

CITY OF LAFAYETTE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The
Fiscal Year Ended September 30, 2013

Max Morrison
Interim City Manager

By Authority Of
Mayor and Council

City of LaFayette, Georgia
Comprehensive Annual Financial Report
September 30, 2013

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INTRODUCTORY SECTION

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

May 19, 2014

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

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of LaFayette, Georgia, for the fiscal year ended September 30, 2013. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

Introductory section – Includes this letter of transmittal with comments on the operations of the City, the City's organizational chart, a list of principal elected and appointed officials, and the Government Finance Officers Association of the United States (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's 2012 report.

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

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

The new reporting model issued by the GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

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

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

The Reporting Entity

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

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

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

Economic conditions and outlook

LaFayette remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. The assessed value of all taxable property (2012 digest) decreased by 2.2% over the 2011 valuation. The business environment outlook for LaFayette continues to be favorable despite the economic downturn experienced by other regions of the country. The City's broadly diversified economic base supports several nationally known companies, including GE, Shaw and Syntec, as well as other smaller commercial and industrial companies. Some of the reasons that these enterprises chose LaFayette as a local or regional business center include: the City's strategic Southeast location, convenience to local and national highways, rail and air transportation, city owned utilities at low rates, abundant labor, educational and cultural resources, and overall quality of life.

As the Council was considering the fiscal year 2013 adopted budget, the City was still feeling the effects of the local and national slowdown in the economy. Department Heads were instructed to take a very conservative approach toward revenue and expenditure projections, but also to look at ways to make their department (and the City) safer and more secure. During the year, the budget was amended mostly to adjust for additional revenue and expenditures. The expected growth within the community should help to increase revenue so as to prevent the requirements to obtain additional funding through loans in the foreseeable future. As part of the City's long-term financial planning efforts, and also to take advantage of currently lower interest rates and to allow for additions and improvements of capital projects even in a downturn economy, the City issued bonds in October, 2008. While this budget has been one of the most challenging to manage in many years, all city employees helped by continuing to provide quality services and to meet the needs of our citizens.

FINANCIAL INFORMATION

Accounting Systems and Budgetary Control

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

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

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

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

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

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

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

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

Local Economy

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

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

Relevant Financial Policies

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

Major Initiatives

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

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of LaFayette for its comprehensive annual financial report for

the year ended September 30, 2012. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only.

Acknowledgments

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of LaFayette
Georgia**

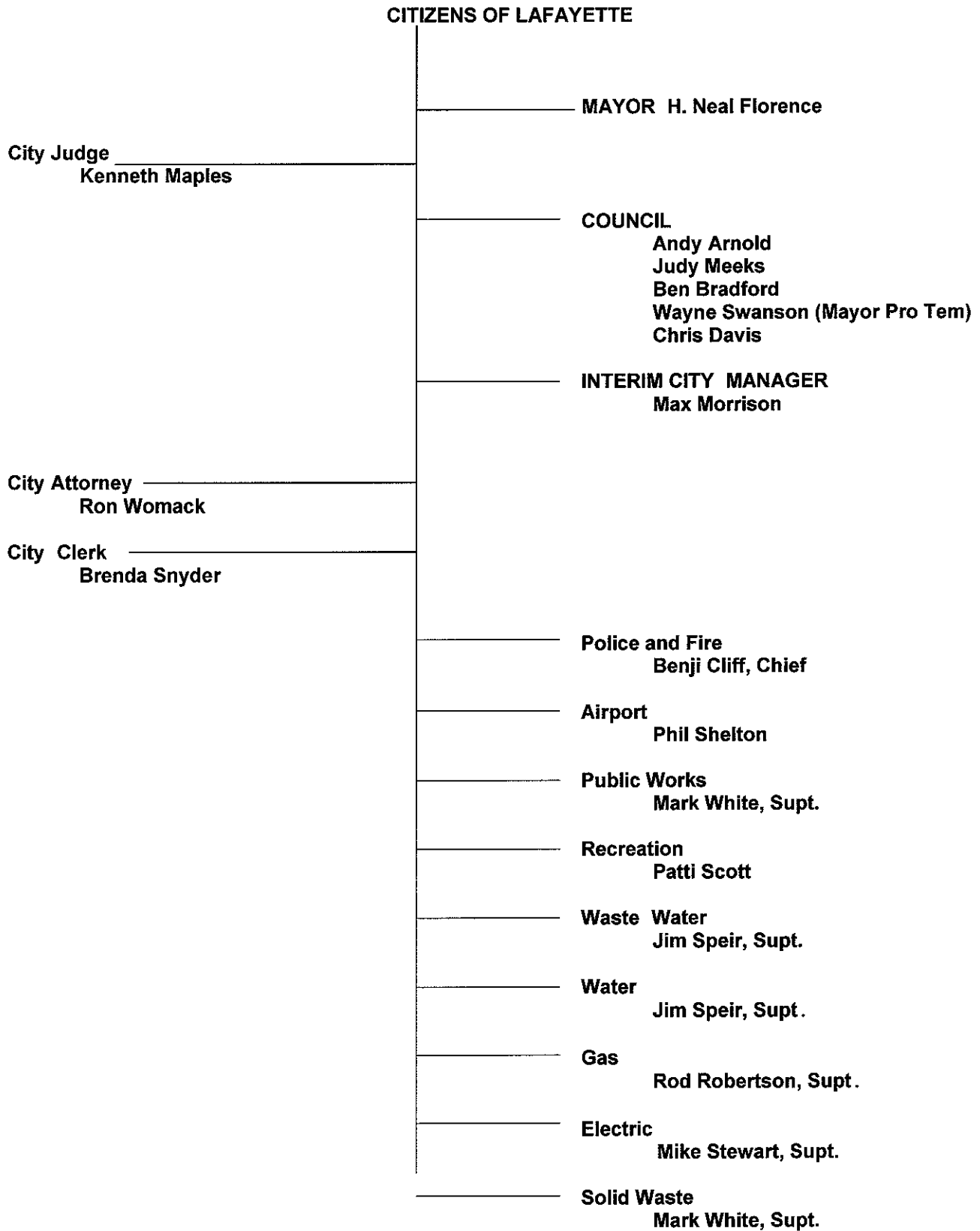
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012



Executive Director/CEO

**CITY OF LAFAYETTE, GEORGIA
ORGANIZATIONAL CHART AND
LIST OF ELECTED AND APPOINTED OFFICIALS
SEPTEMBER 30, 2013**



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of LaFayette, Georgia as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of LaFayette, Georgia as of and for the year ended September 30, 2013, 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 13 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

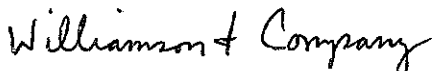
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of LaFayette's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical section, and the schedule of projects constructed with special local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of LaFayette, Georgia.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2014, on our consideration of the City of LaFayette, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of LaFayette, Georgia's internal control over financial reporting and compliance.



Williamson & Company
Certified Public Accountants
May 19, 2014

Management's Discussion and Analysis

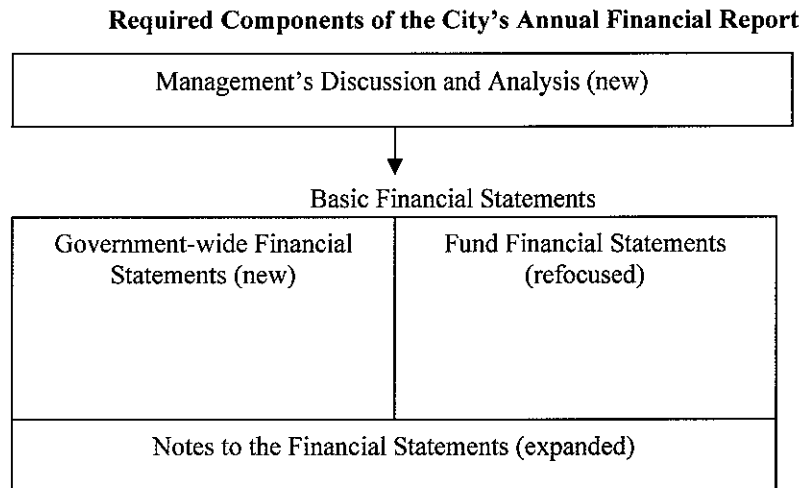
This section of the City of Lafayette's annual financial report is designed to provide the reader a better understanding of the City's financial activity for the fiscal year that ended September 30, 2013. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

Financial Highlights

- The City's total assets exceed liabilities by \$30,567,274 at the end of the year. This amount includes \$34,054,659 invested in capital assets net of accumulated depreciation and related debt, restricted net position of \$1,479,716 and unrestricted net position of -\$4,967,101. Significant portions of restricted net position include amounts for debt service and construction.
- The City's total net position increased by \$1,038,228, or 3.40% to \$30,567,274. The net position for governmental activities increased by \$1,233,753, or 19.41% and the business-type net position decreased by -\$195,525, or -0.81%.
- The City's revenues for governmental activities were \$4,181,331, excluding transfers and bonds issued. Expenses, excluding transfers, were \$5,496,578.
- The City's business-type activities, excluding transfers, had revenues of \$17,396,631, while expenses, excluding transfers, were \$15,183,359.
- The General Fund, which is the City's primary operating fund, reported an increase in fund balance of \$709,479 in fiscal year 2013.
- The City's governmental activities debt balance (Note 8) had a net decrease of \$543,755. This change represents the payment of outstanding revenue bond principal of \$580,000. This change also reflects a compensated absences increase of \$18,410, while capital lease transactions increased \$22,189. The balance on the outstanding debt for business-type activities had a net increase of \$2,340,206. This change represents issuance of additional revenue bonds payable of \$9,200,000, payoff of notes payable principle of \$6,577,292, and payoff of capital leases payable principle of \$96,941. This change also reflects an additional compensated absences increase of \$9,286.
- Total cash (Note 3) at September 30, 2013 was \$3,948,572.
- The capital assets (Note 6), net of accumulated depreciation, of the City at the end of the 2013 fiscal year totaled \$36,644,237. This includes net capital assets for governmental activities of \$7,300,249 and business-type activities of \$29,343,988.

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.



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

GOVERNMENT-WIDE STATEMENTS

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

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

- **Governmental activities** – These include the basic services provided by the City including police, fire, parks and recreation, public works and general administration.
- **Business-type activities** – These include services for which the City charges specific fees which are meant to cover the cost of providing the services. These include electric, gas, water and sewer services, solid waste collection, municipal airport and golf.

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

FUND FINANCIAL STATEMENTS

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

Fund Financial Statements

	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Includes the City's basic services such as police, fire, traffic control, cultural activities, and parks	Services provided by the City that are operated similar to private businesses and for which the City charges a fee	Funds for which the City is the trustee or agent for someone else's resources
Examples	Police, fire, street and sidewalks, parks, and recreational activities	Electric, Gas, Water and Sewer and Solid Waste	City's revolving loan fund
Required financial statements	<ul style="list-style-type: none"> - Balance Sheet - Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> - Statement of net assets - Statement of revenues, expenses, and changes in net assets - Statement of cash flows 	<ul style="list-style-type: none"> - Statement of fiduciary net assets - Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short and long-term	All assets and liabilities, both short and long-term; capital assets, if any, are included
Type of inflow / outflow information	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Position for the current year. The City's net position increased by \$1,038,228, or 3.40% in fiscal year 2013. The net position of the governmental activities include \$6,013,279 investment in capital assets. Capital assets of \$7,300,249 include land, buildings, park improvements, equipment and current year infrastructure additions. Related debt includes revenue bonds of \$1,230,000.

The net position of the business-type activities include \$28,041,380 investment in capital assets. Capital assets of \$29,343,988 include land, utility system, building, other improvements, equipment, airport and golf course. Related debt includes notes and revenue bonds of \$10,432,658.

