

CITY OF LAFAYETTE, GEORGIA
FINANCIAL STATEMENTS
For The
Fiscal Year Ended September 30, 2023

David Hamilton
City Manager

By Authority Of
Mayor and Council

CITY OF LAFAYETTE, GEORGIA

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CITY OF LAFAYETTE, GEORGIA

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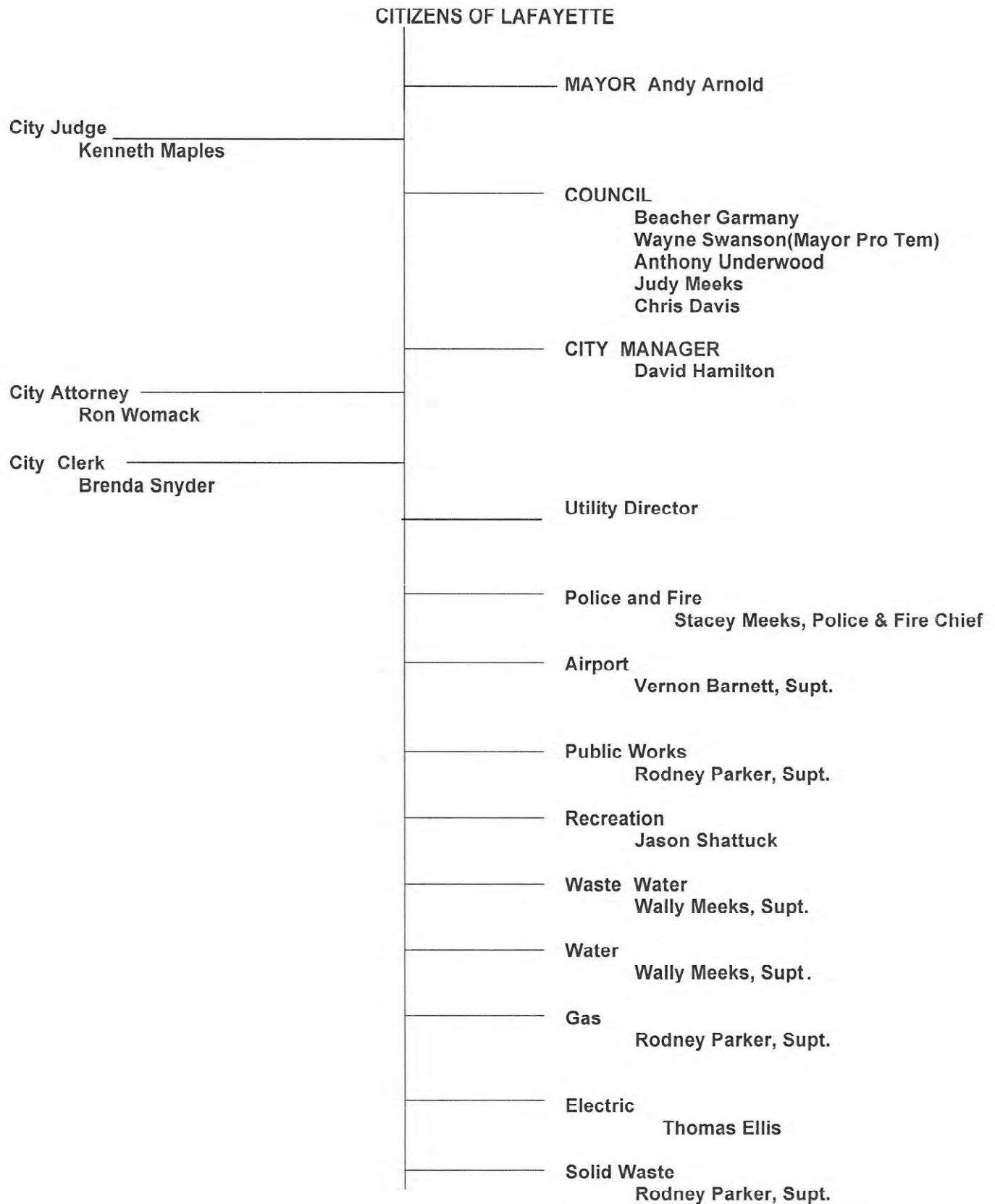
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City of LaFayette, Georgia
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September 30, 2023



FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of LaFayette Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia as of September 30, 2023, 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 accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of LaFayette, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of LaFayette, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of LaFayette, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of LaFayette, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios, and the Schedule of Contributions – Pension Plan, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund statements and schedules, and the three schedules of special purpose local option sales tax expenditures, as required by the Official Code of Georgia 48-8-121, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2024 on our consideration of the City of LaFayette, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of LaFayette, Georgia's internal control over financial reporting and compliance.


CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
June 29, 2024

**CITY OF LAFAYETTE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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, 2023. It should be read in conjunction with the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

Financial Highlights

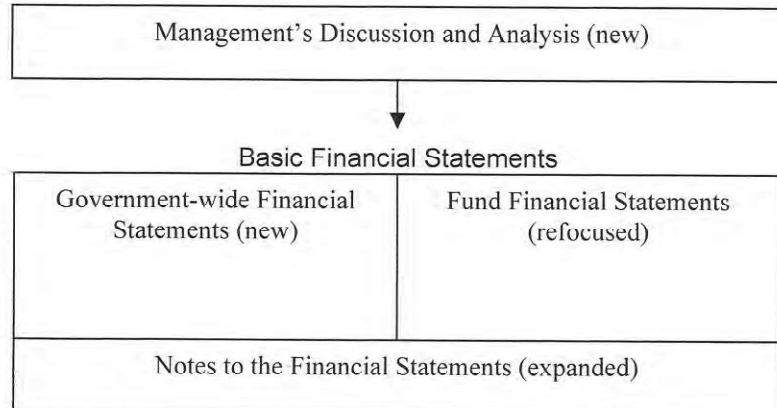
- The City's total assets exceed liabilities by \$44,727,494 at the end of the year. This amount includes \$34,604,443 invested in capital assets net of accumulated depreciation and related debt, restricted net position of \$4,548,919 and unrestricted net position of \$5,574,132. Significant portions of restricted net position include amounts for debt service and construction.
- The City's total net position increased by \$594,373, or 1.3% to \$44,727,494. The net position for governmental activities increased by \$345,490, or 2.5% and the business-type net position increased by \$248,883, or .8%.
- The City's revenues for governmental activities, excluding transfers were \$6,802,828. Total expenses for governmental activities, excluding transfers, were \$9,909,710.
- The City's business-type activities had total revenues, excluding transfers of \$22,656,979 while expenses, excluding transfers, were \$18,955,724.
- The General Fund, which is the City's primary operating fund, reported a decrease in fund balance of \$618,615 in fiscal year 2023.
- Total cash (Note 3) at September 30, 2023 was \$13,441,599.
- The capital assets (Note 6), net of accumulated depreciation, of the City at the end of the 2023 fiscal year totaled \$49,587,707. This includes net capital assets for governmental activities of \$9,769,078 and business-type activities of \$39,818,629.

**CITY OF LAFAYETTE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

An Overview of the Financial Statements

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

Required Components of the City's Annual Financial Report



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

GOVERNMENT-WIDE STATEMENTS

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

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

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

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

**CITY OF LAFAYETTE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

FUND FINANCIAL STATEMENTS

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

Fund Financial Statements

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Position for the current year. The City's net position increased by \$594,373, or 1.3%, in fiscal year 2023. The net position of the governmental activities includes \$9,761,512 net investment in capital assets. Capital assets of \$9,769,078 include land, buildings, park improvements, equipment and current year infrastructure additions. Related governmental activities debt includes leases of \$7,566.

The net position of the business-type activities includes \$23,308,943 net investment in capital assets. Capital assets of \$38,149,335 include land, utility system, building, other improvements, equipment, airport and golf course. Related debt includes notes payable and revenue bonds of \$14,840,392.

**CITY OF LAFAYETTE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

For more detailed information, see the Statement of Net Position on page 15 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	
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$ 8,169	\$ 8,588	\$ 9,612	\$ 9,693	\$ 17,781	\$ 18,281
Capital Assets	9,769	9,078	39,819	38,149	49,588	47,227
Total Assets	<u>17,938</u>	<u>17,666</u>	<u>49,431</u>	<u>47,842</u>	<u>67,369</u>	<u>65,508</u>
Deferred Outflows of Resources						
Pension Contributions	1,264	454	955	346	2,219	800
Total Deferred Outflows of Resources	<u>1,264</u>	<u>454</u>	<u>955</u>	<u>346</u>	<u>2,219</u>	<u>800</u>
Liabilities						
Current and Other Liabilities	4,816	3,079	5,454	3,035	10,270	6,114
Long-Term Debt Outstanding	214	218	14,251	13,961	14,465	14,179
Total Liabilities	<u>5,030</u>	<u>3,297</u>	<u>19,705</u>	<u>16,996</u>	<u>24,735</u>	<u>20,293</u>
Deferred Inflows of Resources						
Changes in Pension Plan	72	1,069	54	814	126	1,883
Total Deferred Inflows of Resources	<u>72</u>	<u>1,069</u>	<u>54</u>	<u>814</u>	<u>126</u>	<u>1,883</u>
Net Position						
Net Investment in Capital Assets	9,761	9,063	24,835	23,309	34,596	32,372
Restricted	4,069	3,619	480	467	4,549	4,086
Unrestricted	270	1,072	5,312	6,602	5,582	7,674
Total Net Position	<u>\$14,100</u>	<u>\$13,754</u>	<u>\$ 30,627</u>	<u>\$ 30,378</u>	<u>\$ 44,727</u>	<u>\$44,132</u>

CHANGES IN NET POSITION

The City's total revenues before transfers were \$29,459,807 in the 2023 fiscal year. Expenses before transfers were \$23,715,889 during that same period. Governmental and business-type activities combined provided a \$594,373 increase in net position.

Governmental activities revenues were \$6,802,828 and included \$1,793,350 for charges for services, \$1,878,239 grant revenues, \$634,354 property taxes, and \$1,246,642 for sales taxes. The largest governmental activities expenses were for public safety of \$3,563,075 (police, fire, and animal control), public works of \$1,482,816, general government of \$2,869,187 and recreation of \$1,282,717. Expenses include depreciation expense as explained in the notes to the financial statements (Note 6).

Business-type activity revenues were \$22,656,979 and included \$22,367,236 charges for services, \$283,772 for capital grants, and \$4,207 interest. The largest business-type activity expenses were for purchases of energy for resale to customers such as electricity for \$7,758,278 and gas for \$1,230,508.

