,334
Fund Balance - Beginning of Year			685,752	
Fund Balance - End of Year			$ 850,086	

CITY OF LAFAYETTE, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
TSPLOST Capital Projects Fund - Budget and Actual
For the Year Ended September 30, 2020

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ 656,435	$ 656,435
Interest Income	-	-	-	-
Total Revenues	-	-	656,435	656,435
Expenditures				
Current:				
Public Works	2,500,000	2,500,000	436,033	2,063,967
Total Expenditures	2,500,000	2,500,000	436,033	2,063,967
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,500,000)	(2,500,000)	220,402	2,720,402
Net Change in Fund Balance	(2,500,000)	(2,500,000)	220,402	2,720,402
Fund Balance - Beginning of Year			727,442	
Fund Balance - End of Year			$ 947,844	

COMPLIANCE SECTION

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CHRYSAN THOMAS
Certified Public Accountant
Professional Corporation
Member
American Institute of
Certified Public Accountants
Trion, Georgia

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council
City of LaFayette, Georgia

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia, as of and for the year ended September 30, 2020 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 June 18, 2021.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies described as 20-01 and 20-02.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lafayette, Georgia's financial statements are free of 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*.

City of LaFayette, Georgia's Response to Findings

City of LaFayette, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of LaFayette, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Chrysan Thomas
CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
June 18, 2021

P.O. Box 1066 Trion, Georgia 30753 (706)734-4377 chrysan@chrysanthomascpa.com

Financial Statement Findings

FS20-01 **Criteria:** Segregation of employee's duties is a common practice in an effective internal control structure. Policies should be in place requiring the segregation of certain duties, timely reconciliations, reviews, and monitoring. Regarding segregation of duties, critical duties can be categorized in four types of functions: 1) authorization; 2) custody; 3) record keeping; and 4) reconciliation. In a perfect system, no one person should handle more than one type of function.

When duties cannot be separated, compensating controls should be in place. Compensating controls is an internal control that is intended to reduce the risk of an existing or potential control weakness.

Condition: Internal controls should be in place which provides reasonable assurance that an individual cannot misappropriate funds without such actions be detected during the normal course of business.

Cause: The limited number of employees in the City and the resulting overlapping of duties causes segregation of duties to be difficult.

Effect: Without the implementation of the above internal control functions, there is an increased risk of the misappropriation of funds and error going undetected. The size of the City's staff precluded certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

Recommendation: When duties cannot be separated, compensating controls should be in place. Compensating controls are internal controls that are intended to reduce the risk of an existing control weakness. We recommend oversight of the office staff and close review of accounting records.

Response: We agree with the finding. We have implemented procedures to improve our accounting system as well as separating duties of our employees when possible. We have implemented a system to properly reconcile, report, review, and monitor our procedures. We will ensure that procedures are clearly conveyed to all employees.

Financial Statement Findings

FS20-02 **Criteria:** Monitoring and reviews are common practices in an effective internal control structure. Policies should be in place requiring the monitoring and reviews of certain duties and timely reconciliations. Regarding monitoring and reviews, there should be a person over these functions who has the level of knowledge to perform these functions.

Condition: There is lack of personnel to perform reviews and monitoring of the accounting of the city. Various accounts in the general ledgers are not being reconciled and balanced to support documents to ensure account is properly reflected in the correct department or fund. This includes cash reconciliations and monitoring of revenues.

Cause: An employee needed in the accounting function is not in place nor is there policies and procedures in place to review and monitor accounting data. Cash reconciliations are not being balanced to the accounting records.

Effect: Without the implementation of the above internal control functions, there is an increased risk of material misstatement to the financial statements. There were no procedures in place for routine reviews or monitoring of the accounting records on a daily, monthly, or annual basis. Therefore, in combination, the financial records were not correct and went undetected and required adjustments.

Recommendation: We recommend procedures be implemented which would provide for improved internal controls in the above areas. We recommend training to be provided for current employees or hiring of someone with the level of knowledge needed. We also recommend procedures be implemented to require reviews and monitoring be done at least on a monthly basis. Also, timely reconciliations need to be made for all accounts on at least a monthly basis and procedures implemented to ensure the accounting records reflect these balances.

Response: We agree with the finding. We have implemented procedures to improve our accounting system as well as separating duties of our employees when possible. We have implemented a system to properly reconcile, report, review, and monitor our procedures. We will ensure that procedures are clearly conveyed to all employees. Issues with our software prevented us from reconciling certain accounts. We are currently working to remedy.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX - 2014
SEPTEMBER 30, 2020

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads and Streets	$ 1,580,000	$ 1,580,000	$ 397,960	$ -	$ 397,960
Other Projects					
Admin					
Buildings	-	-	16,262	-	16,262
Equipment	-	-	169,330	960	170,290
Public Safety					-
Equipment	-	-	12,574	-	12,574
Solid Waste					-
Equipment	-	-	-	-	-
Public Works					-
Equipment	-	-	105,000	-	105,000
Improvements	-	-	551,140	640	551,780
Recreation					-
Equipment	-	-	6,990	-	6,990
Site Improvements	-	-	104,368	61,539	165,907
Airport					
Buildings	-	-	-	-	-
Site Improvements	-	-	-	-	-
Water and Sewer					
Equipment	-	-	-	-	-
Improvements	-	-	769,103	-	769,103
Gas					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Electric					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Golf					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Total Other Projects	1,300,000	1,300,000	1,734,767	63,139	1,797,906
Total for all Projects	$ 2,880,000	$ 2,880,000	$ 2,132,727	$ 63,139	$ 2,195,866

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances:

Principal and interest payments on long-term liabilities used to fund previous SPLOST outlays	373,994
	$ 437,133

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX - TSPLOST
SEPTEMBER 30, 2020

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads and Streets					
Utility Relocation/Sewer	$ 2,500,000	$ 2,917,500	$ 139,714	$ 436,033	$ 575,747
Total	$ 2,500,000	$ 2,917,500	$ 139,714	$ 436,033	$ 575,747