CITY OF FAIRBURN,

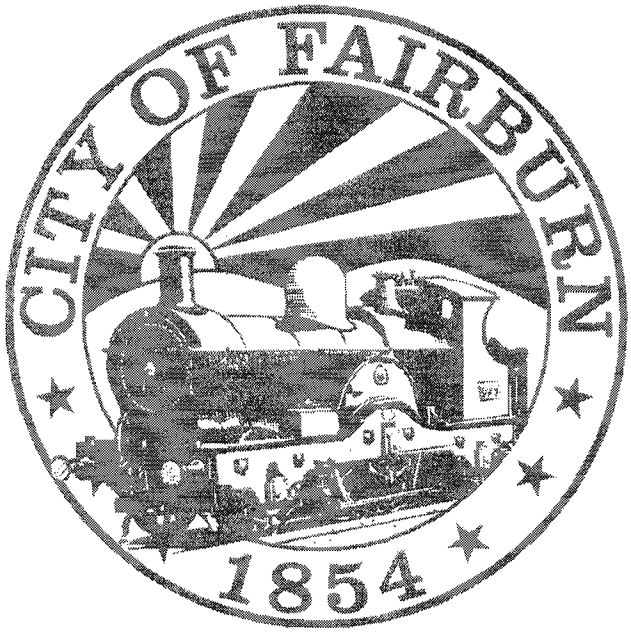
GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2007

CITY OF

FAIRBURN, GEORGIA



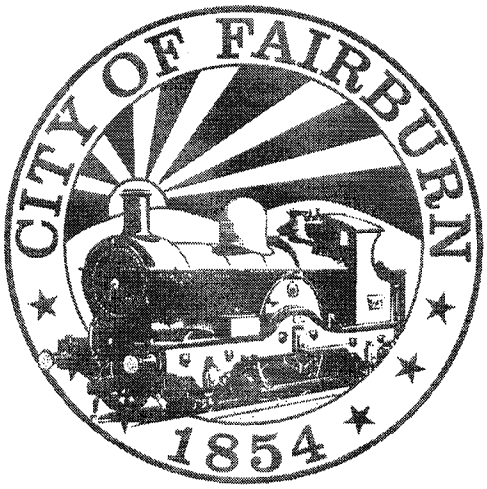
COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2007

Prepared by
City Administrator's Office
James B. Williams
City Administrator
Fairburn City Hall



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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