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

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

	Governmental Activities		Business-type Activities		Total		Total % Change
	2013	2012	2013	2012	2013	2012	2013-12
ASSETS							
Current and other assets	\$ 990	\$ 1,245	\$ 6,867	\$ 4,312	\$ 7,857	\$ 5,557	41.39%
Capital assets	7,300	7,046	29,344	29,392	36,644	36,438	0.57%
Total Assets	8,290	8,291	36,211	33,704	44,501	41,995	5.97%
LIABILITIES							
Current and other liabilities	1,234	1,195	2,057	984	3,291	2,179	51.03%
Long-term debt outstanding	699	1,972	9,943	8,305	10,642	10,277	3.55%
Total Liabilities	1,933	3,167	12,000	9,289	13,933	12,456	11.86%
NET ASSETS							
Invested in capital assets, net of related debt	6,013	5,073	28,041	21,048	34,054	26,121	30.37%
Restricted	1,480	1,677	-	36	1,480	1,713	-13.60%
Unrestricted	(1,136)	(1,627)	(3,831)	3,331	(4,967)	1,704	-391.49%
Total Net Assets	\$ 6,357	\$ 5,123	\$ 24,210	\$ 24,415	\$ 30,567	\$ 29,538	3.48%

CHANGES IN NET POSITION

The City's total revenues before transfers were \$21,577,962 in the 2013 fiscal year. Expenses before transfers were \$20,679,937 during that same period. Governmental and business-type activities combined provided a \$898,025 increase in net assets.

Governmental activities revenues were \$4,181,331 and included \$1,131,770 charges for services, \$554,296 grant revenues, \$496,057 property taxes and \$1,061,980 sales taxes. The largest governmental activities expenses were for public safety of \$2,231,376 (police, fire and animal control), public works of \$833,213, general government of \$1,117,808 and recreation of \$885,455. Expenses include depreciation expense as explained in the notes to the financial statements (Note 6).

Business-type activity revenues were \$17,396,031 and included \$16,707,077 charges for services, \$680,916 intergovernmental revenues, and \$8,038 interest. The largest business-type activity expenses were for purchases of energy for resale to customers, electricity for \$6,322,466 and gas for \$1,374,861.

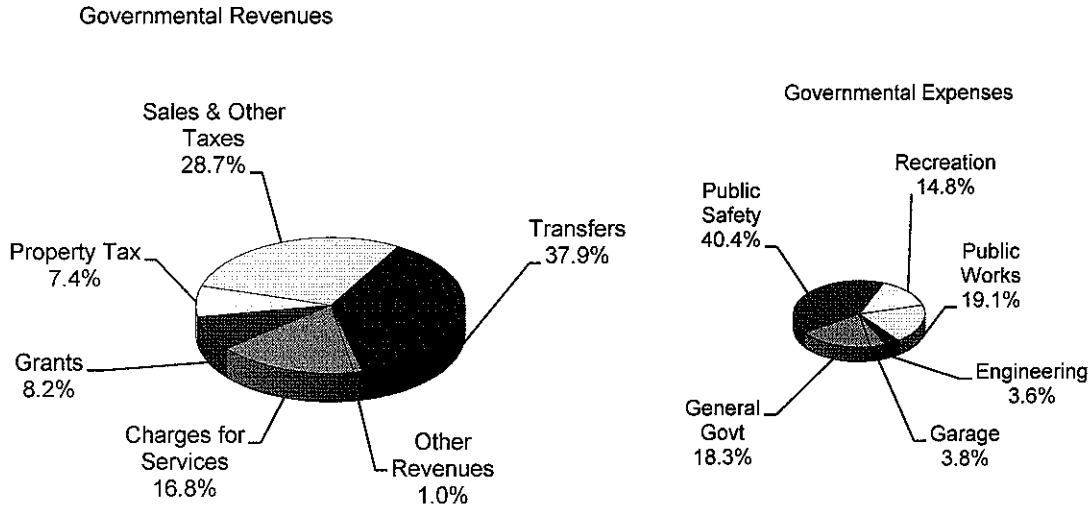
Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total		Total % Change
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2011</u>	<u>2013</u>	<u>2012</u>	
REVENUES							
Program Revenues							
Charges for services	\$ 1,132	\$ 1,207	\$ 16,707	\$ 14,591	\$ 17,839	\$ 15,798	12.9%
Operating grants and contributions	310	94	-	-	310	94	229.8%
Capital grants and contributions	245	264	681	339	926	603	53.6%
General revenues							
Property taxes	496	437	-	-	496	437	13.5%
Local option sales tax	1,062	1,145	-	-	1,062	1,145	-7.2%
Other taxes	868	837	-	-	868	837	3.7%
Investment income	2	4	8	5	10	9	11.1%
Other general revenues	67	142	1	57	68	199	-65.8%
Total Revenues	<u>4,182</u>	<u>4,130</u>	<u>17,397</u>	<u>14,992</u>	<u>21,579</u>	<u>19,122</u>	<u>12.8%</u>
EXPENSES							
General	1,118	1,080	-	-	1,118	1,080	3.5%
Police	1,798	1,799	-	-	1,798	1,799	-0.1%
Fire	398	425	-	-	398	425	-6.4%
Public Works	833	964	-	-	833	964	-13.6%
Engineering	216	205	-	-	216	205	5.4%
Recreation	886	882	-	-	886	882	0.5%
Garage	174	181	-	-	174	181	-3.9%
Animal Control	35	42	-	-	35	42	-16.7%
Interest on long-term debt	39	61	-	-	39	61	-36.1%
Electric	-	-	7,663	7,824	7,663	7,824	-2.1%
Gas	-	-	2,058	1,782	2,058	1,782	15.5%
Water/Sewer	-	-	3,571	3,350	3,571	3,350	6.6%
Solid Waste	-	-	647	622	647	622	4.0%
Golf	-	-	825	775	825	775	6.5%
Airport	-	-	419	342	419	342	22.5%
Total Expenses	<u>5,497</u>	<u>5,639</u>	<u>15,183</u>	<u>14,695</u>	<u>20,680</u>	<u>20,334</u>	<u>1.7%</u>
Excess (Deficiency) before transfers							
	(1,315)	(1,509)	2,214	297	899	(1,212)	-174.2%
Transfers							
	2,549	2,199	(2,549)	(2,199)	-	-	0.0%
Increase (Decrease) in Net Assets	<u>\$ 1,234</u>	<u>\$ 690</u>	<u>\$ (335)</u>	<u>\$ (1,902)</u>	<u>\$ 899</u>	<u>\$ (1,212)</u>	<u>-174.2%</u>

GOVERNMENTAL ACTIVITIES

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

**Table 3 – Governmental Activities
Fiscal Year 2013**



Revenue Impacts:

- Property taxes of \$496,057 provided 7.4% of governmental revenues for general operations. The millage rate was set at 2.99 in the current year.
- Revenues from local option sales taxes were \$1,061,980. This represents an overall decrease of .08% from the prior year.
- The transfers from proprietary funds were \$2,549,000, which was \$349,578 or a 13.71% increase from the prior year.
- Charges for services include amounts charged for providing utility billing and collection services to the enterprise funds of \$684,000. Municipal court fines were \$130,407.

Expense Impacts

- General Government expenditures increased by \$55,934 or 5% compared to the prior year. This increase is primarily due to rises in cost of fuel. Another factor was a small pay raise given during this period.
- Police, fire and animal control expenditures increased by \$48,955 or 2.5% from the prior year. This increase is represented by the cost of fuel, payroll increases, and errors on budget figures during the period.
- Public Works expenditures decreased by \$117,443 or 13.12% compared to the prior year. This amount represents a decrease in employee costs (employee departures, not replaced), and delayed paving projects.
- Culture and Recreation expenditures increased by \$42,876 or 5.31%. This increase was due to an error in budget concerning healthcare costs, as well as the increased costs of uniforms and equipment.

BUSINESS-TYPE ACTIVITIES

Table 4
Business-type Activities
(in thousands)

	<u>Operating Revenues</u>		<u>Operating Expenses</u>		<u>Operating Income</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Electric	\$ 8,721	\$ 7,303	\$ 7,663	\$ 7,823	\$ 1,058	\$ (520)
Gas	2,669	2,277	2,049	1,782	620	495
Water/Sewer	4,110	3,739	3,321	3,166	789	573
Solid Waste	513	566	643	616	(130)	(50)
Golf	572	580	817	775	(245)	(195)
Airport	122	126	420	342	(298)	(216)
Total	<u>\$ 16,707</u>	<u>\$ 14,591</u>	<u>\$ 14,913</u>	<u>\$ 14,504</u>	<u>\$ 1,794</u>	<u>\$ 87</u>

Operating revenues for business-type activities for the fiscal year 2013 were \$16,707,077, a \$2,116,325 increase compared to the prior year. Operating expenses were \$14,913,156 in 2013, \$399,396 more than the prior year. The operating income was \$1,809,846 in 2013 compared to \$76,992 in 2012. Activities for individual funds are summarized below.

- Electric program revenues increased by \$1,417,896 from the prior year in addition to expenses decreasing by \$16,622. The program revenue increase is attributable to the adoption of an electric rate increase and weather-related factors.
- Gas program revenues increased by \$391,809 and expenses increased by \$267,421. Natural gas prices remained stable.
- Water & Sewer program revenues increased by \$370,991, while expenses increased by \$155,420 from the prior year. Sewer rates were increased from 75% to 120%.
- Solid Waste program revenues decreased \$52,154 from the prior year and expenses increased \$17,255. The decrease in revenue is due to greater fuel costs. Expenses increased due to pay raises.
- Golf revenues decreased by \$8,557 over the prior year, largely due to weather. Expenses were up by \$42,320, mainly for payments on new golf carts.
- Airport revenues decreased by \$3,660, mostly due to the small turn out at the Fly-In event, and fuel sales were down due to weather. Expenses increased by \$77,602 from the prior year. This increase is due largely to the construction of a new terminal, and having to pay for in-kind labor.

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

Fund	Fund Balances <u>09-30-12</u>	Revenues/ Sources	Expenditures / Uses	Revenues/Sources Over (Under) Expenditures/Uses	Fund Balances <u>09-30-13</u>
General Fund	\$ (447,660)	\$ 5,945,196	\$ 5,235,717	\$ 709,479	\$ 261,819
Capital Projects Fund	<u>656,875</u>	<u>588,091</u>	<u>942,985</u>	<u>(354,894)</u>	<u>301,981</u>
Total City Funds	<u>\$ 209,215</u>	<u>\$ 6,533,287</u>	<u>\$ 6,178,702</u>	<u>\$ 354,585</u>	<u>\$ 563,800</u>

At September 30, 2013, the City's governmental funds reported a combined fund balance of \$624,866 (see Statement on page 30), which is \$438,662 greater than the previous year-end. The unreserved portion of fund balance was \$44,233. The unreserved fund balance may serve as a useful indicator of the City's ability to operate without external financing. The reserved portion represents amounts reserved for debt service payments related to the issuance of revenue bonds to finance capital projects construction.

General Fund

The General Fund had a \$709,479 increase in fund balance, to end the fiscal year at \$261,819. More detailed information for the general fund is presented on page 31.

Operating revenues and other financing sources increased \$726,672. This increase was related to both an Electric and Sewer rate increase.

Overall expenditures and other uses decreased \$327,390. Transfers out decreased \$372,000.

Capital Projects Fund

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

- Sales tax \$587,550
- Interest earned \$541

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

In September 2012, the City Council appropriated \$5,600,450 for general fund expenditures in the 2013 fiscal year budget.

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

Revenues:

- Higher than anticipated grant revenues

Expenditures:

- Increased and continued cost control measures

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounted to \$36,644,237 (net of accumulated depreciation). Investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 0.56%. For more detailed information concerning capital assets see the notes to the financial statements.