CITY OF LAFAYETTE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Table 2
Changes in Net Position
(in thousands)

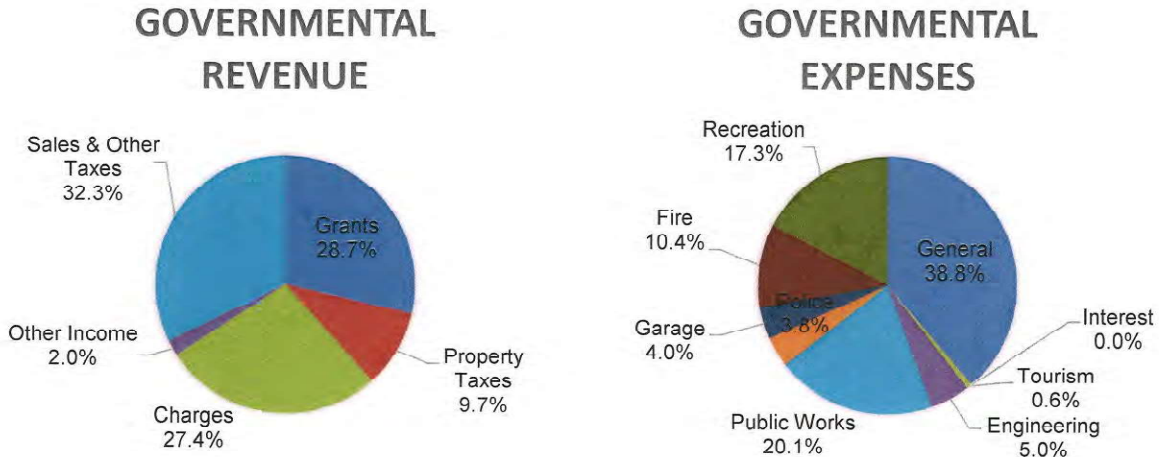
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$ 1,793	\$ 1,677	\$22,367	\$ 23,900	\$ 24,160	\$ 25,577
Operating Grants and Contributions	269	299	2	-	271	299
Capital Grants and Contributions	1,610	1,806	284	359	1,894	2,165
General Revenues						
Property Taxes	634	637	-	-	634	637
Local Option Sales Tax	1,247	969	-	-	1,247	969
Other Taxes	1,121	1,158	-	-	1,121	1,158
Investment Income	126	52	4	2	130	54
Other Revenues	3	5	-	-	3	5
Total Revenues	<u>6,803</u>	<u>6,603</u>	<u>22,657</u>	<u>24,261</u>	<u>29,460</u>	<u>30,864</u>
Expenses						
General Government	2,869	2,974	-	-	2,869	2,974
Police	2,796	2,642	-	-	2,796	2,642
Fire	767	640	-	-	767	640
Public Works	1,483	1,491	-	-	1,483	1,491
Engineering	366	324	-	-	366	324
Recreation	1,282	1,170	-	-	1,282	1,170
Garage	299	277	-	-	299	277
Tourism & Promotion	46	51	-	-	46	51
Interest on Long-term debt	1	1	-	-	1	1
Electric	-	-	9,612	10,434	9,612	10,434
Gas	-	-	1,935	2,227	1,935	2,227
Water/Sewer	-	-	5,150	4,651	5,150	4,651
Solid Waste	-	-	780	714	780	714
Golf	-	-	1,045	870	1,045	870
Airport	-	-	434	451	434	451
Total Expenses	<u>9,909</u>	<u>9,570</u>	<u>18,956</u>	<u>19,347</u>	<u>28,865</u>	<u>28,917</u>
Excess (Deficiency) Before Transfers	<u>(3,106)</u>	<u>(2,967)</u>	<u>3,701</u>	<u>4,914</u>	<u>595</u>	<u>1,947</u>
Transfers	<u>3,452</u>	<u>2,765</u>	<u>(3,452)</u>	<u>(2,765)</u>	<u>-</u>	<u>-</u>
Increase/Decrease in Net Position	<u>346</u>	<u>(202)</u>	<u>249</u>	<u>2,149</u>	<u>595</u>	<u>1,947</u>
Beginning Net Position	<u>13,754</u>	<u>13,956</u>	<u>30,378</u>	<u>28,229</u>	<u>44,132</u>	<u>42,185</u>
Ending Net Postion	<u>\$14,100</u>	<u>\$ 13,754</u>	<u>\$30,627</u>	<u>\$ 30,378</u>	<u>\$ 44,727</u>	<u>\$ 44,132</u>

**CITY OF LAFAYETTE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

GOVERNMENTAL ACTIVITIES

See pages 15-16 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's governmental revenues and expenses.

Table 3 – Governmental Activities



Revenue Impacts

- Property taxes of \$634,354 provided 9.7% of governmental revenues for general operations. The millage rate was set at 2.77 in the current year.
- Revenues from local option sales taxes were \$1,246,642. This represents an overall increase of 28.6% from the prior year.
- The transfers from proprietary funds were \$3,452,372.
- Charges for services include amounts charged for providing utility billing and collection services to the enterprise funds of \$668,821. Municipal court fines were \$164,651.

Expense Impacts

- General Government expenditures increased by \$339,256 or 3.5% compared to the prior year. The increase was partly due to salary increases.
- Police expenditures increased by \$154,097 or 5.8% from the prior year. This was largely due to an increase in salaries and benefits.
- Culture and Recreation expenditures increased by \$112,940. This was primarily due to salaries and program supplies.

**CITY OF LAFAYETTE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

BUSINESS-TYPE ACTIVITIES

**Table 4
Business-type Activities
(in thousands)**

Fund	Program Revenues		Program Expenses		Excess (Deficiency) Before Transfers & Investment Earnings	
	2023	2022	2023	2022	2023	2022
Electric	\$ 11,446	\$ 13,404	\$ 9,613	\$ 10,434	\$ 1,833	\$ 2,970
Gas	2,668	3,255	1,935	2,226	733	1,029
Water/Sewer	6,900	5,981	5,150	4,651	1,750	1,330
Solid Waste	729	582	780	714	(51)	(132)
Golf	742	494	1,045	870	(303)	(376)
Airport	167	544	433	451	(266)	93
Total	<u>\$ 22,652</u>	<u>\$ 24,260</u>	<u>\$ 18,956</u>	<u>\$ 19,346</u>	<u>\$ 3,696</u>	<u>\$ 4,914</u>

Operating revenues for business-type activities for the fiscal year 2023 were \$22,367,236, a \$1,532,333 decrease compared to the prior year. Operating expenses were \$18,955,724 in 2023. The operating income was \$3,724,419 in 2023 compared to \$4,838,954 in 2022. Activities for individual business-type funds are summarized below.

- Electric program operating revenues decreased by \$1,958,842 from the prior year in addition to operating expenses decreasing by \$821,716. The revenue decrease was primarily driven by a volume decrease due to a milder winter. Loss of a large customer that went out of business also greatly affected revenue. The cost of electricity decreased because of volume decrease, market pricing and cost of fuels.
- Gas program operating revenues decreased by \$587,356 and operating expenses decreased by \$291,708. The decrease in revenue was driven by an decrease in volume due to a milder winter. The decrease in expenses was largely attributable to an decrease in cost of natural gas supply. Customer base was similar for both years.
- Water & Sewer program operating revenues remained increased by \$638,255 while operating expenses increased by \$468,504 from the prior year. Water & Sewer revenue rates were increased in October 2022. Expenses increased primarily due to wage inflation, and supply chain cost increases.
- Solid Waste program operating revenues increased \$147,219 from the prior year and operating expenses increased \$68,414. Revenues increased because of a rate increase in Sanitation fees. Expenses increased due to increases in landfill fees, closure costs, and administrative charges.
- Golf operating revenues increased by \$247,937 over the prior year. This was due to the reopening of the course from when it was closed for several months in the prior year to install new greens. Operating expenses were up by \$176,430, due largely to increase in salaries and benefits and operational costs.
- Airport operating revenues decreased by \$19,546. Operating expenses decreased by \$17,722 from the prior year, mostly driven by costs of fuel.

**CITY OF LAFAYETTE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

GOVERNMENTAL FUNDS

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

Fund	Fund Balances 9/30/2022	Sources	Uses	Sources Over (Under) Uses	Fund Balances 9/30/2023
General Fund	\$ 1,695,047	\$ 8,855,371	\$ (9,473,986)	\$ (618,615)	\$ 1,076,432
Capital Projects - 2014 SPLOST	383,956	114,999	(248,567)	(133,568)	250,388
Capital Projects - 2020 SPLOST	1,710,915	1,140,493	(606,343)	534,150	2,245,065
Capital Projects - T SPLOST	1,523,035	39,191	(48,658)	(9,467)	1,513,568
American Rescue Fund Plan	-	314,996	(257,622)	57,374	57,374
Total	<u>\$ 5,312,953</u>	<u>\$ 10,465,050</u>	<u>\$ (10,635,176)</u>	<u>\$ (170,126)</u>	<u>\$ 5,142,827</u>

At September 30, 2023, the City's governmental funds reported a combined fund balance of \$5,145,759 (see statement on page 18), which is \$168,925 less than the previous year-end. The unassigned portion of fund balance was \$1,050,433. The unassigned fund balance may serve as a useful indicator of the City's ability to operate without external financing. The restricted portion represents amounts reserved for capital projects construction and for debt service payments related to the issuance of revenue bonds to finance those capital projects.

General Fund

The General Fund had a \$618,615 decrease in fund balance, to end the fiscal year at \$1,076,432. More detailed information for the general fund is presented on page 21.

Operating revenues and other financing sources increased \$1,319,941. Sales taxes, charges for services, licenses and permits, and transfers all showed increases.

Overall expenditures and other uses increased \$750,518. Increases in salaries and related expenditures contributed to this increase.

Capital Projects Funds

The capital projects funds account for the proceeds from special purpose local option sales tax that are used to construct various improvements which benefit City residents. In June 2019 voters approved continuation of the one-percent special purpose local option sales tax. The period during which this tax is collected began October 2019 and ends September 2026. Capital outlay expenditures are to be primarily for street and road improvements, recreation, water and sewer improvements, solid waste and street equipment.

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

The major sources of revenue were:

- Sales tax \$1,095,206
- TSPLOST \$7,071

The fund balance is restricted for completion of SPLOST projects as identified in the Schedules of Special Purpose Local Option Sales Tax Expenditures on pages 62-64.

**CITY OF LAFAYETTE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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 21 of the financial statements.

In September 2022, the City Council appropriated \$7,871,012 for general fund expenditures in the 2023 fiscal year budget.

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

Revenues:

Higher than anticipated revenues in taxes, charges for services, and interest income than originally budgeted.

Expenditures:

Higher than anticipated salaries and benefits and increase in capital investments than originally budgeted for.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounted to \$49,587,707 (net of accumulated depreciation). Investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. For more detailed information concerning capital assets see the notes to the financial statements.

**Table 6
Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 3,796	\$ 3,796	\$ 2,782	\$ 2,782	\$ 6,578	\$ 6,578
Construction in Progress	190	-	7,195	4,726	7,385	4,726
Buildings and Structures	1,587	1,652	4,051	4,327	5,638	5,979
Infrastructure	1,393	1,489	-	-	1,393	1,489
Utility Systems	-	-	23,869	24,479	23,869	24,479
Improvements	1,013	695	-	-	1,013	695
Machinery and Equipment	1,790	1,446	1,921	1,835	3,711	3,281
Total	\$ 9,769	\$ 9,078	\$ 39,818	\$ 38,149	\$ 49,587	\$47,227

**CITY OF LAFAYETTE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

This year's major capital asset additions included:

Governmental Activities:

• Park Improvements – Splash Pad	\$	246,060
• Park Improvements – Playground	\$	118,564
• Excavator	\$	72,667
• Police Vehicles	\$	230,718

Business-type Activities:

• Irrigation- Golf	\$	98,034
• Mowers - Golf	\$	30,000
• Excavator – Water	\$	145,333
• Water tank improvements	\$	398,687

LONG-TERM DEBT

At the end of the 2023 fiscal year, the City had \$14,959,262 in outstanding debt. This is a net increase of \$139,122 compared to the prior year. More detailed information about the City's long-term liabilities is included in the notes to the financial statements.