ORGANIZATION CHART

LISTING OF CITY OFFICIALS

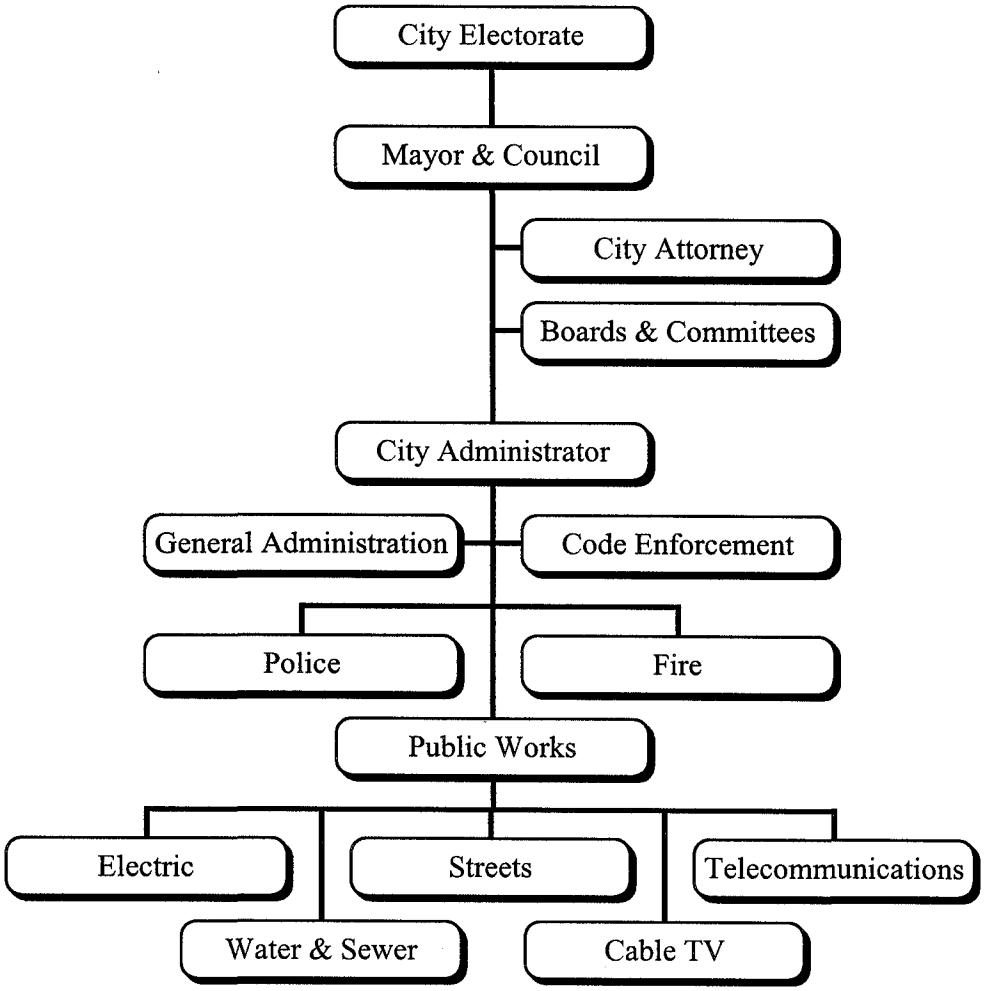
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EXCELLENCE IN FINANCIAL REPORTING

LETTER OF TRANSMITTAL

CITY OF FAIRBURN, GEORGIA

ORGANIZATIONAL CHART



CITY OF FAIRBURN, GEORGIA

CITY OFFICIALS

2007

CITY COUNCIL
Betty W. Hannah, Mayor
Marian Johnson, Mayor Pro Tem
Frankie Arnold
Doug Crawford
Ron Alderman
Mario Avery
Scott Vaughan

CITY ADMINISTRATOR
Jim Williams

FINANCE DIRECTOR
Unfilled

CHIEF OF POLICE
Charles Long

FIRE CHIEF
Jody Weller

BUILDING INSPECTOR
Harvey Stokes

CITY ATTORNEYS
Sanders, Haugen & Sears & Meeker, P.C.

CITY AUDITORS
Post & Associates, LLC

CITY OF FAIRBURN, GEORGIA

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairburn

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Honorable Betty W. Hannah, Mayor
and Members of the City Council
City Of Fairburn
Fairburn, Georgia

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Fairburn, Georgia for the fiscal year ended September 30, 2007, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The transmittal letter includes general information about the City, services provided by the City, the organization of the government, economic condition and outlook for the City, major initiatives for the year and for the future and other information including the audit, awards and acknowledgments.

The financial section includes the independent auditor's report on the financial statements, management's discussion and analysis, the basic audited financial statements with combining and individual fund statements and schedules. This section also includes Required Supplementary Information.

The statistical section contains selected historical financial data, debt statistics and miscellaneous social and economic data generally presented on a multi year basis.

General Information - City of Fairburn

The territory on which the City of Fairburn is located was ceded to the State of Georgia by the Cherokee Indians in the treaty of Indian Springs in 1825. U.S. Government records show a settlement as early as 1830, but the City's real growth started with the Atlanta and West Point Railroad built in 1854. The City of Fairburn was incorporated February 17, 1854 and adopted its City Charter on August 3, 1925 (Georgia Statutes 1925). Fairburn was named for a township in the County of York, England by William McBride, the City's first postmaster, to honor his ancestral hometown. A telephone system was installed in 1905 and the City received electric lights in 1911. Fairburn gained worldwide distinction in 1921 by erecting the first monument to World War I dead. Today, Fairburn has grown to a population of 13,565 as of September 30, 2007. That is more than a 100% increase in population since the last census in 2000 (5,464).