Table 6
Capital Assets
(net of depreciation)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land and Improvements	\$ 3,313,429	\$ 2,280,059	\$ 5,593,488
Construction in progress	-	369,313	369,313
Buildings and structures	2,173,169	3,689,471	5,862,640
Infrastructure	1,322,963	165,380	1,488,343
Utility systems	-	20,809,100	20,809,100
Improvements other than buildings	-	-	-
Furniture, machinery and equipment	490,688	2,030,665	2,521,353
Total	<u>\$ 7,300,249</u>	<u>\$ 29,343,988</u>	<u>\$ 36,644,237</u>

This year's major capital asset additions included:

Governmental Activities:

- Police – Cruisers & Equipment - \$47,084
- Public Works – Infrastructure - \$176,285
- Recreation – Equipment & Library Renovations - \$385,945

Business-type Activities:

- Water and Sewer Fund Equipment - \$14,715
- Water and Sewer Fund Improvements - \$383,759
- Electric Fund Improvements - \$33,395
- Gas Fund Improvements - \$81,373
- Airport Fund Improvements - \$824,415
- Solid Waste Fund Equipment - \$41,075
- Golf Fund Equipment - \$10,150

LONG-TERM DEBT

At the end of the 2013 fiscal year, the City had \$11,813,199 in outstanding debt. This is a net increase of \$1,778,423 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 \$12,864,273 and the City has no outstanding general obligation debt.

Table 7
Outstanding Debt at September 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Revenue Bonds	\$ 1,230,000	\$ 9,005,153
Capital Leases	56,970	624,299
Notes Payable	-	803,206
Total	<u>\$ 1,286,970</u>	<u>\$ 10,432,658</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

With the economy beginning to improve, utility rates adjusted so that a profit can be realized and fiscal guidelines enacted by Council have made the last few months of the year stable with the potential to improve. Also, the enacting of the Cost Adjustment (UCA) by the Council, which will be monitored each month by the City Manager, will ensure that the cost of utilities does not exceed revenues. In June of 2014 the Council employed a permanent City Manager whose background is heavy in business management and finance.

The 2013/2014 budget includes no capital expenditures in an effort to increase all fund balances through the increase of utility rates and no non-emergency capital expenditures. It is expected at the year-end that the General Fund balance, as well as all revenue fund balances, will be much improved.

Financial Contact

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

BASIC FINANCIAL STATEMENTS

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 190,091	\$ 846,138	\$ 1,036,229
Receivables - net	130,453	2,226,268	2,356,721
Prepays	14,229	-	14,229
Internal balances	-	-	-
Inventory	19,767	788,911	808,678
Restricted assets:			
Restricted cash	529,107	2,670,226	3,199,333
Capital assets:			
Land and construction in progress	3,336,429	2,641,397	5,977,826
Other capital assets - net	3,963,820	26,702,591	30,666,411
Total capital assets	<u>7,300,249</u>	<u>29,343,988</u>	<u>36,644,237</u>
Unamortized bond issue costs	<u>105,807</u>	<u>335,091</u>	<u>440,898</u>
Total assets	<u>8,289,703</u>	<u>36,210,622</u>	<u>44,500,325</u>
LIABILITIES			
Cash overdraft	286,990	-	286,990
Internal balances	132,296	(132,296)	-
Accounts payable	48,237	875,164	923,401
Accrued wages payable and withholdings	-	-	-
Customer deposits	-	590,748	590,748
Accrued Interest payable	36,822	2,885	39,707
Noncurrent liabilities:			
Due within one year	729,607	720,295	1,449,902
Due in more than one year - net	<u>698,867</u>	<u>9,943,436</u>	<u>10,642,303</u>
Total liabilities	<u>1,932,819</u>	<u>12,000,232</u>	<u>13,933,051</u>
NET POSITION			
Net investment in capital assets	6,013,279	28,041,380	34,054,659
Restricted for:			
Capital projects	931,771	-	931,771
Debt service reserve	413,992	-	413,992
Law enforcement activities	133,953	-	133,953
Unrestricted	<u>(1,136,111)</u>	<u>(3,830,990)</u>	<u>(4,967,101)</u>
Total net position	<u>\$ 6,356,884</u>	<u>\$ 24,210,390</u>	<u>\$ 30,567,274</u>

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

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General Government	\$ 1,117,808	\$ 760,077	\$ 223	\$ 588,091
Police	1,797,485	130,407	309,460	-
Fire	398,437	-	-	-
Public Works	833,213	33,850	-	244,613
Engineering	215,972	51,302	-	-
Recreation	885,455	156,134	-	-
Garage	173,860	-	-	-
Animal Control	35,454	-	-	-
Interest on Long-term Debt	38,894	-	-	-
Total governmental activities	<u>5,496,578</u>	<u>1,131,770</u>	<u>309,683</u>	<u>832,704</u>
Business-type activities:				
Airport	419,409	121,983	-	680,916
Electric	7,663,017	8,720,685	-	-
Gas	2,058,255	2,669,253	-	-
Golf	824,600	571,570	-	-
Water/Sewer	3,571,402	4,110,287	-	-
Solid Waste	646,676	513,299	-	-
Total business-type activities	<u>15,183,359</u>	<u>16,707,077</u>	<u>-</u>	<u>680,916</u>
Total primary government	<u>\$ 20,679,937</u>	<u>\$ 17,838,847</u>	<u>\$ 309,683</u>	<u>\$ 1,513,620</u>

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

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
Functions/Programs	Governmental Activities	Business-type Activities	Totals
Primary government:			
Governmental activities:			
General Government	\$ 230,583		\$ 230,583
Police	(1,357,618)		(1,357,618)
Fire	(398,437)		(398,437)
Public Works	(554,750)		(554,750)
Engineering	(164,670)		(164,670)
Recreation	(729,321)		(729,321)
Garage	(173,860)		(173,860)
Animal Control	(35,454)		(35,454)
Interest on Long-term Debt	(38,894)		(38,894)
Total governmental activities	<u>(3,222,421)</u>		<u>(3,222,421)</u>
Business-type activities:			
Airport		\$ 383,490	383,490
Electric		1,057,668	1,057,668
Gas		610,998	610,998
Golf		(253,030)	(253,030)
Water/Sewer		538,885	538,885
Solid Waste		(133,377)	(133,377)
Total business-type activities		<u>2,204,634</u>	<u>2,204,634</u>
Total primary government	<u>(3,222,421)</u>	<u>2,204,634</u>	<u>(1,017,787)</u>
General revenues:			
Taxes:			
Property	496,057	-	496,057
Sales	473,889	-	473,889
Hotel/Motel	29,843	-	29,843
Insurance premium	354,769	-	354,769
Malt beverage	122,645	-	122,645
Franchise	285,086	-	285,086
Occupation	75,220	-	75,220
Other	33,049	-	33,049
Investment earnings	1,959	8,038	9,997
Gain on Sale of Capital Assets	7,836	600	8,436
Miscellaneous	26,821	-	26,821
Transfers	2,549,000	(2,549,000)	-
Total general revenues and transfers	<u>4,456,174</u>	<u>(2,540,362)</u>	<u>1,915,812</u>
Change in net position	1,233,753	(335,728)	898,025
Net position - beginning	5,123,131	24,405,915	29,529,046
Prior Period adjustment	-	140,203	140,203
Net position - ending	<u>\$ 6,356,884</u>	<u>\$ 24,210,390</u>	<u>\$ 30,567,274</u>

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

**CITY OF LAFAYETTE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 900	\$ -	\$ 148,764	\$ 149,664
Receivables (Net of Allowance for Uncollectibles):				
Accounts	15,889	-	-	15,889
Taxes	66,752	47,811	-	114,564
Prepays	14,229	-	-	14,229
Inventory	19,767	-	-	19,767
Due from Other Funds	3,621,150	-	2,659	3,623,809
Cash - Restricted	115,115	413,992	-	529,107
Total Assets	<u>\$ 3,853,802</u>	<u>\$ 461,803</u>	<u>\$ 151,423</u>	<u>\$ 4,467,029</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash Overdraft	\$ 286,990	\$ -	\$ -	\$ 286,990
Accounts Payable	48,237	-	-	48,237
Accrued Payables & Withholdings	-	-	-	-
Due to Other Funds	3,234,651	123,000	90,357	3,448,008
Accrued Interest Payable	-	36,822	-	36,822
Deferred Revenue	22,106	-	-	22,106
Total Liabilities	<u>3,591,984</u>	<u>159,822</u>	<u>90,357</u>	<u>3,842,163</u>
Fund Balances:				
Nonspendable:				
Prepays	14,229	-	-	14,229
Inventory	19,767	-	-	19,767
Restricted for:				
Acquisition and construction of capital assets	-	(112,011)	-	(112,011)
Debt service reserve	-	413,992	-	413,992
Law enforcement activities	-	-	133,953	133,953
Committed to:				
Cemetery care	110,703	-	-	110,703
Tourism	-	-	-	-
Unassigned	117,120	-	(72,887)	44,233
Total Fund Balances	<u>261,819</u>	<u>301,981</u>	<u>61,066</u>	<u>624,866</u>
Total Liabilities and Fund Balances	<u>\$ 3,853,803</u>	<u>\$ 461,803</u>	<u>\$ 151,423</u>	<u>\$ 4,467,029</u>

**Reconciliation of the Balance Sheet to the
Statement of Net Position**

Fund Balances - Total governmental funds \$ 624,866

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

Capital assets used in governmental activities are not financial resources
and are therefore not reported in the governmental funds. 7,300,249

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. (267,668)

A portion of deferred revenue in the general fund represents property tax
billed but uncollected and is eliminated in the statement of net position. 22,106

Long-term liabilities are not due and payable in the current period
and therefore are not reported in the governmental funds. Other related amounts
include deferred issue costs.

Bonds Payable	(1,230,000)	
Leases Payable	(56,970)	
Unamortized Bond Issuance Costs	105,807	
Compensated Absences	(141,504)	
		(1,322,667)

Effects of rounding (2)

Net position of governmental activities \$ 6,356,884

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, 2013

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,782,056	\$ -	\$ 29,843	\$ 1,811,899
Grant Revenue	208,112	-	246,139	454,251
Licenses and Permits	53,223	-	-	53,223
Intergovernmental	65,225	587,550	-	652,775
Payments in lieu of taxes	12,212	-	-	12,212
Fines and Forfeitures	154,575	-	-	154,575
Charges for Services	253,990	-	-	253,990
Contributions and donations	323	-	-	323
Miscellaneous Income	776,654	-	1,714	778,368
Interest Income	1,823	541	136	2,500
Total Revenues	<u>3,308,193</u>	<u>588,091</u>	<u>277,832</u>	<u>4,174,116</u>
EXPENDITURES				
Current:				
General Government	1,089,351	20	5,000	1,094,371
Police	1,575,415	-	84,507	1,659,922
Fire	309,163	-	-	309,163
Public Works	721,214	-	-	721,214
Engineering	214,825	-	-	214,825
Recreation	807,607	-	-	807,607
Garage	174,150	-	-	174,150
Animal Control	35,430	-	-	35,430
Intergovernmental Expenditures	-	-	64,105	64,105
Debt Service:				
Principal	23,319	580,000	-	603,319
Interest	2,072	36,822	-	38,894
Capital Outlay:				
General Government	-	-	-	-
Police	47,084	-	-	47,084
Public Works	176,285	-	-	176,285
Recreation	59,802	326,143	-	385,945
Total Expenditures	<u>5,235,717</u>	<u>942,985</u>	<u>153,612</u>	<u>6,332,314</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,927,524)</u>	<u>(354,894)</u>	<u>124,220</u>	<u>(2,158,198)</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases	40,024	-	-	40,024
Transfers - Out	-	-	(40,143)	(40,143)
Transfers - In	2,589,143	-	-	2,589,143
Sale of capital assets	7,836	-	-	7,836
Total Other Financing Sources (Uses)	<u>2,637,003</u>	<u>-</u>	<u>(40,143)</u>	<u>2,596,860</u>
Net Change in Fund Balances	709,479	(354,894)	84,077	438,662
Fund Balance (Deficit) - Beginning of Year	<u>(447,660)</u>	<u>656,875</u>	<u>(23,011)</u>	<u>186,204</u>
Fund Balance - End of Year	<u>\$ 261,819</u>	<u>\$ 301,981</u>	<u>\$ 61,066</u>	<u>\$ 624,866</u>

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

**CITY OF LAFAYETTE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Net Change in Fund Balances - Total Governmental Funds \$ 438,662

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	609,314	
Less current year depreciation	<u>(354,852)</u>	
		254,462

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	(621)
--	-------

Issuance of long-term debt (bonds, leases) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital Lease Proceeds	(40,024)	
Principal Payments on Bonds	580,000	
Principal Payments on Leases	<u>23,319</u>	
		563,295

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in long-term compensated absences	(18,410)
--	----------

Internal service funds are used by management to charge the costs of self-insurance to individual funds.