**Table 7
Outstanding Debt at September 30, 2023**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Net	-	-	3,990	4,470	3,990	4,470
Capital Leases	8	15	19	122	27	137
Notes Payable	-	-	10,942	10,213	10,942	10,213
Total	\$ 8	\$ 15	\$ 14,951	\$ 14,805	\$ 14,959	\$ 14,820

**CITY OF LAFAYETTE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The strategic plan is being executed and is working as anticipated. The City continues to perform stronger economically, we have seen an increase in investment, construction, business expansion, job creation, and it shows in several of our revenues. We have also been forced to increase rates to keep up with inflation in materials and inflation in labor. We continue to invest in our utility infrastructure, to ensure that it remains a strong asset to us. We are following our strategic plan to drive a strong quality of life, economic vibrancy and establish better housing. We will begin investing in a fiber optic network across our electric grid to offer fiber to the home connectivity and prepare the infrastructure for Advanced Metering infrastructure for our Utility departments. The investments we are making in quality of life and infrastructure are showing benefits in increased revenues. We have been forced to increase our wage rates in all departments of the City to keep up with the labor market, but we are making efforts to save cost where we can as well. We continue to run the City like a business, making sure that we make solid decisions that have a return on investment.

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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Lafayette Development Authority
Assets				
Cash	\$ 6,770,241	\$ 6,671,358	\$ 13,441,599	\$ 457,371
Receivables - Net	21,582	3,121,836	3,143,418	-
Internal Balances	1,124,702	(1,124,702)	-	-
Inventory	25,999	944,144	970,143	-
Due from other governments	226,748	-	226,748	-
Capital Assets:				
Land and Construction in Progress	3,986,560	9,977,344	13,963,904	-
Other Capital Assets - Net	5,782,518	29,841,285	35,623,803	371,015
Total Capital Assets	9,769,078	39,818,629	49,587,707	371,015
Total Assets	17,938,350	49,431,265	67,369,615	828,386
Deferred Outflows of Resources				
Pension Contributions	1,264,208	955,118	2,219,326	-
Total Deferred Outflows of Resources	1,264,208	955,118	2,219,326	-
Liabilities				
Accounts Payable	410,550	2,422,592	2,833,142	-
Accrued Wages Payable and Withholdings	85,242	48,028	133,270	-
Customer Deposits	-	597,013	597,013	-
Unearned Revenue	2,483,029	-	2,483,029	-
Due to other Governments	8,237	-	8,237	-
Net Pension Liability	1,752,170	1,323,776	3,075,946	-
Noncurrent Liabilities:				
Due Within One Year	77,566	1,062,290	1,139,856	-
Due In More Than One Year - Net	213,622	14,251,360	14,464,982	-
Total Liabilities	5,030,416	19,705,059	24,735,475	-
Deferred Inflows of Resources				
Pension Contributions	71,759	54,213	125,972	-
Total Deferred Inflows of Resources	71,759	54,213	125,972	-
Net Position				
Net Investment in Capital Assets	9,761,512	24,835,365	34,596,877	371,015
Restricted for:				
Capital Projects	4,009,021	479,592	4,488,613	-
Special Projects	57,374	-	57,374	-
Law Enforcement Activities	2,932	-	2,932	-
Unrestricted	269,544	5,312,154	5,581,698	457,371
Total Net Position	\$ 14,100,383	\$ 30,627,111	\$ 44,727,494	\$ 828,386

CITY OF LAFAYETTE, GEORGIA
Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,869,187	\$ 1,429,718	\$ 145,536	\$ 1,461,925
Police	2,795,959	93,275	4,975	-
Fire	767,116	-	-	-
Public Works	1,482,816	50,315	118,049	39,191
Engineering	366,338	-	-	-
Recreation	1,282,717	220,042	-	108,563
Garage	298,997	-	-	-
Tourism and Promotion	46,002	-	-	-
Interest on Long-term Debt	578	-	-	-
Total Governmental Activities	<u>9,909,710</u>	<u>1,793,350</u>	<u>268,560</u>	<u>1,609,679</u>
Business-type Activities:				
Airport	433,767	165,619	1,764	-
Electric	9,612,617	11,445,663	-	-
Gas	1,934,790	2,667,784	-	-
Golf	1,044,653	742,226	-	-
Water/Sewer	5,149,545	6,616,876	-	283,772
Fiber Optics	-	-	-	-
Solid Waste	780,352	729,068	-	-
Total Business-type Activities	<u>18,955,724</u>	<u>22,367,236</u>	<u>1,764</u>	<u>283,772</u>
Total Primary Government	<u>\$ 28,865,434</u>	<u>\$ 24,160,586</u>	<u>\$ 270,324</u>	<u>\$ 1,893,451</u>
Component Unit:				
Lafayette Development Authority	\$ 11,207	\$ 140,088	\$ -	\$ -

CITY OF LAFAYETTE, GEORGIA
Statement of Activities
For the Year Ended September 30, 2023

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
Functions/Programs	Governmental Activities	Business-type Activities	Totals	LaFayette Development Authority
Primary Government:				
Governmental Activities:				
General Government	\$ 167,992		\$ 167,992	
Police	(2,697,709)		(2,697,709)	
Fire	(767,116)		(767,116)	
Public Works	(1,275,261)		(1,275,261)	
Engineering	(366,338)		(366,338)	
Recreation	(954,112)		(954,112)	
Garage	(298,997)		(298,997)	
Tourism and Promotion	(46,002)		(46,002)	
Interest on Long-term Debt	(578)		(578)	
Total Governmental Activities	(6,238,121)		(6,238,121)	
Business-type Activities:				
Airport	-	\$ (266,384)	(266,384)	
Electric	-	1,833,046	1,833,046	
Gas	-	732,994	732,994	
Golf	-	(302,427)	(302,427)	
Water/Sewer	-	1,751,103	1,751,103	
Fiber Optics	-	-	-	
Solid Waste	-	(51,284)	(51,284)	
Total Business-type Activities	-	3,697,048	3,697,048	
Total Primary Government	(6,238,121)	3,697,048	(2,541,073)	
Component Unit				
Lafayette Development Authority				\$ 128,881
General Revenues:				
Taxes:				
Property	634,354	-	634,354	-
Sales	1,246,642	-	1,246,642	-
Hotel/Motel	73,604	-	73,604	-
Insurance Premium	570,977	-	570,977	-
Malt Beverage	103,932	-	103,932	-
Franchise	248,939	-	248,939	-
Occupation	76,548	-	76,548	-
Intangible	46,891	-	46,891	-
Investment Earnings	126,317	4,207	130,524	2,959
Gain on Sale of Capital Assets	1,835	-	1,835	-
Miscellaneous	1,200	-	1,200	-
Transfers	3,452,372	(3,452,372)	-	-
Total General Revenues and Transfers	6,583,611	(3,448,165)	3,135,446	2,959
Change in Net Position	345,490	248,883	594,373	131,840
Net Position - Beginning	13,754,893	30,378,228	44,133,121	696,546
Net Position - Ending	\$ 14,100,383	\$ 30,627,111	\$ 44,727,494	\$ 828,386

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

CITY OF LAFAYETTE, GEORGIA

Balance Sheet Governmental Funds September 30, 2023

	General	Capital Projects - 2014 SPLOST	Capital Projects - 2020 SPLOST	Capital Projects - T-SPLOST	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash	\$ 284,586	\$ 250,388	\$ 2,155,840	\$ 1,513,568	\$ 2,540,403	\$ 3,998	\$ 6,748,783
Receivables (Net of Allowance for Uncollectibles):							
Accounts	1,314	-	-	-	-	-	1,314
Taxes	20,268	-	-	-	-	-	20,268
Inventory	25,999	-	-	-	-	-	25,999
Due from Other Funds	6,294,226	-	-	-	-	966	6,295,192
Due from Other Governments	131,318	-	89,225	-	-	6,205	226,748
Total Assets	<u>\$ 6,757,711</u>	<u>\$ 250,388</u>	<u>\$ 2,245,065</u>	<u>\$ 1,513,568</u>	<u>\$ 2,540,403</u>	<u>\$ 11,169</u>	<u>\$ 13,318,304</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts Payable	\$ 410,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 410,550
Accrued Payables & Withholdings	85,242	-	-	-	-	-	85,242
Due to Other Funds	5,170,490	-	-	-	-	-	5,170,490
Due to Other Governments	-	-	-	-	-	8,237	8,237
Unearned Revenue	-	-	-	-	2,483,029	-	2,483,029
Total Liabilities	<u>5,666,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,483,029</u>	<u>8,237</u>	<u>8,157,548</u>
Deferred Inflows of Resources							
Unavailable Revenue - Property Taxes	14,997	-	-	-	-	-	14,997
Total Deferred Inflows of Resources	<u>14,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,997</u>
Fund Balances							
Nonspendable							
Inventory	25,999	-	-	-	-	-	25,999
Restricted							
Acquisition and Construction of Capital Assets	-	250,388	2,245,065	1,513,568	-	-	4,009,021
Law Enforcement Activities	-	-	-	-	-	2,932	2,932
Special Projects	-	-	-	-	57,374	-	57,374
Unassigned	1,050,433	-	-	-	-	-	1,050,433
Total Fund Balances	<u>1,076,432</u>	<u>250,388</u>	<u>2,245,065</u>	<u>1,513,568</u>	<u>57,374</u>	<u>2,932</u>	<u>5,145,759</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,757,711</u>	<u>\$ 250,388</u>	<u>\$ 2,245,065</u>	<u>\$ 1,513,568</u>	<u>\$ 2,540,403</u>	<u>\$ 11,169</u>	<u>\$ 13,318,304</u>
Reconciliation of the Balance Sheet to the Statement of Net Position							
Fund Balances - Total Governmental Funds							\$ 5,145,759
Amounts reported for governmental activities in the Statement of Net Position are different because:							
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.							9,769,078
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.							21,458
A portion of deferred revenue in the general fund represents property tax billed but uncollected and is eliminated in the Statement of Net Position.							14,997
A portion of pension plan contributions are for future use and are considered deferred outflows of resources.							1,264,208
Differences between expected and actual returns on pension plan investments are not recognized at the fund level, yet are presented as a deferred inflow of resources in the Statement of Net Position.							(71,759)
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.							
Leases Payable			(7,566)				
Compensated Absences			(283,622)				
Net Pension(Liability) Asset			<u>(1,752,170)</u>				<u>(2,043,358)</u>
Net Position of Governmental Activities							<u>\$ 14,100,383</u>