Services Provided

Services provided by the City under general governmental functions include police and fire protection, planning and engineering, code enforcement, street maintenance, traffic control, parks operation and maintenance. In addition, electric, water and sewer services, and solid waste collection and disposal services are provided under an Enterprise fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

The Organization of the Government

The City has a Mayor and Council - City Administrator form of government with a mayor and six council members in the governing body. The City Administrator is appointed by and serves at the pleasure of the City Council. The City Council annually adopts a balanced budget and establishes a tax rate for the support of City programs. The City Administrator has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the City Council.

Economic Condition and Outlook

The City of Fairburn is located ten miles south of Atlanta Hartsfield Airport, the world's busiest airport. The community is in close proximity to the dynamic Atlanta interstate hub of commerce. Fairburn has easy access to markets in the Northeast, South and Midwestern states by rail, air or highway. As a part of the metropolitan Atlanta area, Fairburn is positioned for significant economic growth.

Fairburn works in partnership with a wide range of organizations to market the area to potential developers. The South Fulton Chamber of Commerce works to promote the area and encourage development. They host an annual Developer's Day to showcase development opportunities in and around Fairburn. As a member of the Municipal Electric Authority of Georgia (MEAG), Fairburn can provide very competitive and reliable electric service. MEAG is an important partner in marketing the City to developers and in helping to provide extensive support to existing utility customers. Fairburn has made a significant investment in infrastructure to assure that the City is both functional and attractive. Water, sewer, and electric systems are maintained to assure that customers have capacity and reliability in utility systems.

In the historic downtown area, two newly renovated historic train depots have been returned to commercial and community development uses. This adds both to the historical atmosphere and the commercial market. Downtown retailers have expanded the prominence of Fairburn as a niche market for antiques. This market, along with an open-air Farmer's Market, has helped to promote activity in the downtown area and generate additional customer traffic. These efforts are part of an ongoing program to protect and promote the historic and quaint character of downtown Fairburn and to project the historic district as the focus of the City's image.

Economic development efforts have also brought attention to Fairburn and have spurred a tremendous increase in the rate of residential development. Anticipated growth for the next few years will continue to require additional personnel and infrastructure. While this development will help the City to have a much larger tax base in the future, the City must be prepared to

respond to rapid changes and anticipate the needs of the rapidly evolving community. Residential, commercial and industrial growth continues to thrive. The population for the City has doubled since the 2000 census, and with recent major annexations and several new developments currently being constructed, the City will continue the rate of increase in population over the next few years. Commercial development is also expanding with new businesses being built along the Highway 74 corridor, as well as in the downtown area. New industrial development is expected to continue in the Bohannon and Southcreek area of Oakley Industrial Boulevard.

Major Accomplishments in 2007

During the 2007 Fiscal Year, the City of Fairburn continued to make impressive progress in its overall community development program. Street resurfacing, water and sewer line upgrades, and stormwater management system improvements were all accomplished on schedule as a part of our continuing public works program.

In addition to inventory improvements, the City acquired two key parcels in the downtown area. The first parcel, adjacent to the existing Police Station, will be used for the City's second fire station in one half of the existing building, and for the City's Youth Activity Center in the other half. This will form the basis for the eventual creation of the City's Public Safety and Recreation Complex.

The second parcel, at the other end of the downtown area, will be developed for the Fairburn Education Campus. This four-acre site will house facilities for several college-level institutions in close proximity to existing Board of Education facilities.

Also during the year, Fairburn provided temporary facilities for the Fulton County Senior Program while their new building was being constructed. This kept the seniors from having to commute to other areas for services during the construction period. After the seniors move to this new location, the old Fairburn Exchange Building will be remodeled to provide for other city service activities as a part of an expanding public service program to meet the needs of the rapidly growing community.