The net loss of certain activities of internal service funds is reported with governmental activities.	(3,636)
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Effects of rounding		<u>1</u>
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Change in Net Position of Governmental Activities	<u>\$ 1,233,753</u>
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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, 2013

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 1,911,500	\$ 1,911,500	\$ 1,782,056	\$ (129,444)
Grant Revenue	75,000	75,000	208,112	133,112
Licenses and Permits	16,600	16,600	53,223	36,623
Intergovernmental	50,000	50,000	65,225	15,225
Payments in lieu of taxes	12,000	12,000	12,212	212
Fines and Forfeitures	120,500	120,500	154,575	34,075
Charges for Services	242,250	242,250	253,990	11,740
Contributions and donations	1,000	1,000	323	(677)
Miscellaneous Income	119,300	119,300	776,654	657,354
Interest Income	7,500	7,500	1,823	(5,677)
Total Revenues	2,555,650	2,555,650	3,308,193	752,543
EXPENDITURES				
Current:				
General Government	1,326,150	1,326,150	1,089,351	236,799
Police	1,510,050	1,510,050	1,575,415	(65,365)
Fire	410,600	410,600	309,163	101,438
Public Works	821,850	821,850	721,214	100,636
Engineering	225,450	225,450	214,825	10,625
Recreation	831,100	831,100	807,607	23,493
Garage	192,100	192,100	174,150	17,950
Animal Control	49,550	49,550	35,430	14,120
Debt Service:				
Principal	16,600	16,600	23,319	(6,719)
Interest	-	-	2,072	(2,072)
Capital Outlays:				
General Government	-	-	-	-
Police	38,000	38,000	47,084	(9,084)
Public Works	67,000	67,000	176,285	(109,285)
Recreation	112,000	112,000	59,802	52,198
Total Expenditures	5,600,450	5,600,450	5,235,717	364,734
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(3,044,800)	(3,044,800)	(1,927,524)	1,117,276
OTHER FINANCING SOURCES (USES)				
Capital Leases	-	-	40,024	40,024
Transfers - Out	-	-	-	-
Transfers - In	3,038,300	3,038,300	2,589,143	(449,157)
Sale of capital assets	6,500	6,500	7,836	1,336
Total Other Financing Sources (Uses)	3,044,800	3,044,800	2,637,003	(407,798)
Net Change in Fund Balance	-	-	709,479	709,479
Fund Balance (Deficit) - Beginning of Year	(447,660)	(447,660)	(447,660)	-
Fund Balance (Deficit) - End of Year	\$ (447,660)	\$ (447,660)	\$ 261,819	\$ 709,479

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

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

Assets	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Current Assets:								
Cash and Cash Equivalents	\$ -	\$ -	\$ 16,816	\$ -	\$ 829,322	\$ -	\$ 846,138	\$ 39,294
Restricted Cash - MEAG	-	188,194	-	-	-	-	188,194	-
Restricted Cash - GEFA	-	-	-	-	-	-	-	-
Restricted Cash - Capital lease	-	-	-	-	-	21	21	-
Accounts Receivable - Net	-	1,333,418	188,754	-	643,913	60,183	2,226,268	-
Due From Other Funds	6,338	1,953,508	965,486	-	393,608	141,422	3,460,362	-
Inventory	37,023	508,370	102,218	12,677	128,623	-	788,911	-
Total Current Assets	43,361	3,983,490	1,273,274	12,677	1,995,466	201,626	7,509,894	39,294
Non-Current Assets:								
Restricted Assets:								
Construction Cash	-	-	-	-	2,240,995	-	2,240,995	-
Renewal and Replacement Cash	-	-	-	-	-	-	-	-
Compliance Account	-	-	-	-	241,016	-	241,016	-
Capital Assets:								
Land	10,000	9,000	7,000	1,340,395	838,241	67,448	2,272,084	-
Equipment	211,629	1,156,547	340,025	615,665	1,399,992	1,159,606	4,883,464	-
Buildings	1,575,820	567,437	38,454	2,333,326	447,725	5,206	4,967,968	-
Improvements Other Than Buildings	3,235,460	-	-	-	584,786	-	3,820,246	-
Utility Systems	-	4,471,925	766,194	-	31,189,875	-	36,427,994	-
Construction in Progress	-	-	-	-	369,313	-	369,313	-
Less Accumulated Depreciation	(1,675,720)	(4,593,048)	(512,307)	(832,636)	(14,980,731)	(802,639)	(23,397,081)	-
Unamortized Bond Issue Costs	-	-	-	-	335,091	-	335,091	-
Total Non-Current Assets	3,357,189	1,611,861	639,366	3,456,750	22,666,303	429,621	32,161,090	-
Total Assets	\$ 3,400,550	\$ 5,595,351	\$ 1,912,640	\$ 3,469,427	\$ 24,661,769	\$ 631,247	\$ 39,670,984	\$ 39,294

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

CITY OF LAFAYETTE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Liabilities								
Current Liabilities:								
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	1,479	627,665	72,538	9,315	149,513	14,654	875,164	-
Accrued Wages and Withholdings Payable	-	-	-	-	-	-	-	-
Compensated Absences Payable	-	9,398	10,125	10,402	25,297	5,149	60,371	-
Due to Other Funds	693,882	143,002	5,730	1,734,041	141,018	610,393	3,328,066	308,095
Customer Deposits	-	333,129	99,053	-	158,566	-	590,748	-
Notes Payable - current	-	-	-	-	85,523	-	85,523	-
Accrued Interest Payable	-	-	-	-	2,885	-	2,885	-
Capital leases payable - current	-	-	32,799	53,713	-	42,889	129,401	-
Revenue Bonds Payable	-	-	-	-	445,000	-	445,000	-
Total Current Liabilities	695,361	1,113,194	220,245	1,807,471	1,007,802	673,085	5,517,158	308,095
Noncurrent Liabilities:								
Compensated Absences	-	10,598	11,418	11,731	28,526	5,807	68,080	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	102,622	102,622	-
Notes Payable	-	-	-	-	717,683	-	717,683	-
Capital leases payable	-	-	295,312	95,438	-	104,148	494,898	-
Revenue Bonds Payable (Net)	-	-	-	-	8,560,153	-	8,560,153	-
Total Noncurrent Liabilities	-	10,598	306,730	107,169	9,306,362	212,577	9,943,436	-
Total Liabilities	695,361	1,123,792	526,975	1,914,640	10,314,164	885,662	15,460,594	308,095
Net Position								
Net Investment in Capital Assets	3,357,189	1,611,861	311,255	3,432,495	19,045,996	282,584	28,041,380	-
Restricted	-	-	-	-	-	-	-	-
Acquisition and construction of capital assets	-	-	-	-	-	-	-	-
Renewal and Replacement	-	-	-	-	-	-	-	-
Compliance	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Unrestricted	(652,000)	2,859,698	1,074,410	(1,877,708)	(4,698,391)	(536,999)	(3,830,990)	-
Total Net Position	\$ 2,705,189	\$ 4,471,559	\$ 1,385,665	\$ 1,554,787	\$ 14,347,605	\$ (254,415)	\$ 24,210,390	\$ (268,801)

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, 2013

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Operating Revenues								
Charges for Services	\$ 89,183	\$ 8,593,339	\$ 2,526,408	\$ 571,570	\$ 3,666,493	\$ 508,872	\$ 15,955,865	\$ -
Fees	32,800	-	-	-	296,016	-	328,816	-
Other Revenues	-	127,346	142,845	-	147,778	4,427	422,396	1,522,741
Total Operating Revenues	121,983	8,720,685	2,669,253	571,570	4,110,287	513,299	16,707,077	1,522,741
Operating Expenses								
Costs of Sales and Services	226,286	961,706	423,870	682,304	2,047,490	562,481	4,904,137	1,526,418
Administrative Expense	-	212,051	210,000	-	264,000	-	686,051	-
Cost of Water	-	-	-	-	275,046	-	275,046	-
Cost of Gas	-	-	1,374,861	-	-	-	1,374,861	-
Cost of Electricity	-	6,322,466	-	-	-	-	6,322,466	-
Depreciation Expense	193,123	166,794	40,586	135,046	734,525	80,521	1,350,595	-
Total Operating Expenses	419,409	7,663,017	2,049,317	817,350	3,321,061	643,002	14,913,156	1,526,418
Operating Income (Loss)	(297,426)	1,057,668	619,936	(245,780)	789,226	(129,703)	1,793,921	(3,677)
Nonoperating Revenues (Expenses)								
Interest Revenue	-	1,634	43	-	6,361	-	8,038	40
Interest Expense	-	-	(8,939)	(7,250)	(250,340)	(3,674)	(270,203)	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	600	-	600	-
Bond Issue Cost Amortization	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	1,634	(8,896)	(7,250)	(243,379)	(3,674)	(261,565)	40
Income Before Contributions, Special Items and Transfers	(297,426)	1,059,302	611,040	(253,030)	545,847	(133,377)	1,532,356	(3,637)
Capital Contributions Transfers	680,916	-	-	-	-	-	680,916	-
	-	(1,575,000)	(461,000)	-	(513,000)	-	(2,549,000)	-
	680,916	(1,575,000)	(461,000)	-	(513,000)	-	(1,868,084)	-
Change in Net Position	383,490	(515,698)	150,040	(253,030)	32,847	(133,377)	(335,728)	(3,637)
Net Position - Beginning	2,321,699	4,847,054	1,235,625	1,807,817	14,314,758	(121,038)	24,405,915	(265,164)
Prior Period Adjustment	-	140,203	-	-	-	-	140,203	-
Net Position - Ending	\$ 2,705,189	\$ 4,471,559	\$ 1,385,665	\$ 1,554,787	\$ 14,347,605	\$ (254,415)	\$ 24,210,390	\$ (268,801)

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, 2013

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Cash Flows From Operations								
Receipts from Customers and Users	\$ 266,075	\$ 8,713,648	\$ 2,433,835	\$ 571,570	\$ 4,111,365	\$ 373,218	\$ 16,469,711	\$ 1,522,741
Payments to Suppliers	(141,086)	(6,795,271)	(1,669,278)	(78,405)	(1,131,343)	29,273	(9,786,109)	(1,526,418)
Payments to/for Employees	(75,388)	(514,983)	(311,965)	(445,819)	(1,398,885)	(319,309)	(3,066,349)	-
Net cash Provided by (Used in) Operating Activities	49,601	1,403,394	452,592	47,346	1,581,137	83,182	3,617,253	(3,677)
Cash Flows from Noncapital Financing Activities								
Borrowing to Cover Negative Cash Balance	-	-	-	-	-	-	-	-
Transfers to Other Funds	-	(1,575,000)	(461,000)	-	(513,000)	-	(2,549,000)	-
Transfers from Other Funds	-	-	-	-	-	-	-	-
Net Cash from Noncapital Financing Activities	-	(1,575,000)	(461,000)	-	(513,000)	-	(2,549,000)	-
Cash Flows from Capital and Related Financing Activities								
Principal Payments - Bonds	-	-	-	-	-	-	-	-
Principal Payments - Notes	-	-	-	-	(6,577,292)	-	(6,577,292)	-
Principal Payments - Leases	-	-	(28,562)	(29,946)	-	(38,433)	(96,941)	-
Capital Lease Proceeds	-	-	-	-	-	-	-	-
Capital Contributions	680,916	140,203	-	-	-	-	821,119	-
Notes Payable Proceeds	-	-	-	-	-	-	-	-
Proceeds from Sales of Capital Assets	-	-	-	-	600	-	600	-
Proceeds from Bonds	-	-	-	-	8,935,000	-	8,935,000	-
Acquisition and Construction of Capital Assets	(730,518)	(33,395)	(226,915)	(10,150)	(630,221)	(41,075)	(1,672,274)	-
Interest Paid	-	-	(8,939)	(7,250)	(282,001)	(3,674)	(301,864)	-
Net Cash from Capital and Related Financing Activities	(49,602)	106,808	(264,416)	(47,346)	1,446,086	(83,182)	1,108,348	-
Cash Flows from Investing Activities								
Interest Received	-	1,634	42	-	6,361	-	8,037	40
Net Increase(Decrease) in Cash	(1)	(63,164)	(272,782)	-	2,520,584	-	2,184,638	(3,637)
Cash (Overdraft) - October 1 (including restricted cash)	1	251,358	289,598	-	790,749	21	1,331,727	42,931
Cash (Overdraft) - September 30 (including restricted cash)	\$ -	\$ 188,194	\$ 16,816	\$ -	\$ 3,311,333	\$ 21	\$ 3,516,365	\$ 39,294