CITY OF LAFAYETTE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	General	Capital Projects - 2014 SPLOST	Capital Projects - 2020 SPLOST	Capital Projects T-SPLOST	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 2,927,713	\$ -	\$ -	\$ -	\$ -	\$ 73,604	\$ 3,001,317
Licenses and Permits	94,143	-	-	-	-	-	94,143
Intergovernmental	132,852	108,563	1,095,206	7,071	257,622	-	1,601,314
Fines and Forfeitures	164,651	-	-	-	-	-	164,651
Charges for Services	1,475,987	-	-	-	-	-	1,475,987
Contributions and Donations	135,708	-	-	-	-	-	135,708
Miscellaneous Income	58,570	-	-	-	-	1,200	59,770
Interest Income	126,316	6,436	45,287	32,120	57,374	1	267,534
Total Revenues	5,115,940	114,999	1,140,493	39,191	314,996	74,805	6,800,424
Expenditures							
Current:							
General Government	2,373,364	-	-	-	-	-	2,373,364
Police	2,602,444	-	-	-	-	-	2,602,444
Fire	745,823	-	-	-	-	-	745,823
Public Works	1,275,401	-	-	-	-	-	1,275,401
Engineering	359,791	-	-	-	-	-	359,791
Culture and Recreation	1,181,727	-	-	-	-	-	1,181,727
Garage	284,922	-	-	-	-	-	284,922
Tourism and Promotion	-	-	-	-	-	46,002	46,002
Capital Outlay:							
General Government	114,983	2,507	250,000	48,658	-	-	416,148
Police	323,824	-	-	-	-	-	323,824
Public Works	107,872	-	47,429	-	-	-	155,301
Recreation	-	246,060	308,914	-	-	-	554,974
Debt Service:							
Principal	7,257	-	-	-	-	-	7,257
Interest	578	-	-	-	-	-	578
Total Expenditures	9,377,986	248,567	606,343	48,658	-	46,002	10,327,556
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,262,046)	(133,568)	534,150	(9,467)	314,996	28,803	(3,527,132)
Other Financing Sources (Uses)							
Transfers - Out	(96,000)	-	-	-	(257,622)	(27,602)	(381,224)
Transfers - In	3,737,596	-	-	-	-	-	3,737,596
Sale of Capital Assets	1,835	-	-	-	-	-	1,835
Total Other Financing Sources (Uses)	3,643,431	-	-	-	(257,622)	(27,602)	3,358,207
Net Change in Fund Balances	(618,615)	(133,568)	534,150	(9,467)	57,374	1,201	(168,925)
Fund Balance (Deficit) - Beginning of Year	1,695,047	383,956	1,710,915	1,523,035	-	1,731	5,314,684
Fund Balance- End of Year	\$ 1,076,432	\$ 250,388	\$ 2,245,065	\$ 1,513,568	\$ 57,374	\$ 2,932	\$ 5,145,759

CITY OF LAFAYETTE, GEORGIA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances To the Statement of Activities
For the Year Ended September 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	(168,925)
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for Capital Assets	1,101,652		
Less Current Year Depreciation	(410,681)		690,971

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		570
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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.

Principal Payments on Leases		7,257
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Governmental funds report monthly pension plan premiums as current period expenditures, while governmental activities record a portion of those payments as a deferred outflow of resources.

809,924

Changes in the value of the pension plan are not reflected in the governmental funds. However, they are accounted for in the statement of activities.

997,056

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

Change in Net Pension Liability	(1,967,795)		
Change in Compensated Absences	(3,472)		(1,971,267)

The net change in net position of internal service funds is reported with governmental activities.

(20,096)

Change in Net Position of Governmental Activities	\$	345,490
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CITY OF LAFAYETTE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund - Budget and Actual
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,218,500	\$ 2,932,500	\$ 2,927,713	\$ (4,787)
Licenses and Permits	103,500	103,500	94,143	(9,357)
Intergovernmental	168,000	168,000	132,852	(35,148)
Fines and Forfeitures	190,000	190,000	164,651	(25,349)
Charges for Services	1,299,180	1,475,680	1,475,987	307
Contributions and Donations	115,900	145,900	135,708	(10,192)
Miscellaneous Income	30,000	55,000	58,570	3,570
Interest Income	45,000	125,000	126,316	1,316
Total Revenues	4,170,080	5,195,580	5,115,940	(79,640)
Expenditures				
Current:				
General Government	1,901,056	2,490,256	2,488,347	1,909
Police	2,477,193	2,926,893	2,926,268	625
Fire	672,106	746,706	745,823	883
Public Works	1,026,527	1,383,627	1,383,273	354
Engineering	388,902	388,902	359,791	29,111
Culture and Recreation	1,097,404	1,187,404	1,181,727	5,677
Garage	307,824	307,824	284,922	22,902
Debt Service:				
Principal	-	7,300	7,257	43
Interest	-	600	578	22
Total Expenditures	7,871,012	9,439,512	9,377,986	61,526
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,700,932)	(4,243,932)	(4,262,046)	(18,114)
Other Financing Sources (Uses)				
Transfers - In	3,710,000	3,710,000	3,737,596	27,596
Transfers - out	-	-	(96,000)	(96,000)
Sale of Capital Assets	-	-	1,835	1,835
Total Other Financing Sources (Uses)	3,710,000	3,710,000	3,643,431	(66,569)
Net Change in Fund Balance	9,068	(533,932)	(618,615)	(84,683)
Fund Balance - Beginning of Year	1,695,047	1,695,047	1,695,047	-
Fund Balance - End of Year	\$ 1,704,115	\$ 1,161,115	\$ 1,076,432	\$ (84,683)

CITY OF LAFAYETTE, GEORGIA

Statement of Net Position

Proprietary Funds

September 30, 2023

	Airport	Electric	Gas	Golf	Water and Sewer	Fiber Optics	Solid Waste	Total	Governmental Activities Internal Service Fund
Assets									
Current Assets:									
Cash and Cash Equivalents	\$ -	\$ 975,075	\$ 378,806	\$ -	\$ 5,317,469	\$ -	\$ -	\$ 6,671,350	\$ 21,458
Accounts Receivable - Net	-	1,826,420	190,622	-	904,174	-	120,612	3,121,836	-
Due From Other Funds	-	6,247,114	1,351,716	-	-	-	-	7,598,830	-
Inventory	9,302	656,697	71,916	9,129	197,100	-	-	944,144	-
Total Current Assets	9,302	9,705,314	1,993,060	9,129	6,498,743	-	120,612	18,336,160	21,458
Non-Current Assets:									
Capital Assets:									
Land	508,822	9,000	7,000	1,340,395	843,741	-	73,052	2,782,010	-
Construction in Process	335,994	-	188,108	-	6,195,306	475,926	-	7,195,334	-
Equipment	182,476	1,261,536	377,922	747,809	2,444,886	-	1,375,564	6,390,193	-
Buildings	5,302,530	410,894	19,701	2,515,185	1,116,962	-	5,206	9,370,478	-
Utility Systems	-	3,850,471	1,138,926	-	45,193,466	-	-	50,182,863	-
Less Accumulated Depreciation	(3,732,826)	(4,225,806)	(821,511)	(1,722,295)	(24,708,146)	-	(891,665)	(36,102,249)	-
Total Non-Current Assets	2,596,996	1,306,095	910,146	2,881,094	31,086,215	475,926	562,157	39,818,629	-
Total Assets	2,606,298	11,011,409	2,903,206	2,890,223	37,584,958	475,926	682,769	58,154,789	21,458
Deferred Outflows of Resources									
Deferred Resources Related to Pension	25,888	166,811	99,490	141,095	421,238	-	100,596	955,118	-
Total Deferred Outflows	\$ 25,888	\$ 166,811	\$ 99,490	\$ 141,095	\$ 421,238	\$ -	\$ 100,596	\$ 955,118	\$ -
Liabilities									
Current Liabilities:									
Accounts Payable	\$ 8,262	\$ 945,110	\$ 54,255	\$ 137,509	\$ 1,161,936	\$ 89,822	\$ 25,698	\$ 2,422,592	\$ -
Accrued Wages and Withholdings Payable	1,128	10,332	5,328	7,868	20,779	-	2,593	48,028	-
Compensated Absences Payable	7,770	31,514	18,897	24,189	58,097	-	15,888	156,355	-
Due to Other Funds	1,411,094	-	-	3,843,648	1,277,540	128,482	2,061,960	8,723,524	-
Customer Deposits	-	348,928	87,215	-	160,870	-	-	597,013	-
Notes Payable - Current	-	-	-	-	338,779	-	-	338,779	-
Capital Leases Payable - Current	-	-	-	14,313	-	-	5,167	19,480	-
Revenue Bonds Payable	-	-	-	-	415,000	-	-	415,000	-
Total Current Liabilities	1,429,054	1,335,884	165,695	4,027,527	3,433,001	218,304	2,111,306	12,720,771	-
Noncurrent Liabilities:									
Net Pension Liability	35,881	231,196	137,892	195,554	583,828	-	139,425	1,323,776	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	-	174,031	174,031	-
Notes Payable	-	-	-	-	10,603,437	-	-	10,603,437	-
Revenue Bonds Payable (Net)	-	-	-	-	3,606,568	-	-	3,606,568	-
Total Noncurrent Liabilities	35,881	231,196	137,892	195,554	14,793,833	-	313,456	15,707,812	-
Total Liabilities	1,464,935	1,567,080	303,587	4,223,081	18,226,834	218,304	2,424,762	28,428,583	-
Deferred Inflows of Resources									
Deferred Resources Related to Pension	1,469	9,468	5,647	8,009	23,910	-	5,710	54,213	-
Total Deferred Inflows	1,469	9,468	5,647	8,009	23,910	-	5,710	54,213	-
Net Position									
Net Investment in Capital Assets	2,596,996	1,306,095	910,146	2,866,781	16,122,431	475,926	556,990	24,835,365	-
Restricted	-	479,592	-	-	-	-	-	479,592	-
Unrestricted	(1,431,214)	7,815,985	1,783,316	(4,066,553)	3,633,021	(218,304)	(2,204,097)	5,312,154	21,458
Total Net Position	\$ 1,165,782	\$ 9,601,672	\$ 2,693,462	\$ (1,199,772)	\$ 19,755,452	\$ 257,622	\$ (1,647,107)	\$ 30,627,111	\$ 21,458

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, 2023

	Airport	Electric	Gas	Golf	Water and Sewer	Fiber Optics	Solid Waste	Total	Governmental Activities Internal Service Fund
Operating Revenues									
Charges for Services	\$ 165,619	\$ 11,049,986	\$ 2,455,297	\$ 742,226	\$ 5,890,990	\$ -	\$ 715,073	\$ 21,019,191	\$ 2,162,970
Fees	-	171,469	37,994	-	673,964	-	13,995	897,422	-
Other Revenues	-	224,208	174,493	-	51,922	-	-	450,623	-
Total Operating Revenues	165,619	11,445,663	2,667,784	742,226	6,616,876	-	729,068	22,367,236	2,162,970
Operating Expenses									
Costs of Sales and Services	216,010	1,618,691	572,106	907,453	2,763,312	-	618,674	6,696,246	2,279,146
Administrative Expense	-	130,355	82,587	-	363,382	-	102,485	678,809	-
Cost of Water	-	-	-	-	604,085	-	-	604,085	-
Cost of Gas	-	-	1,230,508	-	-	-	-	1,230,508	-
Cost of Electricity	-	7,758,278	-	-	-	-	-	7,758,278	-
Depreciation Expense	217,757	105,293	49,589	135,584	1,108,825	-	57,843	1,674,891	-
Total Operating Expenses	433,767	9,612,617	1,934,790	1,043,037	4,839,604	-	779,002	18,642,817	2,279,146
Operating Income (Loss)	(268,148)	1,833,046	732,994	(300,811)	1,777,272	-	(49,934)	3,724,419	(116,176)
Nonoperating Revenues (Expenses)									
Interest Revenue	-	-	185	-	4,022	-	-	4,207	80
Interest Expense	-	-	-	(1,616)	(309,941)	-	(1,350)	(312,907)	-
Grant Revenue	1,764	-	-	-	283,772	-	-	285,536	-
Total Nonoperating Revenues (Expenses)	1,764	-	185	(1,616)	(22,147)	-	(1,350)	(23,164)	80
Income Before Transfers	(266,384)	1,833,046	733,179	(302,427)	1,755,125	-	(51,284)	3,701,255	(116,096)
Transfers	-	(2,200,000)	(710,000)	-	(799,994)	257,622	-	(3,452,372)	96,000
Total Transfers	-	(2,200,000)	(710,000)	-	(799,994)	257,622	-	(3,452,372)	96,000
Change in Net Position	(266,384)	(366,954)	23,179	(302,427)	955,131	257,622	(51,284)	240,883	(20,096)
Net Position - Beginning	1,432,166	9,968,626	2,670,283	(897,345)	18,800,321	-	(1,595,823)	30,378,228	41,554
Net Position - Ending	\$ 1,165,782	\$ 9,601,672	\$ 2,693,462	\$ (1,199,772)	\$ 19,755,452	\$ 257,622	\$ (1,647,107)	\$ 30,627,111	\$ 21,458