A major accomplishment of 2007 was the reorganization of the Police Department and the hiring of a new Chief. The Department is making great progress toward Certification, filling key staff positions, and meeting the public safety needs of the community.

Since 2000 the City has more than doubled in population and, with the annexations of 2006, the land area has actually increased by more than 4000 acres. During 2007, the City made enormous progress in meeting these growth challenges with an ever-increasing commitment to improving the quality of life and protecting the financial viability of the government.

Other Information

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Post & Associates, LLC, CPA's was selected. The independent auditors' report on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the government for its comprehensive annual financial report for the fiscal year ended September 30, 2006. This was the nineteenth consecutive year and the twenty-second time that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. I would like to take this opportunity to express my appreciation to you, the Mayor and Council, for your guidance and support in the preparation of this report. I would also like to express my sincere appreciation to the City department heads for their assistance and cooperation during the year to implement a better accounting and reporting system for the City of Fairburn, for without this assistance and cooperation this report would not have been possible.

Respectfully Submitted,



James B. Williams
City Administrator

March 8, 2007



FINANCIAL SECTION

This Section Contains the Following Subsections:

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Daniel L. Post, CPA
Daniel L. Post, Jr., CPA
Kenneth S. Neal, CPA
Joy C. Chandler, CPA
Samantha W. Maxwell, CPA
James C. Castle, CPA
Gale J. Rifice, CPA

Post & Associates CPA's

MEMBERS
American Institute of CPA's
Georgia Society of CPA's

ESTABLISHED 1968

Independent Auditors' Report

Honorable Betty W. Hannah, Mayor
and Members of the City Council
City of Fairburn
Fairburn, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairburn, Georgia, as of and for the year ended September 30, 2007, which collectively comprise, in relation to coverage, the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Fairburn's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Fairburn, Georgia as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary position of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2008, on our consideration of the City of Fairburn, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis information on pages 16 through 22 , are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Post & Associates, LLC - Certified Public Accountants
3475 Dallas Highway, Suite 125 • Marietta, Georgia 30064 • Office: (678) 290-5100 • Fax: (678) 290-3307
1130 Senoia Road, Suite 3-B • Tyrone, Georgia 30290 • Office: (770) 774-1872 • Fax: (770) 774-1873
postcpas.com

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Fairburn's basic financial statements. The introductory section, statistical tables and data listed in the Statistical Section are presented for purposes of additional analysis are not a required part of the basic financial statements. The introductory section, combining and individual fund financial statements, and statistical tables have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Tyrone, Georgia
March 8, 2008



Management's Discussion and Analysis

As management of the City of Fairburn, we offer readers of the City of Fairburn's financial statements this narrative overview and analysis of the financial activities of the City of Fairburn for the fiscal year ended September 30, 2007. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets of the City of Fairburn exceeded its liabilities at the close of the fiscal year by $40,043,086 (net assets).

- The government's total net assets increased by $960,475, primarily due to increased revenues in the water and sewer fund and the electric fund.

- As of the close of the current fiscal year, the City of Fairburn's governmental funds reported combined ending fund balances of $377,770, an increase of $44,941 in comparison with the prior year.

- At the end of the current fiscal year, unreserved fund balance for the General Fund was $209,416.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Fairburn's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Fairburn.

Required Components of Annual Financial Report

Basic Financial Statements

The first two statements (pages 23 & 24) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the City's financial status.

The next statements (pages 25 - 33) are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statement; and 3) the proprietary funds statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements, the Statement of Net Assets and the Statement of Activities are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gage the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, community services, and general administration. Property and other types of taxes and licenses and permits finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the electric, water and sewer, sanitation, cable television and telecommunications services offered by the City.

The government-wide financial statements are on pages 23 and 24 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. 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 of Fairburn, like all other governmental entities in Georgia, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Fairburn can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These finds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Fairburn adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - City of Fairburn has five types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Fairburn uses enterprise funds to account for its electric, water and sewer, sanitation, cable television and telecommunications operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 34 - 58 of this report.