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, 2013

	Airport	Electric	Gas	Golf	Water and Sewer	Solid Waste	Total	Governmental Activities - Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Operating Income (Loss)	\$ (297,426)	\$ 1,057,668	\$ 619,936	\$ (245,780)	\$ 789,226	\$ (129,703)	\$ 1,793,921	\$ (3,677)
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities								
Depreciation	193,123	166,794	40,586	135,046	734,525	80,521	1,350,595	-
(Increase) Decrease in Assets:								
Accounts Receivable	144,092	(6,749)	(233,882)	-	(1,854)	(140,081)	(238,475)	-
Inventory	6,874	6,381	4,306	(2,115)	21,975	-	37,421	-
Increase (Decrease) in Liabilities:								
Accounts Payable	7,695	174,634	20,481	160,221	28,355	262,958	654,344	-
Accrued Wages and Withholdings Payable	-	-	-	-	-	-	-	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	9,051	9,051	-
Compensated Absences Payable	(4,757)	4,955	2,701	(26)	5,978	436	9,288	-
Customer Deposits	-	(289)	(1,536)	-	2,932	-	1,107	-
Net Cash Provided by (Used in) Operating Activities	\$ 49,601	\$ 1,403,394	\$ 452,592	\$ 47,346	\$ 1,581,137	\$ 83,182	\$ 3,617,253	\$ (3,677)
Noncash Investing, Capital and Financing Activities								
Acquisition of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Accounts Payable	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Net Cash from Noncash Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
For purposes of reporting cash flows, cash includes the following amounts as presented in the Statement of Net Assets:								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash:								
MEAG	-	-	-	-	-	-	-	-
GEFA	-	-	-	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-	-	-	-
Construction Cash	-	-	-	-	-	-	-	-
Bond Debt Service and Reserve Cash	-	-	-	-	-	-	-	-
Renewal and Replacement Cash	-	-	-	-	-	-	-	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

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 statutes: culture and recreation, streets and roads, public utilities (electric, gas, water/sewer, sanitation), public safety (police and fire), community development, cemetery, garage, airport, golf and general and administrative services.

A. Reporting Entity

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

Related organization:

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

The Downtown Development Authority is a related organization that has not been included in the reporting entity. The Authority's current year cash balance was less than \$3,000. Based upon the materiality level of the city the Authority was not included with the City's financial statements.

B. Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned. Only the City Council may modify or rescind a committed fund balance. Intent to assign fund balance would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.

D. Fund Types and Major Funds

Governmental Funds

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

Proprietary Funds

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting. The City reports the airport, electric, gas, golf, water and sewer, and solid waste funds as major funds. Operating revenues and expenses

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. These funds recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

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

E. Assets, Liabilities, Net Position or Equity

1. **Cash.** Cash includes amounts in demand and time deposits that by law must be insured or collateralized. Investments, if any, are limited by law and bond ordinances to federal and state securities.
2. **Receivables.** All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise funds are recognized at the end of each year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.
3. **Due To and Due From Other Funds/Internal Balances.** During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered or interfund loans. Interfund transactions are recorded by all funds affected in the period in which transactions are executed. In the government-wide financial statements, these balances are reported as internal balances.
4. **Interest Receivable.** Interest on investments and certain receivables is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.
5. **Inventories.** Inventories for all governmental funds are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund and accounted for using the purchases method. . Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventories of proprietary funds are valued at the lower of cost (first-in, first-out) or market.
6. **Prepays.** Prepays represent the amount paid in advance for Georgia sales tax on sales of electricity and gas.
7. **Other Assets.** Other assets held are recorded and accounted for at cost.

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

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

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

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

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

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

11. **Pensions.** The provision for pension cost is recorded on the accrual basis, and the City's policy is to fund pension costs as they accrue.
12. **Compensated Absences.** Full-time, permanent employees are granted vacation and sick leave benefits. Vested or accumulated vacation leave is accrued in the government-wide and proprietary financial statements and governmental funds report only the portion expected to be liquidated within the current year. Governmental funds report compensated absences only when employees are no longer employed with the City. For governmental activities, compensated absences are liquidated by the general fund. No liability is reported for non-vesting accumulating rights to receive sick leave.
12. **Fund Equity/Net Position.** Fund equity at the governmental fund reporting level financial is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

- **Nonspendable** – fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (for example, items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.
- **Unassigned** – fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in general fund. Negative unassigned fund balance may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned.

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

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

City of LaFayette, Georgia
Notes to Financial Statements
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Compliance with Bond Covenants. The City complied with its bond covenants in all material respects.

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

Deficit Fund Equity. The Lab Technology Fund had a deficit fund balance of \$16,861 as of September 30, 2013, which is the effect of timing differences in outlays and revenues. This is expected to reverse itself in the next fiscal year. The Hotel Motel Fund had a deficit fund balance of \$56,026 as of September 30, 2013, which is the effect of timing differences in outlays and revenues. This is expected to reverse itself in the next fiscal year.

NOTE 3. CASH AND INVESTMENTS

Cash and investments as of September 30, 2013 are classified in the financial statements as follows:

Statement of Net Position:	
Cash	\$ 749,239
Restricted Cash	3,199,333
Total Cash	<u>\$ 3,948,572</u>

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

Cash and investments consist of the following:

Cash on hand	\$ 900
Cash deposits in financial institutions	3,759,478
Investments	188,194
Total Cash and Investments	<u>\$ 3,948,572</u>

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the City may not be able to recover the value of its investments. There is no custodial credit risk exposure for the City's investments because they

City of LaFayette, Georgia
Notes to Financial Statements
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are either insured or held in the City's name by the custodian. The City does not have a formal policy that addresses custodial credit risk.

NOTE 4. RECEIVABLES

Accounts receivable consists of amounts due from customers for charges related to providing electric, gas, water/sewer and sanitation services. Taxes due consist of property tax and LOST. Amounts due as of September 30, 2013, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Receivables				
Accounts	\$ 15,889	\$ -	\$ 3,976,380	\$ 3,992,269
Taxes	91,383	47,811	-	139,194
Total	107,272	47,811	3,976,380	4,131,463
Less: Allowance for Uncollectible	(24,630)	-	(1,750,112)	(1,774,742)
Net Total Receivables	<u>\$ 82,642</u>	<u>\$ 47,811</u>	<u>\$ 2,226,268</u>	<u>\$ 2,356,721</u>

Property Tax

Property tax is levied upon receipt of the digest from Walker County and based upon the assessed value at January 1. Taxes were levied November 4, 2012 and due by January 4, 2013. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien and penalties and interest begins to accrue. Assessed values are established by the Walker County Board of Tax Assessors and are currently calculated at 40% of market value. The gross assessed value of property at January 1, 2012 was \$140,031,859. Based on the 2012 millage levy of 2.99, a property owner would pay \$2.99 per \$1,000 of assessed valuation. Current tax collections of \$341,994 were 93 percent of the tax levy.

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

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of September 30, 2013, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water/Sewer	\$ 122,788
	Capital Projects	25,803
	Golf	1,733,754
	Airport	692,810
	Solid Waste	610,393
	Hotel Motel	56,026
	Technology	33,423
Drug Task Force	General	1,751
Electric	General	1,942,048
	Water/Sewer	5,730
	Gas	5,730
Gas	General	944,701
	Capital Projects	7,999
	Water/Sewer	12,500
	Golf	286
Water/Sewer	Healthcare	308,095
	Solid Waste	2,652
	Capital Projects	82,861
Airport	Capital Projects	6,338

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

As of September 30, 2013, interfund transfers were as follows:

<u>Receiving Fund</u>	<u>Transferring Fund</u>							
	<u>General</u>	<u>Solid Waste</u>	<u>Hotel Motel</u>	<u>Electric</u>	<u>Gas</u>	<u>W/S</u>	<u>Airport</u>	<u>Total</u>
General	\$ -	\$ -	\$ 40,143	\$ 1,575,000	\$ 461,000	\$ 513,000	\$ -	\$ 2,589,143
Self-Ins.	-	-	-	-	-	-	-	-
Golf	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ 40,143	\$ 1,575,000	\$ 461,000	\$ 513,000	\$ -	\$ 2,589,143

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

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

NOTE 6. CAPITAL ASSETS

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

Primary Government

	Balance October 1, 2012	Additions	Deletions & Transfers	Balance September 30, 2013
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated</i>				
Land and improvements	\$ 3,336,429	\$ -	\$ -	\$ 3,336,429
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>3,336,429</u>	<u>-</u>	<u>-</u>	<u>3,336,429</u>
 <i>Capital assets, being depreciated</i>				
Infrastructure	1,489,813	176,285	-	1,666,098
Buildings and improvements	2,015,802	385,945	-	2,401,747
Park improvements	2,385,276	-	-	2,385,276
Equipment	<u>2,928,048</u>	<u>47,084</u>	<u>(104,188)</u>	<u>2,870,944</u>
Total capital assets, being depreciated	8,818,939	609,314	(104,188)	9,324,065
 Less accumulated depreciation for:				
Infrastructure	(210,445)	(70,651)	-	(281,096)
Buildings and improvements	(1,995,275)	(30,163)	-	(2,025,438)
Park improvements	(1,026,657)	(56,017)	-	(1,082,674)
Equipment	<u>(1,877,204)</u>	<u>(198,021)</u>	<u>104,188</u>	<u>(1,971,037)</u>
Total accumulated depreciation	<u>(5,109,581)</u>	<u>(354,852)</u>	<u>104,188</u>	<u>(5,360,245)</u>
 Total capital assets, being depreciated, net	<u>3,709,358</u>	<u>254,462</u>	<u>-</u>	<u>3,963,820</u>
 Governmental activities capital assets, net	<u>\$ 7,045,787</u>	<u>\$ 254,462</u>	<u>\$ (104,188)</u>	<u>\$ 7,300,249</u>

Additions to capital assets consist of general fund additions of \$609,314.

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

	Balance October 1, 2012	Additions	Deletions & Transfers	Balance September 30, 2013
Business-type activities:				
<i>Capital assets, not being depreciated</i>				
Land	\$ 2,272,084	\$ -	\$ -	\$ 2,272,084
Construction in progress	6,546,618	369,313	(6,546,618)	369,313
Total capital assets, not being depreciated	<u>8,818,702</u>	<u>369,313</u>	<u>(6,546,618)</u>	<u>2,641,397</u>
<i>Capital assets, being depreciated</i>				
Utility systems	29,930,920	5,618,150	-	35,549,070
Buildings	4,127,894	840,076	-	4,967,970
Improvements other than buildings	3,743,460	-	-	3,743,460
Equipment	4,814,706	1,021,650	-	5,836,356
Total capital assets, being depreciated	<u>42,616,980</u>	<u>7,479,876</u>	<u>-</u>	<u>50,096,856</u>
Less accumulated depreciation for:				
Utility systems	(17,417,459)	(940,068)	-	(18,357,527)
Buildings	(1,474,948)	(99,370)	-	(1,574,318)
Improvements other than buildings	(442,229)	(47,957)	-	(490,186)
Equipment	(2,709,033)	(263,201)	-	(2,972,234)
Total accumulated depreciation	<u>(22,043,669)</u>	<u>(1,350,596)</u>	<u>-</u>	<u>(23,394,265)</u>
Total capital assets, being depreciated, net	<u>20,573,311</u>	<u>6,129,280</u>	<u>-</u>	<u>26,702,591</u>
Business-type activities capital assets, net	<u>\$ 29,392,013</u>	<u>\$ 6,498,593</u>	<u>\$ (6,546,618)</u>	<u>\$ 29,343,988</u>

City of LaFayette, Georgia
Notes to Financial Statements
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Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:

General government	\$	22,392
Police		62,619
Fire		85,397
Public works		108,696
Engineering		-
Garage		332
Recreation		75,416
		<hr/>
Total depreciation expense	\$	354,852

Business-type activities:

Electric	\$	166,794
Gas		40,586
Water and Sewer		734,525
Solid Waste		80,521
Golf		135,046
Airport		193,124
		<hr/>
Total depreciation expense	\$	1,350,596

Estimated useful lives used to compute depreciation are:

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

NOTE 7. LEASES

Capital Leases

During the current fiscal year, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of two 2012 Chevrolet Impala police cruisers for a total cost of \$40,024. During fiscal year 2011, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the acquisition of a 2011 Peterbilt garbage truck for \$214,393. During fiscal year 2012, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing the purchase of a New Holland Model B95B backhoe for \$42,515. Additionally, the City entered into a lease agreement with BB&T Governmental Finance as lessee for financing natural gas line extensions for \$356,673. The City also executed a lease agreement with PNC Equipment Finance as lessee for financing the purchase of sixty-one golf carts for the golf course for \$179,097.