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, 2023

	Airport	Electric	Gas	Golf	Water and Sewer	Fiber Optics	Solid Waste	Total	Governmental Activities Internal Service Fund
Cash Flows From Operations									
Receipts from Customers and Users	\$ 165,619	\$ 11,748,158	\$ 2,825,602	\$ 742,226	\$ 6,498,248	\$ -	\$ 711,706	\$ 22,691,559	\$ -
Receipts from Interfund Charges for Healthcare	-	-	-	-	-	-	-	-	2,162,970
Payments to Suppliers	(118,897)	(8,774,977)	(1,760,803)	(344,998)	(1,525,485)	89,822	(527,655)	(12,962,993)	(2,279,148)
Payments to/for Employees	(65,936)	(611,321)	(271,594)	(418,900)	(1,182,581)	-	(187,023)	(2,717,355)	-
Net Cash Provided by (Used in) Operating Activities	(19,214)	2,361,860	793,205	(21,672)	3,790,182	89,822	17,028	7,011,211	(116,176)
Cash Flows from Noncapital Financing Activities									
Transfers to Other Funds	-	(2,893,305)	(710,000)	-	(799,994)	-	-	(4,403,299)	-
Transfers from Other Funds	93,502	-	-	209,930	-	386,104	45,160	348,592	96,000
Net Cash from Noncapital Financing Activities	93,502	(2,893,305)	(710,000)	209,930	(799,994)	386,104	45,160	(4,054,707)	96,000
Cash Flows from Capital and Related Financing Activities									
Principal Payments - Bonds	-	-	-	-	(400,000)	-	-	(480,000)	-
Principal Payments - Notes	-	-	-	-	(331,717)	-	-	(331,717)	-
Principal Payments - Leases	-	-	-	(41,508)	-	-	(60,838)	(102,346)	-
Proceeds from loan	-	-	-	-	1,060,443	-	-	1,060,443	-
Grant Revenues	1,764	-	-	-	283,772	-	-	285,536	-
Acquisition and Construction of Capital Assets	(78,052)	(65,254)	(50,232)	(145,134)	(2,531,500)	(475,926)	-	(2,869,262)	-
Interest Paid	-	-	-	(1,616)	(313,449)	-	(1,350)	(316,415)	-
Net Cash from Capital and Related Financing Activities	(74,288)	(65,254)	(50,232)	(188,258)	(2,312,541)	(475,926)	(62,188)	(2,752,761)	-
Interest Received	-	-	185	-	4,022	-	-	4,207	80
Net Increase (Decrease) in Cash	-	(596,699)	33,158	-	681,669	-	-	207,950	(20,096)
Cash - October 1, 2022	-	1,571,774	345,648	-	4,635,800	-	-	6,553,222	41,554
Cash - September 30, 2023	\$ -	\$ 975,075	\$ 378,806	\$ -	\$ 5,317,469	\$ -	\$ -	\$ 6,761,172	\$ 21,458
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:									
Operating Income (Loss)	\$ (268,148)	\$ 1,833,046	\$ 732,904	\$ (300,811)	\$ 1,777,272	\$ -	\$ (49,934)	\$ 3,724,410	\$ (116,176)
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities									
Depreciation	217,757	105,293	49,589	135,584	1,108,825	-	57,843	1,674,891	-
(Increase) Decrease in Assets:									
Accounts Receivable	-	307,043	161,020	-	(118,747)	-	(17,362)	331,954	-
Inventory	22,256	(73,271)	2,726	270	(33,300)	-	-	(81,319)	-
Deferred Outflows	(16,554)	(105,824)	(63,075)	(89,907)	(268,577)	-	(65,371)	(609,308)	-
Increase (Decrease) in Liabilities:									
Accounts Payable	6,610	174,447	(165,281)	123,119	996,981	89,822	3,583	1,229,281	-
Accrued Landfill Closure/Postclosure Costs	-	-	-	-	-	-	10,387	10,387	-
Compensated Absences Payable	(1,302)	5,464	942	(45)	(1,829)	-	(1,410)	1,820	-
Salaries and Wages Payable	346	(5,915)	2,340	2,690	8,411	-	313	8,185	-
Customer Deposits	-	(4,548)	(3,202)	-	119	-	-	(7,631)	-
Deferred Inflows	(20,490)	(134,018)	(80,024)	(112,422)	(335,261)	-	(77,166)	(759,381)	-
Net Pension Liability	40,311	260,143	155,176	219,850	656,288	-	156,145	1,487,913	-
Net Cash Provided by (Used in) Operating Activities	\$ (19,214)	\$ 2,361,860	\$ 793,205	\$ (21,672)	\$ 3,790,182	\$ 89,822	\$ 17,028	\$ 7,011,211	\$ (116,176)

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

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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.

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

A. Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

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

D. Fund Types and Major Funds

Governmental Funds

The General Fund, Capital Project Funds and American Rescue Plan Fund 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 Capital Projects fund accounts for the acquisition and construction of major capital assets other than those accounted for by proprietary funds. The American Rescue Plan Fund accounts for the City's American Rescue Plan Act (ARPA) Local Fiscal Recovery Funds.

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Fund Types and Major Funds - continued

Proprietary Funds

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting. The City reports the airport, electric, gas, golf, water and sewer, fiber optics and solid waste funds as major funds. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. These funds recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds

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

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

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

E. Assets, Liabilities, Net Position or Equity

1. **Cash.** Cash includes amounts in demand and time deposits that by law must be insured or collateralized. Investments, if any, are limited by law and bond ordinances to federal and state securities.
2. **Receivables.** All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise funds are recognized at the end of each year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.
3. **Due To and Due From Other Funds/Internal Balances.** During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered or interfund loans. Interfund transactions are recorded by all funds affected in the period in which transactions are executed. In the government-wide financial statements, these balances are reported as internal balances.
4. **Interest Receivable.** Interest on investments and certain receivables is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.
5. **Inventories.** On the basic financial statements, inventories of supplies and materials are reported at cost using the first-in, first-out method. The City uses the consumption method to account for the inventories whereby items are recorded as an asset when purchased and expenses are recorded when the item is put into use.
6. **Prepays.** Prepays represent the amount paid in advance for Georgia sales tax on sales of electricity and gas.

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

7. **Other Assets.** Other assets held are recorded and accounted for at cost.
8. **Restricted Assets.** The Water and Sewer Fund, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt or for construction. The "bond debt service and reserve cash" accounts are used to segregate resources accumulated for debt service payments and to report resources set aside to cover the highest debt service requirement in any subsequent year. The "renewal and replacement cash" account is used to report resources set aside to meet unexpected contingencies or for asset replacement. The "construction cash" account is used to report resources set aside to fund construction projects.
9. **Capital Assets.** The City's property, buildings, equipment and infrastructure (streets, bridges, curbs, sidewalks, drainage systems, lighting system, etc.) with useful lives of more than one year and a cost greater than two thousand dollars are capitalized and depreciated. These assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets and capital assets received in a service concession arrangement are valued at acquisition costs. Interest expense (net of related income) incurred during the construction phase of business-type capital assets is capitalized as part of the assets' cost.

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

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

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

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

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

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

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

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

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

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

NOTE 3. CASH AND INVESTMENTS

Cash balances as of September 30, 2023 are classified in the financial statements as follows:

Statement of Net Position:

Cash	\$ 5,262,946
Restricted Cash	<u>8,178,653</u>
 Total Cash	 <u>\$ 13,441,599</u>

Cash balances consist of the following:

Cash on Hand	\$ 8,800
Cash Deposits in Financial Institutions	12,953,270
MEAG	<u>479,529</u>
 Total Cash	 <u>\$ 13,441,599</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.)

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.

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3. CASH AND INVESTMENTS - continued

Concentration of Credit Risk

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

Custodial Credit Risk

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

NOTE 4. RECEIVABLES

Accounts receivable consists of amounts due from customers for charges related to providing electric, gas, water/sewer and sanitation services. Taxes due consist of property tax and local option sales tax. Amounts due as of September 30, 2023, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Water Sewer Fund</u>	<u>Electric Fund</u>	<u>Gas Fund</u>	<u>Solid Waste Fund</u>
Receivables:					
Accounts	\$ 1,314	\$ 984,174	\$ 1,826,428	\$ 190,622	\$ 120,612
Taxes	78,404	-	-	-	-
Total	79,718	984,174	1,826,428	190,622	120,612
Less: Allowance for Uncollectibles	(58,136)	-	-	-	-
Net Total Receivables	<u>\$ 21,582</u>	<u>\$ 984,174</u>	<u>\$ 1,826,428</u>	<u>\$ 190,622</u>	<u>\$ 120,612</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 October 20, 2022 and due by December 20, 2022. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien and penalties and interest begins to accrue. Assessed values are established by the Walker County Board of Tax Assessors and are currently calculated at 40% of market value.

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

**CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of September 30, 2023, 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 Fund	Water/Sewer	\$ 1,277,540
General Fund	Golf	2,640,540
General Fund	Airport	1,281,658
General Fund	Solid Waste	1,094,488
		<u>\$ 6,294,226</u>
Forfeiture	General Fund	<u>\$ 966</u>
Electric	General Fund	\$ 3,817,815
Electric	Solid Waste	967,472
Electric	Airport	130,236
Electric	Fiber Optics	128,482
Electric	Golf	1,203,109
		<u>\$ 6,247,114</u>
Gas	General Fund	<u>\$ 1,351,716</u>

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.