Government-Wide Financial Analysis

City of Fairburn, Georgia
Statement of Net Assets - Primary Government

	September 30, 2007			September 30, 2006		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	$ 1,059,657	$ 12,610,607	$ 13,670,264	$ 1,026,859	$ 14,297,138	$ 15,323,997
Capital Assets - net	20,631,513	21,347,038	41,978,551	18,033,891	25,462,600	43,496,491
Total Assets	$ 21,691,170	$ 33,957,645	$ 55,648,815	$ 19,060,750	$ 39,759,738	$ 58,820,488
Current Liabilities	$ 645,436	$ 1,197,823	$ 1,843,259	$ 762,143	$ 1,307,546	$ 2,069,689
Noncurrent Liabilities	418,251	13,344,219	13,762,470	501,250	17,166,938	17,668,188
Total Liabilities	1,063,687	14,542,042	15,605,729	1,263,393	18,474,484	19,737,877
Total Net Assets	$ 20,627,483	$ 19,415,603	$ 40,043,086	$ 17,797,357	$ 21,285,254	$39,082,611
Invested in Capital Assets Net of Related Debt	$ 20,213,262	$ 8,102,036	$ 28,315,298	$ 17,532,641	$ 9,012,600	$26,545,241
Restricted	127,299	521,835	649,134	127,299	3,175,590	3,302,889
Unrestricted	286,922	10,791,732	11,078,654	137,417	9,097,064	9,234,481
Total Net Assets	$ 20,627,483	$ 19,415,603	$ 40,043,086	$ 17,797,357	$ 21,285,254	$ 39,082,611

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The total assets of the City of Fairburn exceeded total liabilities by $40,043,086 as of September 2007.The City's net assets increased by $960,455 for the fiscal year ended September,2007.This increase was primarily due to increased revenues in the water and sewer fund and tighter controls over expenditures and capital outlay in the general fund.

The largest portion of assets is the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Fairburn uses these capital assets to provide services to citizens and, therefore, these assets are not available for future spending. Net assets include assets of $463,980 restricted to debt service, $57,855 restricted to construction and $127,299 restricted to cemetery. The remaining balance of unrestricted net assets of $11,078,654 may be used to meet the government's ongoing obligations to citizens and creditors.

City of Fairburn
Changes in Net Assets - Primary Government

	September 30, 2007			September 30, 2006		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for Services	$ 1,848,247	$ 13,840,371	$ 15,688,618	$ 1,848,247	$ 15,844,099	$17,692,346

	September 30, 2007			September 30, 2006		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Community Development Grant	-	-	-	123,190	-	$ 123,190
Drug Task Force	30,177	-	30,177	34,740	-	34,740
Homeowners Tax Relief Grant	65,720		65,720	65,676	-	65,676
General Revenues:						
Property Taxes	1,344,682	-	1,344,682	1,149,246	-	1,149,246
Other Taxes	2,517,253	-	2,517,253	2,351,898	-	2,351,898
Other	508,063	867,875	1,375,938	308,332	421,907	730,239
Total Revenues	$ 6,314,142	$ 14,708,246	$ 21,022,388	$ 5,881,329	$ 16,266,006	$ 22,147,335
Expenses:						
Administrative Government	$ 2,587,866	-	$ 2,587,866	$ 2,352,410	$ -	$ 2,352,410
Public Safety	5,037,625	-	5,037,625	3,680,110	-	3,680,110
Streets, Parks and Recreation	1,959,353	-	1,959,353	1,980,719	-	1,980,719
Other	502,865	-	502,865	436,150	-	436,150
Electric	-	5,305,917	5,305,917	-	5,169,600	5,169,600
Water and Sewer	-	3,139,049	3,139,049	-	2,609,979	2,609,979
Cable	-	654,148	654,148		1,958,708	1,958,708
Other Services	-	875,090	875,090	-	925,608	925,608
Total Expenses	$ 10,087,709	$ 9,974,204	$ 20,061,913	$ 8,449,389	$ 10,663,895	$ 19,113,284
Operating Transfers	$ 6,603,693	$ (6,603,693)	-	$ 1,871,602	$ (1,871,602)	-
Increase in Net Assets	$ 2,830,126	$ (1,869,651)	$ 960,475	$ (696,458)	$ 3,730,509	$ 3,034,051
Net Assets, October 1, 2006	$ 17,797,357	$ 21,285,254	$ 39,082,611	$ 18,493,815	$ 17,554,745	$ 36,048,560
Net Assets, September 30, 2007	$ 20,627,483	$ 19,415,603	$ 40,043,086	$ 17,797,357	$ 21,285,254	$ 39,082,611