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

City of LaFayette, Georgia
Notes to Financial Statements
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The City's equipment under lease has a cost of \$833,102 and \$67,138 of accumulated depreciation as of September 30, 2013. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at September 30, 2013. The effective interest rate at September 30, 2013 for the two police cruisers is 3.40%, for the garbage truck lease is 2.39%, for the backhoe lease is 3.39%, for the gas line extension lease is 2.59%, and for the golf carts lease is 2.79%

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2014	\$ 31,391	\$ 145,296
2015	26,489	150,610
2016	1,171	118,728
2017	-	56,223
2018	-	40,910
2019-2022	-	163,640
Total Minimum Lease Payments	59,051	675,407
Less Amount Representing Interest	(2,081)	(51,108)
Present Value of Future Minimum Lease Payments	<u>\$ 56,970</u>	<u>\$ 624,299</u>

NOTE 8. LONG-TERM DEBT

Debt outstanding as of September 30, 2013 is composed of the following:

General Obligation Bonds

	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Date of Last Payment</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Governmental Activities:					
SPLOST Bonds	3.97%	11/06/08	6/1/2015	\$ 3,400,000	<u>\$ 1,230,000</u>

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

	<u>Governmental Activities</u>	
<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 605,000	\$ 36,822
2015	625,000	12,406
Total	<u>\$ 1,230,000</u>	<u>\$ 49,228</u>

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

Revenue Bonds

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Last Payment</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Business-Type Activities:					
Water-Sewer Bonds	2.00%	02/19/13	9/30/32	\$ 9,200,000	\$ <u>9,005,153</u>

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

<u>Year Ending September 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 445,000	\$ 225,636
2015	460,000	216,736
2016	470,000	202,936
2017	480,000	189,536
2018	500,000	174,936
2019-2023	2,590,000	696,525
2024-2028	2,180,000	429,669
2029-2032	1,880,153	125,928
Total	<u>\$ 9,005,153</u>	<u>\$ 2,261,902</u>

Notes Payable

	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Date of Last Payment</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Business-type Activities:					
Water/Sewer - System	2.0%	08/01/01	08/01/18	\$ 1,062,522	\$ 350,708
Water/Sewer - System	3.0%	11/01/10	07/01/32	473,000	452,498
				<u>\$ 1,535,522</u>	<u>\$ 803,206</u>

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

Notes payable debt service requirements to maturity are presented below:

Year Ending September 30	Business-Type Activities	
	Principal	Interest
2014	\$ 85,523	\$ 19,838
2015	87,433	17,928
2016	89,387	15,974
2017	91,386	13,975
2018	93,431	11,930
2019-2023	112,042	45,353
2024-2028	130,149	27,246
2029-2032	<u>113,855</u>	<u>6,815</u>
Total	<u>\$ 803,206</u>	<u>\$ 159,059</u>

The following is a summary of the City's long-term debt transactions for the year ended September 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Compensated Absences	\$ 123,094	\$ 118,984	\$ 100,574	\$ 141,504	\$ 94,808
Capital Leases	39,135	40,024	22,189	56,970	29,799
General Obligation Bonds	<u>1,810,000</u>	<u>-</u>	<u>580,000</u>	<u>1,230,000</u>	<u>605,000</u>
Total Governmental Funds	<u>\$ 1,933,094</u>	<u>\$ 118,984</u>	<u>\$ 680,574</u>	<u>\$ 1,428,474</u>	<u>\$ 729,607</u>
Business-type activities:					
Compensated Absences	\$ 119,165	\$ 84,355	\$ 75,069	\$ 128,451	\$ 60,371
Notes Payable	7,380,498	-	6,577,292	803,206	85,523
Capital Leases	721,240	-	96,941	624,299	129,401
Revenue Bonds	-	9,200,000	194,847	9,005,153	445,000
Landfill Closure/Post Closure	<u>93,571</u>	<u>9,051</u>	<u>-</u>	<u>102,622</u>	<u>-</u>
	<u>\$ 8,314,474</u>	<u>\$ 93,406</u>	<u>\$ 6,749,302</u>	<u>\$ 10,663,731</u>	<u>\$ 720,295</u>

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, 2013, the outstanding debt of MEAG was \$5,896,601,196. The City's guarantee varies by individual project and totals \$61,661,928.

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

NOTE 10. PENSION PLAN

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

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

Funding Policy and Pension Cost.

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution as set forth in GASB Statement No. 27. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from May 1, 1982, and the current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. On the basis of the current valuation, it was determined that the current contribution rate is 10.24% of annual covered payroll.

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is \$385,070. The employer contributes the recommended contribution developed under the actuarial funding policy each year, so it meets or exceeds the requirements of this law.

The recommended contribution to the plan from the actuarial report dated January 1, 2012, was \$479,407 (\$0 employee and \$479,407 employer; 0% and 10.92% of covered payroll respectively). The City's covered payroll for eligible employees was \$4,278,893. Based upon the actuarial valuation of January 1, 2013, the recommended contribution for the coming year is \$418,853, which is 10.24% of estimated payroll of \$4,090,361.

Funded Status

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

<u>Three-Year Trend Information</u>			
<u>Plan Year Ending</u>	<u>Employer Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net (EOY) Pension Obligation</u>
January 1, 2013	\$ 418,853	100%	\$ -
January 1, 2012	479,407	100%	-
January 1, 2011	438,991	100%	-

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

Schedule of Funding Progress

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

Significant Actuarial Assumptions

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

The significant actuarial assumptions used in the current valuation are:

Rate of Return on Investment	7.75% per year
Projected Salary Increase for Inflation	3.5% per year
Postretirement Benefit Increases	Not Applicable
Economic Assumptions	
Annual Rates of increase in Salaries	Per rate tables
Future Social Security Wage Bases	3.5%
Inflation Rate	3.5%
Cost of Living Adjustment	N/A

Actuarial Methods

Normal Cost and Actuarial Accrued Liability	Projected Unit Credit Cost Method
Amortization method	Level dollar, closed
Actuarial Value of Assets	Sum of actuarial value at the beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 50% of market

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

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

As of January 1, 2013, the plan membership includes the following categories of participants:

Retirees and beneficiaries currently receiving benefits	77
Terminated employees entitled to benefits but not yet receiving them	51
Vested active participants	98
Nonvested participants	<u>26</u>
Total	<u>252</u>

NOTE 11. SPECIAL LOCAL OPTION SALES TAX

In June 2003, voters approved a referendum to continue collection of a 1% Special Local Option Sales Tax. Collections began on October 1, 2003 and ended September 2008. The City's distributive share of this tax was projected to be \$3,209,250 or 11.67%. The proceeds from this sales tax were used for acquisition and construction of improvements and the purchase of equipment for public safety, solid waste, recreation and water and sewer, the acquisition of public works equipment, the acquisition, construction and equipping of new streetscapes, new buildings and improvements for public works and equipment, building and improvements for the municipal airport.

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

NOTE 12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

Police	\$ 74,449
Public Works	17,440

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

Expenditures exceeded appropriations in the Police Forfeiture Special Revenue Fund.

Expenditures exceeded appropriations in the Police Technology Special Revenue Fund.

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

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

NOTE 13. RISK MANAGEMENT

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

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

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, cooperate with the pools' agents and attorneys, follow loss reduction procedures established by the funds and to promptly report all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect its members against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

NOTE 14. UNEARNED/DEFERRED REVENUES

Governmental fund unearned/deferred revenue at year-end is current year property tax revenues of \$22,106.

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

NOTE 15. RESTRICTED ASSETS

At September 30, 2013, the restricted assets account balances are comprised of the following:

Governmental activities:			
	<u>General</u>		
Restricted assets:			
Cash-Perpetual care	\$	110,703	
Cash-Shop With A Cop		4,412	
Cash-Bond Debt Service		413,992	
Total restricted assets	\$	<u>529,107</u>	
Business-type activities			
	<u>Water/Sewer</u>	<u>Electric</u>	<u>Solid Waste</u>
Restricted assets:			
Cash-MEAG	\$	-	\$ 188,194
Cash-construction cash		51,690	-
Cash-Renewal and replacement		-	-
Cash-Capital lease		-	21
Cash-Compliance account		241,016	-
Cash-GEFA loan account		2,189,305	-
Total restricted assets	\$	<u>2,482,011</u>	\$ <u>188,194</u>

NOTE 16. FUND BALANCE/NET POSITION

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

Capital Projects Fund and Police Special Revenue Funds:

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

Water & Sewer Fund:

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

Fiduciary Fund:

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

NOTE 17. LANDFILL CLOSURE/POSTCLOSURE COSTS

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

City of LaFayette, Georgia
Notes to Financial Statements
September 30, 2013

The recognition of these costs is based on the amount of landfill space used to date. The liability for landfill closure and postclosure costs at September 30, 2013 is \$102,622. Estimated total current cost of closure and postclosure care remaining to be recognized is \$447,429. However, the actual cost of closure and postclosure care may be higher due to the effects of inflation, changes in technology, or changes in landfill laws and regulations. The City currently meets applicable financial assurance requirements.

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

NOTE 18. HOTEL/MOTEL TAX REVENUES AND TOURISM EXPENDITURES

The City of LaFayette levies a 5% hotel/motel tax in accordance with provisions of the Official Code of Georgia section 48-13-51. This code section requires that the City expend an amount equal to the amount by which the total taxes collected under this section exceed the taxes that would be collected at a rate of 3 percent. For the year ended September 30, 2013, the amount the City collected was \$29,843. In accordance with a contractual agreement, 100% of the 2% difference in collections had been paid to the Walker County Chamber of Commerce and was to be used for promotion of tourism.