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – continued

As of September 30, 2023, interfund transfers were as follows:

<u>Transfer in:</u>	<u>General</u>	<u>Water/ Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>American Rescue Plan</u>	<u>Hotel/Motel</u>	<u>Total</u>
General Fund	\$ -	\$ 799,994	\$2,200,000	\$ 710,000	\$ -	\$ 27,602	\$ 3,737,596
Internal Service Fund	96,000	-	-	-	-	-	96,000
Fiber Optics	-	-	-	-	257,622	-	257,622
Airport	-	-	-	-	-	-	-
Total	<u>\$ 96,000</u>	<u>\$ 799,994</u>	<u>\$2,200,000</u>	<u>\$ 710,000</u>	<u>\$257,622</u>	<u>\$ 27,602</u>	<u>\$ 4,091,218</u>

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

NOTE 6. CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers In/(Out)</u>	<u>Ending Balance</u>
<i>Nondepreciable Capital Assets</i>					
Land	\$ 3,796,210	\$ -	\$ -	\$ -	\$ 3,796,210
Construction in Process	-	190,350	-	-	190,350
Total Nondepreciable Capital Assets	<u>3,796,210</u>	<u>190,350</u>	<u>-</u>	<u>-</u>	<u>3,986,560</u>
<i>Depreciable Capital Assets</i>					
Buildings and Improvements	3,144,586	-	-	-	3,144,586
Park Improvements	2,706,140	364,624	-	-	3,070,764
Machinery and Equipment	3,891,845	546,679	100,318	-	4,338,206
Infrastructure	<u>2,708,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,708,245</u>
Total Depreciable Capital Assets	<u>12,450,816</u>	<u>911,303</u>	<u>100,318</u>	<u>-</u>	<u>13,261,801</u>
Less Accumulated Depreciation For:					
Buildings and Improvements	(1,492,901)	64,520	-	-	(1,557,421)
Park Improvements	(2,011,133)	46,684	-	-	(2,057,817)
Machinery and Equipment	(2,445,572)	202,808	100,318	-	(2,548,062)
Infrastructure	<u>(1,219,314)</u>	<u>96,669</u>	<u>-</u>	<u>-</u>	<u>(1,315,983)</u>
Total Accumulated Depreciation	<u>(7,168,920)</u>	<u>410,681</u>	<u>100,318</u>	<u>-</u>	<u>(7,479,283)</u>
Total Depreciable Capital Assets, Net	<u>5,281,896</u>	<u>500,622</u>	<u>-</u>	<u>-</u>	<u>5,782,518</u>
Total Capital Assets, Net	<u>\$ 9,078,106</u>	<u>\$ 690,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,769,078</u>

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6. CAPITAL ASSETS – continued

Business-Type Activities	Beginning Balance	Additions	Deletions	Transfers In/(Out)	Ending Balance
<i>Nondepreciable Capital Assets</i>					
Land	\$ 2,782,010	\$ -	\$ -	\$ -	\$ 2,782,010
Construction in Progress	4,725,794	2,504,343	34,804	-	7,195,333
Total Nondepreciable Capital Assets	7,507,804	2,504,343	34,804	-	9,977,343
<i>Depreciable Capital Assets</i>					
Buildings and Improvements	9,363,858	53,621	47,000	-	9,370,479
Machinery and Equipment	6,066,994	358,799	35,599	-	6,390,194
Distribution and Collection Systems	49,962,007	462,224	241,368	-	50,182,863
Total Depreciable Capital Assets	65,392,859	874,644	323,967	-	65,943,536
Less Accumulated Depreciation For:					
Buildings and Improvements	(5,036,486)	(329,589)	47,000	-	(5,319,075)
Machinery and Equipment	(4,231,581)	(273,178)	35,599	-	(4,469,160)
Distribution and Collection Systems	(25,483,260)	(1,072,124)	241,368	-	(26,314,016)
Total Accumulated Depreciation	(34,751,327)	(1,674,891)	323,967	-	(36,102,251)
Total Depreciable Capital Assets, Net	30,641,532	(800,247)	-	-	29,841,285
Total Capital Assets, Net	\$ 38,149,336	\$ 1,704,096	\$ 34,804	\$ -	\$ 39,818,628
Governmental Activities:					
General Government		\$ 67,286			
Police		71,032			
Fire		11,801			
Public Works		167,961			
Engineering		428			
Garage		7,738			
Recreation		84,435			
Total		\$ 410,681			
Business-Type Activities					
Airport		\$ 217,757			
Electric		105,293			
Gas		49,589			
Golf		135,584			
Water/Sewer		1,108,825			
Solid Waste		57,843			
Total		\$ 1,674,891			

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7. LEASES

Fire Truck - Governmental-type Capital Lease: During fiscal year 2020, the City entered into a lease agreement with USDA as lessee for financing a portion of the acquisition of a truck for the fire department for \$35,000. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was \$3,333. The interest rate on this lease is 3.9%.

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

	Business-Type Activities
Fire Truck	\$ 50,000
Less: Accumulated Depreciation	(16,667)
Total Net Book Value	<u>\$ 33,333</u>

Golf Carts - Business-type Capital Lease: During fiscal year 2020, the City entered into a lease agreement with Yamaha Financial Services as lessee for financing a portion of the acquisition of 60 golf carts for \$257,323 for the golf course. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was \$51,465. The interest rate on this lease is 4.68%.

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

	Business-Type Activities
Golf Carts	\$ 257,323
Less: Accumulated Depreciation	(154,394)
Total Net Book Value	<u>\$ 102,929</u>

Garbage Truck - Business-type Capital Lease: During fiscal year 2020, the City entered into a lease agreement with GMA Finance as lessee for financing the acquisition of a 2020 Peterbilt Garbage Truck for the solid waste department. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Depreciation expense on the leased equipment for the fiscal period was \$18,593. The interest rate on this lease is 3.52%.

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

	Business-Type Activities
Garbage Truck	\$ 278,891
Less: Accumulated Depreciation	(55,778)
Total Net Book Value	<u>\$ 223,113</u>

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7. LEASES - continued

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

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2023, are as follows:

Year Ending September 30 2024	Governmental Activities	Business-Type Activities
	\$ 7,861	\$ 19,630
	-	-
Total Minimum Lease Payments	7,861	19,630
Less Amount Representing Interest	(295)	(150)
Present Value of Future Minimum Lease Payments	<u>\$ 7,566</u>	<u>\$ 19,480</u>

NOTE 8. LONG-TERM DEBT

Debt outstanding as of September 30, 2023 is composed of the following:

Revenue Bonds

The City has also issued revenue bonds for the purpose of capital infrastructure improvements to the Water-Sewer system. These bonds will be repaid with Water-Sewer Fund revenues from users of the system. The bonds mature in fiscal 2032.

	Interest Rate	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
Business-Type Activities:					
Water/Sewer Bonds	2.00%	2/19/2013	9/30/2032	<u>\$ 9,200,000</u>	<u>\$ 3,990,000</u>

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8. LONG-TERM DEBT - continued

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>
2024	\$ 415,000	\$ 106,880
2025	425,000	97,024
2026	435,000	86,399
2027	445,000	75,524
2028	460,000	63,843
2029-2032	1,810,000	125,929
Total	<u>\$ 3,990,000</u>	<u>\$ 555,599</u>

Notes Payable

	<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 System	3.00%	11/1/2010	7/1/2032	\$ 473,000	\$ 244,004
Water/Sewer System	2.40%	9/17/2014	9/17/2036	1,600,000	1,112,501
Water/Sewer System	2.27%	9/4/2015	3/1/3032	825,000	501,616
Water/Sewer System	1.25%	12/10/2018	1/1/2040	1,250,000	1,043,581
Water/Sewer System	2.09%	9/1/2021	8/1/2041	3,000,000	2,736,821
Water/Sewer System*				5,060,000	4,945,218
Water/Sewer System**				1,350,000	358,475
				<u>\$ 12,208,000</u>	<u>\$ 10,942,216</u>

* Water system loan was issued in May of 2020, with draws beginning December of 2020. The balance of the draws at September 30, 2023 was \$4,945,218. The loan will close in 2024 with payments beginning at that time.

** Water system loan was issued in March of 2023, with draws beginning July of 2023. The balance of the draws at September 30, 2023 was \$358,475. The loan will close in 2024 with payments beginning at that time.

Notes payable debt service requirements to maturity are presented below:

<u>Year Ending September 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 338,779	\$ 112,387
2025	345,999	105,170
2026	353,379	97,789
2027	360,923	90,244
2028	368,637	82,530
2029-2033	1,828,735	292,961
2034-2038	1,430,553	124,748
2039-2041	611,517	17,232
Total	<u>\$ 5,638,522</u>	<u>\$ 923,061</u>

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8. LONG-TERM DEBT - continued

On August 4, 2023 the Georgia Environmental Finance Authority (GEFA) approved a Georgia Fund Loan in the amount of \$1,667,000. This loan is for replacement of the aeration system. Construction began in 2023 and will continue in 2024.

The following is a summary of the City's long-term debt transactions for the year ended September 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capitalization Leases	\$ 14,823	\$ -	\$ (7,257)	\$ 7,566	\$ 7,566
Compensated Absences	280,150	3,472	-	283,622	70,000
Total Governmental Activities	<u>\$ 294,973</u>	<u>\$ 3,472</u>	<u>\$ (7,257)</u>	<u>\$ 291,188</u>	<u>\$ 77,566</u>
Business- Type Activities:					
Note Payable	\$ 10,213,489	\$ 1,060,443	\$ (331,716)	\$ 10,942,216	\$ 338,779
Revenue Bonds	4,470,000	-	(480,000)	3,990,000	415,000
Unamortized Bond Premium	35,075	-	(3,507)	31,568	-
Landfill Closure/Post Closure	163,644	10,387	-	174,031	174,031
Capitalized Leases	121,828	-	(102,348)	19,480	19,480
Compensated Absences	154,536	1,819	-	156,355	115,000
Total Business-Type Activities	<u>\$ 15,158,572</u>	<u>\$ 1,072,649</u>	<u>\$ (917,571)</u>	<u>\$ 15,313,650</u>	<u>\$ 1,062,290</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, 2023, the outstanding debt of MEAG was \$8,162,712,141. The City's guarantee varies by individual project and totals \$80,885,670.

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10. PENSION PLAN

Plan Description. The City has a non-contributory defined benefit plan covering all full-time employees. The plan, the City of LaFayette Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS policy direction and oversight for the fund is provided by a 15-member board comprised of elected and appointed officials from the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City established the plan effective April 1, 1985, and the authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 65 years of age with 5 years of service. Early retirement is possible at age 55 with 10 years of service. Benefits are calculated at up to 1.75% of the average monthly earnings for the period of the five highest years prior to retirement.

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

Funding Policy and Annual Contributions. The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for changes to plan provisions and 30 years for actuarial assumptions and cost methods. These amortization periods, if applicable, are closed for this plan year.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section §47-20-10). According to the latest actuarial valuation, dated January 1, 2023, the estimated minimum annual contribution under these funding standards is \$403,526.

According to the plan's actuarial valuation dated January 1, 2023, the recommended contribution to the plan for the coming year is \$449,078 (\$0 employee and \$449,078 employer; 0% employee and 8.21% employer of covered payroll respectively), and for the prior year was \$460,413 (\$0 employee and \$460,413 employer; 0% employee and 9.60% employer of covered payroll respectively). Covered payroll for 2023 and 2022 is \$5,379,949 and \$4,718,340 respectively.

Net Pension Liability

The City's net pension liability (NPL) was measured as of January 1, 2023, along with the total pension liability (TPL) and fiduciary net position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of September 30, 2022.

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10. PENSION PLAN - continued

	<u>Changes in Net Pension Liability</u>		
	(a)	(b)	(a) - (b)
	(TPL)	(FNP)	(NPL)
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2021	\$ 16,529,055	\$ 16,908,817	\$ (379,762)
Changes for the Year			
Service Cost	190,370	-	190,370
Interest	1,199,161	-	1,199,161
Differences Between Expected and Actual Experience	(167,963)	-	(167,963)
Changes of Assumptions	-	-	-
Contributions - Employer	-	511,462	(511,462)
Contributions - Employees	-	-	-
Net Investment Income	-	(2,718,682)	2,718,682
Benefit Payments, Including Refunds of Employee Contributions	(919,238)	(919,238)	-
Administrative Expense	-	(26,919)	26,919
Other	-	-	-
Net Changes	302,330	(3,153,377)	3,455,707
Balances at September 30, 2022	\$ 16,831,385	\$ 13,755,440	\$ 3,075,945

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.375%) or 1% point higher (8.375%) than the current rate.