Governmental activities: Governmental activities increased the City's net assets by $2,830,126.

Business-type activities: Business-type activities decreased the City of Fairburn's net assets by $1,869,651.

Financial Analysis of the City's Funds

As noted earlier, the City of Fairburn uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Fairburn's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City

of Fairburn's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Fairburn. At the end of the current fiscal year, unreserved fund balance of the General Fund was $168,052, while total fund balance increased by $103,273. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance represents 1.68% of that same amount.

At September 30, 2007, the governmental funds of City of Fairburn reported a combined find balance of $377,770, a 62.2% increase from last year.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories; 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were 7.12% higher than the budgeted amounts primarily because police fines & forfeitures, and safeguard tipping fees were more than anticipated. Expenditures were substantially lower in the Administrative department (22.83 %) than budgeted while the Public Safety department and Street's expenditures were somewhat lower than anticipated . In summary, expenditures were held in check with solid fiscal management and accordingly, the City was able to comply with its budgetary requirements.

Proprietary Funds. The City of Fairburn's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Electric Fund at the end of the fiscal year amounted to $4,000,354. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to $7,954,025. Unrestricted net assets of the Sanitation Fund at the end of the fiscal year amounted to $583,660. There was no unrestricted net assets of the Cable Fund at the end of the fiscal year due to the sale of the Cable System in October, 2006. Unrestricted net assets of the Telecom Fund at the end of the fiscal year amounted to ($1,746,307). The total decrease in the proprietary funds net assets for the year is $1,869,651 or a 8.78% decrease from September 30, 2006. This was mainly due to the sale of the Cable System in the fiscal year which had a significant negative net asset negative balance (1,002,557) at the end of the fiscal year 2006, offset by the reduction of $3,870,291 in the net assets of the Water and Sewer fund mainly due to the transfer of cash to the General Fund in the sum of $$5,829,022.

Capital Asset and Debt Administration

Capital assets. The City of Fairburn's investment in capital assets for its governmental and business-type activities as of September 30, 2006, totals $43,496,491 (net of accumulated depreciation). These assets include land, buildings and improvements, utility systems, vehicles and equipment, and infrastructure.

Additional information on the City's capital assets can be found in note 9 pages 45 - 47 of the Basic Financial Statements.

City of Fairburn's Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	$ 1,287,404	$ 2,416,769	$ 3,704,173
Buildings and Improvements	1,559,151	10,777,105	12,336,256
System	-	7,940,746	7,940,746
Machinery, Equipment & Vehicles	2,678,504	212,418	2,890,922
Construction-In-Progress	-	-	-
Infrastructure	15,106,454	-	15,106,454
Total	$ 20,631,513	$ 21,347,038	$ 41,978,551

Long-term Debt. As of September 30, 2007, the City of Fairburn had long-term bonded debt outstanding in the amount of $13,145,000. Bonds Payable at September 30, 2007 are comprised of the following:

➢ $13,145,000 Series 2006, Combined Utility Revenue Bonds due in annual installments of $460,000 to $1,375,000 through October 1, 2020; interest at 4.101%.

The City of Fairburn's total debt decreased by $4,132,1482 during the past fiscal year mainly due to the sale of the Cable System and the refinancing of the Series 2000 combined Utility Revenue bonds.