NOTE 19. JOINT VENTURE

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

Note 20. PRIOR PERIOD ADJUSTMENT

The City had a prior period adjustment of \$140,203 in the Electric fund to correct an instance of under-reporting of cash investments.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF LAFAYETTE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Special Revenue				Total Nonmajor Governmental Funds
	Police Technology	Police	Police Forfeiture	Hotel Motel	
ASSETS					
Cash	\$ 16,562	\$ 130,578	\$ 1,624	\$ -	\$ 148,764
Due from Other Funds	908	1,751	-	-	2,659
Total Assets	<u>\$ 17,470</u>	<u>\$ 132,329</u>	<u>\$ 1,624</u>	<u>\$ -</u>	<u>\$ 151,423</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds	\$ 34,331	\$ -	\$ -	\$ 56,026	\$ 90,357
Total Liabilities	<u>34,331</u>	<u>-</u>	<u>-</u>	<u>56,026</u>	<u>90,357</u>
Fund Balance:					
Restricted for:					
Law enforcement activities	-	132,329	1,624	-	133,953
Unassigned	(16,861)	-	-	(56,026)	(72,887)
Total Fund Balances	<u>(16,861)</u>	<u>132,329</u>	<u>1,624</u>	<u>(56,026)</u>	<u>61,066</u>
Total Liabilities and Fund Balances	<u>\$ 17,470</u>	<u>\$ 132,329</u>	<u>\$ 1,624</u>	<u>\$ -</u>	<u>\$ 151,423</u>

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

CITY OF LAFAYETTE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue				Total Nonmajor Governmental Funds
	Police Technology	Police	Police Forfeiture	Hotel Motel	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 29,843	\$ 29,843
Grant Revenue	-	246,139	-	-	246,139
Miscellaneous Income	-	1,713	1	-	1,714
Interest Income	23	110	3	-	136
Total Revenues	23	247,962	4	29,843	277,832
EXPENDITURES					
Current:					
General Government	-	-	-	5,000	5,000
Police	8,302	75,965	240	-	84,507
Intergovernmental Expenditures	-	64,105	-	-	64,105
Total Expenditures	8,302	140,070	240	5,000	153,612
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,279)	107,892	(236)	24,843	124,220
OTHER FINANCING SOURCES (USES)					
Transfers - Out	-	-	-	(40,143)	(40,143)
Transfers - In	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(40,143)	(40,143)
Net Change in Fund Balances	(8,279)	107,892	(236)	(15,300)	84,077
Fund Balance (Deficit) - Beginning of Year	(8,582)	24,437	1,860	(40,726)	(23,011)
Fund Balance - End of Year	\$ (16,861)	\$ 132,329	\$ 1,624	\$ (56,026)	\$ 61,066

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

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HOTEL/MOTEL TAX SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 28,000	\$ 28,000	\$ 29,843	\$ 1,843
Total Revenues	28,000	28,000	29,843	1,843
EXPENDITURES				
Tourism Promotion	6,500	6,500	5,000	1,500
Total Expenditures	6,500	6,500	5,000	1,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,500	21,500	24,843	3,343
OTHER FINANCING SOURCES (USES)				
Transfers - Out	(21,500)	(21,500)	(40,143)	(18,643)
Total Other Financing Sources (Uses)	(21,500)	(21,500)	(40,143)	(18,643)
Net Change in Fund Balance	-	-	(15,300)	(15,300)
Fund Balance (Deficit) - Beginning of Year	(40,726)	(40,726)	(40,726)	-
Fund Balance (Deficit) - End of Year	\$ (40,726)	\$ (40,726)	\$ (56,026)	\$ (15,300)

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

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
2008 SPLOST
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Project Length Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,434,600	\$ 4,434,600	\$ 587,550	\$ (3,847,050)
Intergovernmental	-	-	-	-
Interest Income	-	-	541	541
Total Revenues	<u>4,434,600</u>	<u>4,434,600</u>	<u>588,091</u>	<u>(3,846,509)</u>
EXPENDITURES				
Current:				
General Government	-	-	20	20
Debt Service:				
Principal	-	-	580,000	580,000
Interest	-	-	36,822	36,822
Bond Issuance Costs	-	-	-	-
Capital Outlays	<u>4,434,600</u>	<u>4,434,600</u>	<u>326,143</u>	<u>(4,108,457)</u>
Total Expenditures	<u>4,434,600</u>	<u>4,434,600</u>	<u>942,985</u>	<u>(3,491,615)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(354,894)</u>	<u>(7,338,124)</u>
OTHER FINANCING SOURCES (USES)				
2008 Bonds Issued	-	-	-	-
Transfers - In	-	-	-	-
Transfers - Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(354,894)	(7,338,124)
Fund Balance (Deficit) - Beginning of Year	-	-	656,875	656,875
Prior Period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,981</u>	<u>\$ (6,681,249)</u>

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

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Grant Revenue	\$ 308,650	\$ 308,650	\$ 246,139	\$ (62,511)
Interest	-	-	110	110
Miscellaneous Income	-	-	1,714	1,714
Total Revenues	<u>308,650</u>	<u>308,650</u>	<u>247,963</u>	<u>(62,401)</u>
EXPENDITURES				
Current:				
Police	<u>91,700</u>	<u>91,700</u>	<u>63,611</u>	<u>28,089</u>
Total Expenditures	<u>91,700</u>	<u>91,700</u>	<u>63,611</u>	<u>28,089</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>216,950</u>	<u>216,950</u>	<u>184,352</u>	<u>(34,312)</u>
OTHER FINANCING SOURCES (USES)				
Payments to Other Governments	(216,950)	(216,950)	(76,460)	140,490
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>(216,950)</u>	<u>(216,950)</u>	<u>(76,460)</u>	<u>140,490</u>
Net Change in Fund Balance	-	-	107,892	106,179
Fund Balance (Deficit) - Beginning of Year	<u>24,437</u>	<u>24,437</u>	<u>24,437</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ 24,437</u>	<u>\$ 24,437</u>	<u>\$ 132,329</u>	<u>\$ 106,179</u>

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

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE FORFEITURE SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and Forfeitures	\$ -	\$ -	\$ -	\$ -
Interest	4	4	4	(0)
Total Revenues	4	4	4	(0)
EXPENDITURES				
Current:				
Police	4	4	240	(236)
Total Expenditures	4	4	240	(236)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(236)	(236)
OTHER FINANCING SOURCES (USES)				
Transfers - Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	(236)	(236)
Fund Balance (Deficit) - Beginning of Year	1,860	1,860	1,860	-
Fund Balance (Deficit) - End of Year	\$ 1,860	\$ 1,860	\$ 1,624	\$ (236)

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

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
POLICE TECHNOLOGY SPECIAL REVENUE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fine Add-Ons	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Interest	50	50	23	(27)
Total Revenues	<u>2,050</u>	<u>2,050</u>	<u>23</u>	<u>(27)</u>
EXPENDITURES				
Current:				
Police	<u>2,050</u>	<u>2,050</u>	<u>8,302</u>	<u>(6,252)</u>
Total Expenditures	<u>2,050</u>	<u>2,050</u>	<u>8,302</u>	<u>(6,252)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(8,279)</u>	<u>(6,279)</u>
OTHER FINANCING SOURCES (USES)				
Transfers - Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(8,279)	(6,279)
Fund Balance (Deficit) - Beginning of Year	<u>(8,582)</u>	<u>(8,582)</u>	<u>(8,582)</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ (8,582)</u>	<u>\$ (8,582)</u>	<u>\$ (16,861)</u>	<u>\$ (6,279)</u>

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

STATISTICAL SECTION

**CITY OF LAFAYETTE, GEORGIA
STATISTICAL SECTION
SEPTEMBER 30, 2013**

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS	<u>PAGES</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	69-74
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant revenue source, the property tax.	75-78
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the Agency's ability to issue additional debt in the future.	79-83
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	84-85
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	86-88

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 6,925,052	\$ 5,415,144	\$ 2,587,120	\$ 3,851,948	\$ 4,645,389	\$ 5,073,558	\$ 6,013,279
Restricted	655,142	159,095	370,207	372,480	1,741,229	1,676,815	1,479,716
Unrestricted	817,772	(478,789)	1,888,574	430,307	(1,953,591)	(1,627,242)	(1,136,111)
Total governmental activities net position	<u>\$ 8,397,966</u>	<u>\$ 5,095,450</u>	<u>\$ 4,845,901</u>	<u>\$ 4,654,735</u>	<u>\$ 4,433,027</u>	<u>\$ 5,123,131</u>	<u>\$ 6,356,884</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 18,053,148	\$ 21,967,815	\$ 21,644,406	\$ 21,723,541	\$ 21,958,075	\$ 21,048,371	\$ 28,041,380
Restricted	1,202,647	1,229,047	1,230,702	1,156,598	217,585	36,038	-
Unrestricted	2,626,272	1,538,196	2,666,153	3,851,985	4,142,161	3,331,174	(3,830,990)
Total business-type activities net position	<u>\$ 21,882,067</u>	<u>\$ 24,735,058</u>	<u>\$ 25,541,261</u>	<u>\$ 26,732,124</u>	<u>\$ 26,317,821</u>	<u>\$ 24,415,583</u>	<u>\$ 24,210,390</u>
Primary government							
Invested in capital assets, net of related debt	\$ 24,978,200	\$ 27,382,959	\$ 24,231,526	\$ 25,575,489	\$ 26,603,464	\$ 26,121,929	\$ 34,054,659
Restricted	1,857,789	1,388,142	1,600,909	1,529,078	1,958,814	1,712,853	1,479,716
Unrestricted	3,444,044	1,059,407	4,554,727	4,282,292	2,188,570	1,703,932	(4,967,101)
Total primary government net position	<u>\$ 30,280,033</u>	<u>\$ 29,830,508</u>	<u>\$ 30,387,162</u>	<u>\$ 31,386,859</u>	<u>\$ 30,750,848</u>	<u>\$ 29,538,714</u>	<u>\$ 30,567,274</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiscal Year Ended September 30	Real Property			Personal Property		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value ⁽¹⁾ as a Percentage of Actual Value
	Residential Property	Industrial Property	Commercial Property	Motor Vehicles	Other					
2004	\$ 55,338,599	\$ 54,650,805	\$ 39,305,084	\$ -	\$ 3,094,031	\$ 18,087,874	\$ 134,300,645	3.31	\$ 335,751,613	40%
2005	56,169,149	54,590,950	37,214,445	-	3,068,048	19,205,764	131,836,828	3.20	329,592,070	40%
2006	68,346,204	48,118,166	37,757,322	-	3,392,759	12,732,550	144,881,901	3.00	362,204,753	40%
2007	70,343,584	48,454,969	38,307,577	-	3,687,189	12,781,998	148,011,321	2.99	370,028,303	40%
2008	70,343,584	48,454,469	38,307,577	-	3,687,189	12,781,998	148,010,821	2.99	370,027,053	40%
2009	71,519,493	43,460,692	39,974,969	-	3,704,303	15,266,054	143,393,403	2.99	358,483,508	40%
2010	71,988,686	39,362,080	41,235,497	-	3,308,916	17,039,910	138,855,269	2.99	347,138,173	40%
2011	71,984,905	33,188,102	41,860,053	-	2,979,759	13,694,518	136,318,301	2.99	340,795,753	40%
2012	71,535,907	28,059,977	41,413,918	-	3,241,204	12,750,760	131,500,246	2.99	328,750,615	40%
2013	70,460,348	25,501,273	41,227,303	-	2,842,935	11,389,129	128,642,730	2.99	321,606,825	40%

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

⁽¹⁾ Includes tax-exempt property.

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

Fiscal Year	Direct Rates	Overlapping Rates		Total Direct and Overlapping Rates
	City of Lafayette Operating Millage	Walker County (A)	State of Georgia (B)	
2004	3.31	20.57	0.25	24.13
2005	3.20	22.56	0.25	26.01
2006	3.00	22.33	0.25	25.58
2007	2.99	22.29	0.25	25.53
2008	2.99	22.29	0.25	25.53
2009	2.99	22.07	0.25	25.31
2010	2.99	22.07	0.25	25.31
2011	2.99	22.07	0.25	25.31
2012	2.99	22.07	0.25	25.31
2013	2.99	22.07	0.25	25.31

(A) Includes levy for Walker County Board of Education

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

City of Lafayette, Georgia
Property Tax Levies and Collections
September 30, 2013

Fiscal Year Ended September 30	Taxes Levied for the Fiscal year	Collected within the Fiscal year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 393,199	\$ 381,394	97.0%	\$ 10,500	\$ 391,894	99.7%
2005	410,943	395,902	96.3%	13,700	409,602	99.7%
2006	386,687	382,371	98.9%	3,746	386,117	99.9%
2007	403,693	387,906	96.1%	8,350	396,256	98.2%
2008	442,552	361,551	81.7%	39,939	401,490	90.7%
2009	454,485	370,025	81.4%	10,444	380,469	83.7%
2010	401,490	378,712	94.3%	19,167	397,879	99.1%
2011	399,173	381,666	95.6%	12,111	393,777	98.6%
2012	393,186	367,858	93.6%	19,889	387,747	98.6%
2013	366,719	341,994	93.3%	-	341,994	93.3%