Sensitivity of the NPL to Changes in Discount Rate

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Total Net Pension Liability	\$ 5,041,596	\$ 3,075,945	\$ 1,421,139

As of January 1, 2023, employee membership data related to the current plan membership was as follows:

Number of retirees and beneficiaries currently receiving benefits	108
Number of terminated employees entitled to benefits, but not yet receiving them	74
Number of Active Plan Participants	
Vested	101
Nonvested	25
Total	308

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10. PENSION PLAN - continued

Significant Actuarial Assumptions

Actuarial Assumptions:

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

Actuarial Methods:

Actuarial Cost Method	Project Unit Credit
Amortization Method	Closed Level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 15 years

Actuarial Value of Assets

Mortality & Economic Assumptions	The mortality and economic assumptions are based on the Pri-2012 head-count weighted Healthy Retiree mortality tables with rates multiplied by 1.25. Based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019.
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Discount Rate	The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.
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CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10. PENSION PLAN - continued

For the year ended September 30, 2023, the City recognized pension expense of \$741,771. At September 30, 2023, the City reported deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions for future periods	\$ 345,448	\$ -
Differences between expected and actual experience	125,847	-
Changes of assumptions	-	-
Net differences between projected and actual earnings on pension plan investments and changes in assumptions	<u>1,748,031</u>	<u>(125,973)</u>
	<u>\$ 2,219,326</u>	<u>\$ (125,973)</u>

Pension contributions subsequent to the measurement date of \$ 345,448 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2024	\$ 423,227
2025	258,507
2026	276,235
2027	789,936

Net Investment Return

On-going basis: 7.375% - On-going basis, based on long-term expected rate of return on pension plan investments.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset collection as of March 31, 2022 are as summarized in the following table:

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10. PENSION PLAN – continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	45.00%	6.40%
International Equity	20.00%	6.80%
Real Estate	10.00%	3.90%
Global Fixed Income	5.00%	0.46%
Domestic Fixed Income	20.00%	0.40%
Cash	0.00%	
Total	<u>100.00%</u>	

Payable to the Pension Plan

There were no outstanding amounts of contributions to the pension plan required for the year ended September 30, 2023.

NOTE 11. SPECIAL LOCAL OPTION SALES TAX

In November 2019 voters approved a referendum to continue collection of a 1% Special Local Option Sales Tax. Collections began on October 1, 2020 and are scheduled to end September 2026. The City's distributive share of this tax is projected to be \$6,600,000. The proceeds from this sales tax are to be used for road, street, and bridge purposes, Smart grid technology for broadband internet, various recreation facilities and projects, Main street improvements and facility improvements.

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

NOTE 12. RISK MANAGEMENT

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

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

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, cooperate with the pools' agents and attorneys, follow loss reduction procedures established by the funds and to promptly report all incidents which could 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.

CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 12. RISK MANAGEMENT - continued

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

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

NOTE 13. RESTRICTED ASSETS

At September 30, 2023, the restricted assets account balances are comprised of the following:

	General	Capital Projects	Other Governmental Funds
Governmental Activities:			
Cash - Perpetual Care	\$ 230,163	\$ -	\$ -
Cash - Shop with a Cop	15,893	-	-
Cash - Capital Projects	-	3,919,796	-
Cash - Police Funds	18,726	-	1,966
Cash - Hotel/Motel Tax	-	-	2,032
Cash - ARPA	-		2,540,403
Cash - Bond Debt Service	11,005	-	-
Total Restricted Assets	<u>\$ 275,787</u>	<u>\$ 3,919,796</u>	<u>\$ 2,544,401</u>
Business-Type Activities:	Water/Sewer	Electric	
Cash - MEAG	\$ -	\$ 479,592	
Cash - Construction Cash	83,451	-	
Cash - GEFA loan account	875,626	-	
Total Restricted Assets	<u>\$ 959,077</u>	<u>\$ 479,592</u>	

NOTE 14. FUND BALANCE/NET POSITION

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

Capital Projects Fund and Police Special Revenue Funds:

Restricted for Capital Projects - restricted for completion of construction projects financed by SPLOST proceeds and debt retirement

Restricted for Law Enforcement Activities – confiscated funds which must, by law, be utilized for specific activities/programs.

**CITY OF LAFAYETTE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 15. LANDFILL CLOSURE/POSTCLOSURE COSTS

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

The recognition of these costs is based on the amount of landfill space used to date. The liability for landfill closure and post closure costs at September 30, 2023 is \$643,417. Estimated total current cost of closure and post closure care remaining to be recognized is \$174,031. However, the actual cost of closure and post closure care may be higher due to the effects of inflation, changes in technology, or changes in landfill laws and regulations. The City currently meets applicable financial assurance requirements. According to the most recent study, the landfill capacity used to date is approximately 25% and at the current usage rate, the estimated remaining life of the landfill is 42 years.

NOTE 16. HOTEL/MOTEL TAX REVENUES AND TOURISM EXPENDITURES

The City of LaFayette levies an 8% hotel/motel tax in accordance with provisions of the Official Code of Georgia section §48-13-51. This code section requires that the City expend an amount equal to the amount by which the total taxes collected under this section exceed the taxes that would be collected at a rate of 3%. For the year ended September 30, 2023, the amount the City collected was \$73,604. In accordance with a contractual agreement, 100% of the 2% difference in collections have been paid to the Walker County Chamber of Commerce and was to be used for the promotion of tourism.

NOTE 17. JOINT VENTURE

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAFAYETTE, GEORGIA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Previous Ten Fiscal Periods

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 190,370	\$ 187,465	\$ 175,291	\$ 214,397	\$ 160,290	\$ 137,639	\$ 183,261	\$ 199,245	\$ 165,910	*
Interest	1,199,161	1,154,119	1,109,471	1,044,537	1,005,986	995,682	981,250	907,702	850,512	*
Benefit Changes										*
Differences Between Expected and Actual Experience	(167,963)	163,965	175,460	609,932	97,017	(262,375)	(321,087)	495,739	425,825	*
Changes of Assumptions	-	-	147,019	147,019	-	-	-	-	(92,127)	*
Benefit Payments, Including Refunds	(919,238)	(876,207)	(857,773)	(862,781)	(743,977)	(632,652)	(631,747)	(675,620)	(548,747)	*
Other	-	-	-	-	-	137,708	-	-	-	*
Net Change in Total Pension Liability	302,330	629,342	502,449	1,153,104	519,316	436,002	211,677	927,066	801,373	*
Total Pension Liability - Beginning	16,529,055	15,899,713	15,297,264	14,144,160	13,624,844	13,188,842	12,977,165	12,050,099	11,248,726	*
Total Pension Liability - Ending	\$ 16,831,385	\$ 16,529,055	\$ 15,899,713	\$ 15,297,264	\$ 14,144,160	\$ 13,624,844	\$ 13,188,842	\$ 12,977,165	\$ 12,050,099	*
Plan Net Position										
Contributors - Employer	\$ 511,462	\$ 406,697	\$ 389,793	\$ 359,931	\$ 391,282	\$ 430,901	\$ 373,892	\$ 327,777	\$ 418,853	*
Contributors - Member	-	-	-	-	-	-	-	-	-	*
Net Investment Income	(2,718,682)	3,375,062	1,254,370	382,551	1,233,952	1,665,002	1,139,625	134,281	1,092,710	*
Benefit Payments, Including Refunds	(919,238)	(876,207)	(857,773)	(862,781)	(743,977)	(632,652)	(631,747)	(575,620)	(548,747)	*
Administrative Expense	(26,919)	(29,403)	(30,300)	(24,505)	(27,564)	(28,484)	(15,878)	(18,213)	(14,476)	*
Other	-	-	-	-	-	-	-	-	-	*
Net Change in Plan Net Position	(3,153,377)	2,876,149	756,090	(144,804)	853,693	1,384,767	865,892	(231,775)	948,340	*
Plan Net Position - Beginning	16,908,817	14,032,668	13,276,578	13,421,382	12,567,689	11,182,922	10,317,030	10,548,805	9,600,485	*
Plan Net Position - Ending	\$ 13,755,440	\$ 16,908,817	\$ 14,032,668	\$ 13,276,578	\$ 13,421,382	\$ 12,567,689	\$ 11,182,922	\$ 10,317,030	\$ 10,548,805	*
Net Pension Liability - Ending	\$ 3,075,945	\$ (379,762)	\$ 1,867,045	\$ 2,020,686	\$ 722,778	\$ 1,057,155	\$ 2,005,920	\$ 2,560,135	\$ 2,428,360	*
Total Pension Liability	\$ 16,831,385	\$ 16,529,055	\$ 15,899,713	\$ 15,297,264	\$ 14,144,160	\$ 13,624,844	\$ 13,188,842	\$ 12,977,165	\$ 12,977,165	*
Plan Net Position	13,755,440	16,908,817	14,032,668	13,276,578	13,421,382	12,567,689	11,182,922	10,317,030	10,548,805	*
Net Pension Liability	\$ 3,075,945	\$ (379,762)	\$ 1,867,045	\$ 2,020,686	\$ 722,778	\$ 1,057,155	\$ 2,005,920	\$ 2,560,135	\$ 2,428,360	*
Ratio of Plan Net Position to Total Pension Liability	81.72%	102.30%	88.26%	86.79%	94.89%	92.24%	84.79%	79.50%	81.29%	*
Covered Employee Payroll	\$ 5,379,949	\$ 4,718,340	\$ 4,720,877	\$ 4,489,336	\$ 4,720,392	\$ 3,889,463	\$ 4,301,277	\$ 4,470,429	\$ 4,408,649	*
Net Pension Liability as a Percentage of Covered Employee Payroll	57.17%	-8.05%	39.55%	45.01%	15.31%	27.18%	46.64%	59.51%	55.08%	*

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	**	\$ 474,490	\$ 443,669	\$ 386,093	\$ 359,931	390,157	430,901	373,892	327,777	*
Contributions in Relation to the Actuarially										
Determined Contribution	**	511,462	406,697	389,793	359,931	391,282	430,901	373,892	327,777	*
Contribution Deficiency (Excess)	**	\$ (36,972)	\$ 36,972	\$ 3,700	\$ -	1,125	-	-	*	*
Covered Employee Payroll	**	4,718,340	4,720,877	\$ 4,489,336	\$ 4,720,392	3,889,463	4,301,277	4,408,649	3,521,904	*
Contributions As a Percentage of Covered										
Employee Payroll	**	10.84%	8.61%	8.68%	7.63%	10.06%	10.02%	8.48%	9.31%	*

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

** 2023 information will be determined after fiscal year end and will be included in 2024 valuation report

Notes to Schedule of Contributions:

Valuation Date:

The actuarially determined contribution rate was determined as of January 1, 2023, with an interest adjustment to the fiscal year.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 15 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary to be within 20% of market value.

Actuarial Assumptions:

Net Investment Rate of Return	7.375% net pension plan investment expense, including inflation
Projected Salary Increases	2.25% plus age and service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Normal - 65; Early - 55
Mortality	The mortality and economic actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019.
Other Information	This schedule is presented to illustrate the requirement to show information for 10 years. However, a full 10 year trend is not available.