Georgia general statutes limit the amount of general obligation debt that a unit of government can issue to 10 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Fairburn is $26,844,217.

Additional information regarding the City of Fairburn's long-term debt can be found in note 12.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the City.

⇨Growth in the tax base projected due to proximity of the City of Atlanta and the continued industrial and commercial development.

⇨Opening of new businesses proceeds at a positive rate, which creates new service jobs in the area.

⇨Continued residential development and this trend appears to be strong.

Budget Highlights for the Fiscal Year Ending September 30, 2008

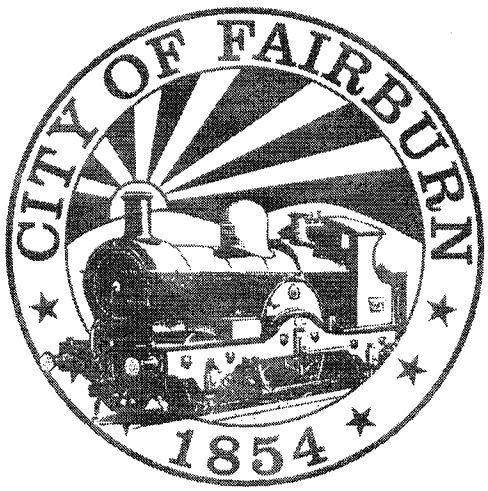
Governmental Activities: Taxes (benefitting from the economic growth and the annexation of 4,098 acres of land in the early part of the fiscal year) are expected to lead the increase in budgeted tax revenue to $6,025,000. The City will use this increase in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to decrease 10.7% to $12,741,000. The principal reason for this decrease is the purchase of land and a fire ladder truck in the fiscal year ended September 30, 2007.

Business - type Activities: The budgeted revenues of the business-type activities in the City are estimated to decrease by $479,969 to $15,525,000 or a decrease of 2.99% from the prior year.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the City Finance Director, City of Fairburn, P.O. Box 145, Fairburn, GA 30213.



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CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET ASSETS

September 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Equivalents	$ 563,765	$ 9,807,731	$ 10,371,496
Receivables			
Services (Net of Allowance for Uncollectibility)	-	1,552,512	1,552,512
Property Taxes (Net)	97,277	-	97,277
Other Taxes	246,032	-	246,032
Other Entities	110,937	432,400	543,337
Other Receivables	282	-	282
Prepaid Items	41,364	34,515	75,879
Restricted Assets			
Cash-Project Fund	-	7,598	7,598
Cash-Debt Service	-	3,455	3,455
Cash-Sinking Fund	-	525	525
Cash-Other Restricted	-	544,026	544,026
Capital Assets (Net of Accumulated Depreciation)	19,344,109	18,930,269	38,274,378
Land and Improvements	1,287,404	2,416,769	3,704,173
Unamortized Bond Costs	-	227,845	227,845
Total Assets	$ 21,691,170	$ 33,957,645	$ 55,648,815
LIABILITIES			
Accounts Payable	$ 72,313	$ 647,305	$ 719,618
Accrued Interest Payable	-	624	624
Escrowed Funds	-	54,580	54,580
Payable From Restricted Assets	150,267	495,314	645,581
Other Current Payables	422,856	-	422,856
Noncurrent Liabilities			
Due Within One Year	207,788	478,877	686,665
Due in More Than One Year	210,463	12,865,342	13,075,805
Total Liabilities	$ 1,063,687	$ 14,542,042	$ 15,605,729
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	$ 20,213,262	$ 8,102,036	$ 28,315,298
Restricted for			
Cemetery	127,299	-	127,299
Debt Service	-	463,980	463,980
Construction	-	57,855	57,855
Unrestricted	286,922	10,791,732	11,078,654
Total Net Assets	$ 20,627,483	$ 19,415,603	$ 40,043,086

The accompanying notes are an integral part of these financial statements.