Source: Walker County Tax Commissioner

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita	Population Per Capita Income
	General Obligation Bonds	Notes Payable	Capitalized Leases	Water/Sewer Revenue Bonds	Notes Payable	Capitalized Leases						
2004	\$ -	\$ -	\$ -	\$ 3,940,000	\$ 2,822,026	\$ -	\$ 6,762,026	4.38%	1,010	\$ 23,093	\$ 154,538,356	
2005	-	-	-	3,535,000	2,695,988	-	6,230,988	5.77%	916	15,867	107,911,467	
2006	-	-	-	3,105,000	2,739,607	-	5,844,607	3.66%	841	22,979	159,612,134	
2007	-	-	-	2,670,000	2,562,113	-	5,232,113	3.15%	753	23,942	166,301,132	
2008	-	-	-	2,185,000	2,377,656	-	4,562,656	5.10%	661	12,967	89,472,300	
2009	3,400,000	-	-	1,680,000	3,574,017	-	8,654,017	9.67%	1,254	12,967	89,472,300	
2010	2,905,000	-	-	1,125,000	5,710,556	-	9,740,556	10.89%	1,368	12,967	89,472,300	
2011	2,370,000	-	-	-	6,979,262	214,393	9,563,655	10.01%	1,343	13,849	95,558,100	
2012	1,810,000	-	39,135	-	7,380,498	721,240	9,950,873	10.09%	1,397	13,849	98,618,729	
2013	1,230,000	-	56,970	8,935,000	803,206	624,299	11,649,475	11.81%	1,636	13,849	98,618,729	

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

City of Lafayette, Georgia
Direct and Overlapping Governmental Activities Debt
As of September 30, 2013

<u>Governmental unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Walker County	\$ 2,781,977	12%	\$ 333,837
City of Lafayette direct debt	<u>1,230,000</u>	100%	<u>1,230,000</u>
Total direct and overlapping debt	<u>\$ 4,011,977</u>		<u>\$ 1,563,837</u>

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

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

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

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

Revenue Bonds						
Fiscal Year	Utility Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 3,120,287	\$ 1,916,832	\$ 1,203,455	\$ 575,000	\$ 104,413	1.8
2005	3,024,137	1,918,945	1,105,192	405,000	192,375	1.9
2006	3,213,657	1,926,659	1,286,998	430,000	167,385	2.2
2007	3,047,748	2,819,078	228,670	510,000	111,090	0.4
2008	3,032,877	2,917,010	115,867	530,000	90,720	0.2
2009	3,253,674	2,258,290	995,384	505,000	84,461	1.7
2010	3,697,314	2,292,818	1,404,496	555,000	133,166	2.0
2011	3,763,252	2,409,801	1,353,451	1,125,000	97,101	1.1
2012	3,744,191	2,430,144	1,314,047	-	-	-
2013	4,117,248	2,586,536	1,530,712	-	118,034	13.0

W/S revenue bonds were issued during the 2013 fiscal year, with the first principal payment not being due until the 2014 fiscal year.

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 16,859,233	\$ 16,155,761	\$ 14,488,190	\$ 14,801,132	\$ 14,801,082	\$ 14,339,340	\$ 15,275,046	\$ 14,719,726	\$ 13,150,025	\$ 12,864,273
Total net debt applicable to limit						3,400,000	2,905,000	2,370,000	1,810,000	1,230,000
Legal debt margin	\$ 16,859,233	\$ 16,155,761	\$ 14,488,190	\$ 14,801,132	\$ 14,801,082	\$ 10,939,340	\$ 12,370,046	\$ 12,349,726	\$ 11,340,025	\$ 11,634,273

Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	23.71%	19.02%	16.10%	13.76%	9.58%
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Legal Debt Margin Calculation for Fiscal Year 2013

Total taxable assessed value	\$ 128,642,730
Debt limit (10% of assessed taxable value)	12,864,273
Debt applicable to limit:	
General obligation bonds	1,230,000
Legal debt margin	\$ 11,634,273

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

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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2009	\$ 3,400,000	N/A	\$ 493
2010	2,905,000	N/A	408
2011	2,370,000	N/A	333
2012	1,810,000	N/A	254
2013	1,230,000		173

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

**City of LaFayette, Georgia
Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate/Percent
2004	6,692	\$ 154,538,356	\$ 23,093	38.0	12	8,930	2.5
2005	6,801	107,911,467	15,867	37.1	12	9,000	4.7
2006	6,946	159,612,134	22,979	37.0	12	9,290	4.5
2007	6,946	166,301,132	23,942	37.0	12	9,143	6.4
2008	6,900	89,472,300	12,967	37.0	12	9,337	5.8
2009	6,900	89,472,300	12,967	38.0	12	9,279	10.4
2010	7,121	92,338,007	12,967	38.0	12	9,198	9.8
2011	7,121	98,618,729	13,849	38.0	12	9,064	9.4
2012	7,121	98,618,729	13,849	38.0	12	9,064	9.4
2013	7,121	98,618,729	13,849	38.0	12	9,064	9.4

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

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

	<u>2013</u>			<u>2006</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage Of Total</u>	<u>Employees</u>	<u>Rank</u>
Roper Corp	1,500	1	34.32%	1,600	1
Walker Co Bd of Education	1,350	2	30.89%	1,500	2
Walker Co Government	452	3	10.34%	250	5
Lookout Mtn Services	295	4	6.75%	-	-
Walmart	195	5	4.46%	265	4
Syntec Industries	163	6	3.73%	150	6
City of LaFayette	140	7	3.20%	140	7
Walker Co Sheriff Dept	110	8	2.52%	100	8
Unique Fabricating	100	9	2.29%	-	-
Bank of LaFayette	65	10	1.49%	-	-
Totals	<u>4,370</u>		<u>100.00%</u>	<u>4,005</u>	

Source: Respective Employers

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government	7	7	7	7	7	7	7	11	10	10
Police	19	19	19	19	19	21	23	23	23	24
Fire	4	4	4	5	5	5	5	5	6	6
Garage	3	3	3	3	3	3	4	3	3	3
Culture and recreation	15	15	15	13	12	9	10	10	12	10
Public works	17	16	16	16	16	14	14	15	15	11
Sanitation	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>4</u>	<u>4</u>	<u>6</u>	<u>7</u>	<u>7</u>
Total	<u>71</u>	<u>70</u>	<u>70</u>	<u>69</u>	<u>68</u>	<u>63</u>	<u>67</u>	<u>73</u>	<u>76</u>	<u>71</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police										
Physical arrests	467	430	411	363	507	462	423	485	401	202
Parking violations	75	98	125	9	25	11	20	21	20	15
Traffic violations	1,552	1,449	878	980	1,129	763	1,434	1,088	1,013	755
Fire										
Emergency responses	215	231	206	360	326	553	655	751	941	863
Fires extinguished	65	60	45	92	55	78	64	64	39	31
Culture and recreation										
Participation fees	\$ 86,839	\$ 98,467	\$ 111,150	\$ 129,808	\$ 118,484	\$ 117,482	\$ 116,762	\$ 130,937	\$ 153,348	\$ 159,200
Library volumes	76,000	101,257	69,002	70,000	69,297	71,203	76,985	75,847	78,000	75,000
Public works										
Street resurfacing miles	1.02	1.00	1.13	1.37	1.15	1.09	0.53	1.01	0.00	0.90
Housing and development										
Building permits issued	230	147	149	113	73	59	60	46	46	48
Sanitation										
Number of customers	2,692	2,695	2,685	2,763	2,773	2704	2,686	2,858	2,667	2,635

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	19	19	19	19	20	20	23	23	23	24
Culture and recreation										
Acreage	147.5	147.5	147.5	147.5	147.5	147.5	147.5	147.5	147.5	147.8
Baseball/softball fields	9	9	9	9	6	6	10	9	9	9
Soccer/football fields	2	2	2	2	3	3	5	5	5	5
Public works										
Miles of streets	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1	82.1
Housing and development										
Building permits issued	230	147	149	113	113	59	60	46	46	48
Sanitation										
Collection vehicles	3	3	3	3	3	3	3	3	8	8

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**

The Honorable Mayor and City Council
City of LaFayette, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of LaFayette, Georgia, as of and for the year ended September 30, 2013, 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 May 19, 2014.

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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 responses that we consider to be significant deficiencies. These deficiencies are listed as findings 09-2 and 10-1 in the schedule of findings and responses.

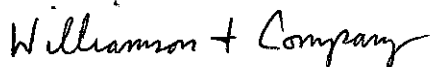
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of LaFayette, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of LaFayette, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The 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.



Williamson & Company
Certified Public Accountants
May 19, 2014

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2013

Finding 09-2 Monthly and Year-End Adjusting Entries

Continues from previous year, some improvements have been made but it continues to be a finding and a problem for statements at year end.

Condition: The City required numerous adjusting and reclassifying entries at year-end. This results in the monthly statements being unreliable for the City Manager and council to use for planning and decision-making, in addition to contributing to budget overruns as items are correctly reclassified, sometimes resulting in departmental overruns.

Criteria: The monthly general ledger should be reviewed and adjusted as needed. The general ledger should be reconciled to subsidiary ledgers or other supporting documents.

Recommendation: The monthly working trial balance should be printed each month and the "month-end" balances compared to the following:

- Reconciled cash
- Outstanding billing reports
- Accounts payable reports
- Unpaid property tax reports
- Others as needed

Management's response: As part of the change in City Managers there is a renewed emphasis on Department Heads paying close attention to the monthly reports, prepared by the Finance Department, and verifying expenses and resolving discrepancies with Finance as they occur. Additionally, the city will continue to enforce an earlier purchasing close out for the fiscal year; to be set between September 9 and September 14, 2013. This should help ensure the vast majority of invoices are received and processed in the fiscal year in which they are incurred. We continue to look into an opportunity to having the Walker County Tax Commissioner bill and collect the City taxes, for a fee, and converting/reallocating the existing Tax Clerk's position to handle additional financial issues.

Finding 10-1 Budget Reports

Continues from previous year.

Condition: The City's actual expenditures exceeded the general fund budget as follows:

Police	\$ 74,449
Public Works	\$ 17,440

Criteria: The budget should control the expenditures for the City.

Recommendation: As the actual expenditures start to exceed the budget an amendment to the budget should be made or the expense should not be incurred. The City Manager and City Council should review the "budget vs. actual" expenditure report each month to make certain the City does not exceed approved spending levels.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2013

Management's response: As mentioned in the previous Finding, with a new City Manager comes policy changes to address day to day operational activities. We will implement a mid-year budget review with City Council to make needed/required revenue and expenditure changes to the budget. Additionally, this will provide an additional opportunity to remind staff and the Department Heads that they must live within their approved budgets. Additional finance staff or reallocation of positions should also help us better track expenditures and keep the departments within their approved budgets.

City of LaFayette, Georgia
Schedule of Special Purpose Local Option Sales Tax
For the Fiscal Year Ended September 30, 2013

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST V					
Roads & Streets	\$ 200,000	\$ 200,000	\$ 367,405	\$ -	\$ 367,405
Other Projects					
Admin					
Equipment	-	-	33,613	-	33,613
Public Safety					
Equipment	-	-	244,253	-	244,253
Solid Waste					
Equipment	-	-	306,442	-	306,442
Public Works					
Equipment	-	-	153,805	-	153,805
Streetscapes	-	-	317,371	-	317,371
Recreation					
Equipment	-	-	89,961	-	89,961
Site Improvements	-	-	958,433	326,143	1,284,576
Airport					
Buildings	-	-	-	-	-
Site Improvements	-	-	34,457	-	34,457
Water and Sewer					
Equipment	-	-	-	-	-
Improvements	-	-	121,937	-	121,937
Gas					
Equipment	-	-	29,711	-	29,711
Improvements	-	-	-	-	-
Electric					
Equipment	-	-	3,046	-	3,046
Improvements	-	-	-	-	-
Golf					
Equipment	-	-	-	-	-
Improvements	-	-	59,416	-	59,416
Total other projects	<u>4,234,600</u>	<u>4,234,600</u>	<u>2,352,445</u>	<u>326,143</u>	<u>2,678,588</u>
Total for all projects	<u>\$ 4,434,600</u>	<u>\$ 4,434,600</u>	<u>\$ 2,719,850</u>	<u>\$ 326,143</u>	<u>\$ 3,045,993</u>

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