SUPPLEMENTARY INFORMATION

Non-Major Governmental Funds

Special Revenue Funds

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

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF LAFAYETTE, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2023

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Police Forfeiture</u>	<u>Hotel/Motel</u>	
Assets			
Cash	\$ 1,966	\$ 2,032	\$ 3,998
Due from Other Governments	-	6,205	6,205
Due from Other Funds	966	-	966
Total Assets	<u>\$ 2,932</u>	<u>\$ 8,237</u>	<u>\$ 11,169</u>
Liabilities and Fund Balances			
Liabilities:			
Unreleased Confiscations	\$ -	\$ -	\$ -
Due to Other Governments	-	8,237	8,237
Total Liabilities	<u>-</u>	<u>8,237</u>	<u>8,237</u>
Fund Balance:			
Restricted for:			
Law Enforcement Activities	2,932	-	2,932
Total Fund Balances	<u>2,932</u>	<u>-</u>	<u>2,932</u>
Total Liabilities and Fund Balances	<u>\$ 2,932</u>	<u>\$ 8,237</u>	<u>\$ 11,169</u>

CITY OF LAFAYETTE, GEORGIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Police Forfeiture</u>	<u>Hotel/Motel</u>	
Revenues			
Taxes	\$ -	\$ 73,604	\$ 73,604
Miscellaneous Income	1,200	-	1,200
Interest Income	1	-	1
Total Revenues	<u>1,201</u>	<u>73,604</u>	<u>74,805</u>
Expenditures			
Current:			
Police	-	-	-
Tourism and Promotion	-	46,002	46,002
Total Expenditures	<u>-</u>	<u>46,002</u>	<u>46,002</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>1,201</u>	<u>27,602</u>	<u>28,803</u>
Other Financing Sources (Uses)			
Transfers - In(Out)	-	(27,602)	(27,602)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(27,602)</u>	<u>(27,602)</u>
Net Change in Fund Balances	1,201	-	1,201
Fund Balance - Beginning of Year	<u>1,731</u>	<u>-</u>	<u>1,731</u>
Fund Balance - End of Year	<u>\$ 2,932</u>	<u>\$ -</u>	<u>\$ 2,932</u>

CITY OF LAFAYETTE, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
2014 SPLOST Capital Projects Fund - Budget and Actual
For the Year Ended September 30, 2023

	Project Length Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 108,563	\$ 108,563
Interest Income	-	-	6,436	6,436
Total Revenues	-	-	114,999	114,999
Expenditures				
Current:				
General Government	30,000	30,000	-	30,000
Public Works	193,949	193,949	-	193,949
Capital Outlays:				
Public Works	1,386,051	1,386,051	-	1,386,051
Recreation	75,818	75,818	-	75,818
Other Capital Outlays	840,191	840,191	248,567	591,624
Debt Service:				-
Principal	340,000	340,000	-	340,000
Interest	13,991	13,991	-	13,991
Total Expenditures	2,880,000	2,880,000	248,567	2,631,433
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,880,000)	(2,880,000)	(133,568)	2,746,432
Net Change in Fund Balance	(2,880,000)	(2,880,000)	(133,568)	2,746,432
Fund Balance - Beginning of Year			383,956	
Fund Balance - End of Year			\$ 250,388	

CITY OF LAFAYETTE, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
TSPLOST Capital Projects Fund - Budget and Actual
For the Year Ended September 30, 2023

	Project Length Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 7,071	\$ 7,071
Interest Income	-	-	32,120	32,120
Total Revenues	-	-	39,191	39,191
Expenditures				
Current:				
Public Works	2,500,000	2,500,000	48,658	2,451,342
Total Expenditures	2,500,000	2,500,000	48,658	2,451,342
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(2,500,000)	(2,500,000)	(9,467)	2,490,533
Net Change in Fund Balance	(2,500,000)	(2,500,000)	(9,467)	2,490,533
Fund Balance - Beginning of Year			1,523,035	
Fund Balance - End of Year			\$ 1,513,568	

CITY OF LAFAYETTE, GEORGIA
Schedule of Revenues, Expenditures, and Change in Fund Balance
2020 SPLOST Capital Projects Fund - Budget and Actual
For the Year Ended September 30, 2023

	Project Length Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 1,095,206	\$ 1,095,206
Interest Income	-	-	45,287	45,287
Total Revenues	-	-	1,140,493	1,140,493
Expenditures				
Current:				
General Government	-	-	-	-
Capital Outlays:				
General Government	275,000	275,000	250,000	25,000
Public Works	1,350,000	1,350,000	47,429	1,302,571
Recreation	1,175,000	1,175,000	308,914	866,086
Other Capital Outlays	-	-	-	-
Other Projects	3,800,000	3,800,000	-	3,800,000
Total Expenditures	6,600,000	6,600,000	606,343	5,993,657
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(6,600,000)	(6,600,000)	534,150	7,134,150
Net Change in Fund Balance	(6,600,000)	(6,600,000)	534,150	7,134,150
Fund Balance - Beginning of Year			1,710,915	
Fund Balance - End of Year			\$ 2,245,065	

COMPLIANCE SECTION

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaFayette, Georgia, as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the City of LaFayette, Georgia's basic financial statements and have issued our report thereon dated June 29, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of LaFayette, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of LaFayette, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies described as 23-01 and 23-02.

Report on Compliance and Other Matters

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

City of LaFayette, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of LaFayette's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of LaFayette's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CHRYSAN THOMAS
Certified Public Accountant

Trion, Georgia
June 29, 2024

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mayor and Council
City of Lafayette, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Lafayette, Georgia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Lafayette, Georgia's major federal programs for the year ended September 30, 2023. City of Lafayette, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Lafayette, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of compliance section of our report.

We are required to be independent of City of Lafayette, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Lafayette, Georgia's compliance with the compliance requirements referred to above. .

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, federal statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Lafayette, Georgia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Lafayette, Georgia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Lafayette, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Lafayette, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Lafayette, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Lafayette, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

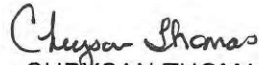
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


CHRYSAN THOMAS
Certified Public Accountant

Dalton, Georgia
June 29, 2024

**CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? **No**

Significant deficiencies identified that
are not considered to be material
weakness(es)? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over major programs:

Material weakness(es) identified? **No**

Significant deficiencies identified that
are not considered to be material
weakness(es)? **None reported**

Type of Auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR section 200.516(a) : **No**

Major program:

**U.S. Environmental Protection Agency
Drinking Water State Revolving Fund
CFDA #66.468**

Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**

Auditee qualified as a low-risk auditee? **No**

**CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

Financial Statement Findings

FS23-01 Criteria: Segregation of employee's duties is a common practice in an effective internal control structure. Policies should be in place requiring the segregation of certain duties, timely reconciliations, reviews, and monitoring. Regarding segregation of duties, critical duties can be categorized in four types of functions: 1) authorization; 2) custody; 3) record keeping; and 4) reconciliation. In a perfect system, no one person should handle more than one type of function.

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

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

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

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

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

Response: We agree with the finding. We have entered into a six-month contract with someone knowledgeable to assist with implementing procedures to improve our accounting system as well as separating duties of our employees when possible. We are implementing a system to properly reconcile, report, review, and monitor our procedures. We will ensure that procedures are clearly conveyed to all employees.

**CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

Financial Statement Findings

FS23-02 **Criteria:** Monitoring and reviews are common practices in an effective internal control structure. Policies should be in place requiring the monitoring and reviews of certain grants, loans, projects and other duties and timely reconciliations. Regarding monitoring and reviews, there should be a person over these functions who has the level of knowledge to perform these functions. Timely reporting and reconciliations should be in place. In each of these areas of the projects, there should be a person over these functions who has the level of knowledge to perform these functions.

Condition: There is a lack of a knowledgeable personnel to perform reviews and monitoring of the accounting of the city. Various accounts in the general ledgers are not being reconciled and balanced to support documents to ensure the account is properly reflected in the correct department or fund. This includes cash reconciliations and monitoring of revenues. Old outstanding checks need to be reviewed. Various expenditures in the general ledgers are not being reconciled and balanced to support documents to ensure account is properly reflected in the correct department or fund and money is requested for reimbursement timely. There is no person who is responsible for the entire project nor are the records in one central location.

Cause: An employee with the level of knowledge needed in the accounting function is not in place nor are there policies and procedures in place to review and monitor accounting data. Reconciliations are not being balanced to the accounting records.

Effect: Without the implementation of the above internal control functions, there is an increased risk of material misstatement to the financial statements. There were no procedures in place for routine reviews or monitoring of the accounting records on a daily, monthly, or annual basis. Timely reconciliations are not being made or issues would have been detected in a timely manner.

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

Response: We agree with the finding. We have entered into a six-month contract with someone knowledgeable to assist with implementing procedures to improve our accounting system as well as separating duties of our employees when possible. We are implementing a system to properly reconcile, report, review, and monitor our procedures. We will ensure that procedures are clearly conveyed to all employees.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURE
U.S.Department of Transportation			
Passed through Georgia Department of Transportation Airport Improvement Program	20.106	T006980	1,764
U.S.Department of Treasury			
Coronavirus State and Local Recovery Funds	21.027	SLFRP	257,622
Appalachian Regional Commission			
Passed Through Georgia Environmental Finance Authority - Appalachian Regional Commission	23.001	GA-21052-2023	283,772
U.S. Environmental Protection Agency			
Passed Through Georgia Environmental Finance Authority - Clean Water State Revolving Fund	66.458	CW2020027	358,475
Drinking Water State Revolving Fund	66.468	DW2019025	701,968
Total U.S. Environmental Protection Agency			1,060,443
Total Federal Awards			\$ 1,603,601

NOTE 1.

BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related fund liability is incurred.

Federal grant programs which are administered through State agencies(pass-through awards) have been included in this report.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the financial statements.

The City elected not to utilize the 10% de minimis indirect cost rate.

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX - 2014
SEPTEMBER 30, 2023

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads and Streets	\$ 1,580,000	\$ 1,580,000	\$ 397,960	\$ -	\$ 397,960
Other Projects					
Admin					
Buildings	-	-	38,607	-	38,607
Equipment	-	-	185,928	2,507	185,928
Public Safety					
Equipment	-	-	12,574	-	12,574
Solid Waste					
Equipment	-	-	-	-	-
Public Works					
Equipment	-	-	105,000	-	105,000
Improvements	-	-	551,780	-	551,780
Recreation					
Equipment	-	-	57,990	137,497	57,990
Site Improvements	-	-	174,391	-	174,391
Airport					
Buildings	-	-	-	-	-
Site Improvements	-	-	-	-	-
Water and Sewer					
Equipment	-	-	-	-	-
Improvements	-	-	769,103	-	769,103
Gas					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Electric					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Golf					
Equipment	-	-	-	-	-
Improvements	-	-	-	-	-
Total Other Projects	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,895,373</u>	<u>140,004</u>	<u>1,895,373</u>
Total for all Projects	<u>\$ 2,880,000</u>	<u>\$ 2,880,000</u>	<u>\$ 2,293,333</u>	<u>\$ 140,004</u>	<u>\$ 2,293,333</u>

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

Grant revenue received to fund part of
Splost Project

108,563
\$ 248,567

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX - TSPLOST
SEPTEMBER 30, 2023

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads and Streets					
Utility Relocation/Sewer	\$ 2,500,000	\$ 2,917,500	\$ 1,595,509	\$ 48,658	\$ 1,644,167
Total	<u>\$ 2,500,000</u>	<u>\$ 2,917,500</u>	<u>\$ 1,595,509</u>	<u>\$ 48,658</u>	<u>\$ 1,644,167</u>

CITY OF LAFAYETTE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX - 2020
SEPTEMBER 30, 2023

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads and Streets	\$ 1,100,000	\$ 1,100,000	\$ -	\$ 47,429	\$ 47,429
Other Projects					
Admin	-	-	91,125	250,000	341,125
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Recreation	-	-	-	308,914	308,914
Water and Sewer	-	-	-	-	-
Total Other Projects	5,500,000	5,500,000	91,125	558,914	650,039
Total for all Projects	\$ 6,600,000	\$ 6,600,000	\$ 91,125	\$ 606,343	\$ 697,468