CITY OF FAIRBURN, GEORGIA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2007

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total
Primary Government							
Governmental activities:							
Administrative	$ 2,587,866	$ 1,730,754	$ 65,720	$ -	$ (791,392)	$ -	$ (791,392)
Police	2,869,371	430,046	30,177	-	(2,409,148)	-	(2,409,148)
Fire	2,172,502	-	-	-	(2,172,502)	-	(2,172,502)
Streets and Parks and Recreation	1,959,353	-	-	-	(1,959,353)	-	(1,959,353)
E-911	469,741	116,183	-	-	(353,558)	-	(353,558)
Interest on Long-term Debt	28,876	-	-	-	(28,876)	-	(28,876)
Total Governmental Activities	10,087,709	2,276,983	95,897	-	(7,714,829)	-	(7,714,829)
Business activities:							
Electric	5,305,917	6,556,756	-	-	-	1,250,839	1,250,839
Water and Sewer Utilities	3,139,049	5,522,510	-	-	-	2,383,461	2,383,461
Cable TV	654,148	887,271	-	-	-	233,123	233,123
Sanitation	689,203	867,611	-	-	-	178,408	178,408
Telecom	185,887	6,223	-	-	-	(179,664)	(179,664)
Total Business-Type	9,974,204	13,840,371	-	-	-	3,866,167	3,866,167
Total Primary Government	$ 20,061,913	$ 16,117,354	$ 95,897	$ -	(7,714,829)	3,866,167	(3,848,662)
General Revenues:							
Property Tax					1,344,682	-	1,344,682
Sales Tax					1,442,080	-	1,442,080
Other Taxes					1,075,173	-	1,075,173
Rental Income					-	326,613	326,613
Sale of Sewer Contracural Rights					-	492,436	492,436
Book Loss on Refinancing of Revenue Bonds					-	(1,288,562)	(1,288,562)
Gain on Sale of Cable System					-	762,026	762,026
Interest Income					79,327	575,362	654,689
Transfers					6,603,693	(6,603,693)	-
Total General Revenues and Transfers					10,544,955	(5,735,818)	4,809,137
Change in Net Assets					2,830,126	(1,869,651)	960,475
Net Assets Beginning					17,797,357	21,285,254	39,082,611
Net Assets Ending					$ 20,627,483	$ 19,415,603	$ 40,043,086

The accompanying notes are an integral part of these financial statements.

CITY OF FAIRBURN, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2007

	General	Other	Total Governmental Funds
ASSETS			
Cash and Equivalents	$ 379,206	$ 184,559	$ 563,765
Receivables			
Property Taxes (Net)	97,277	-	97,277
Other Taxes	246,032	-	246,032
Due From Other Entities	107,102	3,835	110,937
Interest	-	282	282
Prepaid Items	41,364	-	41,364
Total Assets	$ 870,981	$ 188,676	$ 1,059,657
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	$ 71,795	$ 518	$ 72,313
Other Current Payables	403,052	19,804	422,856
Bail Bonds Held	69,932	-	69,932
Deferred Property Taxes	36,451	-	36,451
Escrowed Funds	78,985	-	78,985
Deposits Held	1,350	-	1,350
Total Liabilities	661,565	20,322	681,887
Fund Balance			
Reserved for			
Prepaid Items	41,364	-	41,364
Unreserved Reported in:			
General Fund	168,052	-	168,052
Special Revenue Fund	-	36,764	36,764
Permanent Fund	-	131,590	131,590
Total Fund Balance	209,416	168,354	377,770
Total Liabilities and Fund Balance	$ 870,981	$ 188,676	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are not financial resources and, therefore, are not reported in the funds.	20,631,513
Deferred ad valorem taxes are not available to pay current-period expenditures and, therefore, are deferred in the funds.	36,451
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(418,251)
Net Assets of Governmental Activities	$ 20,627,483

The accompanying notes are an intergral part of these financial statements.

CITY OF FAIRBURN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Year Ended September 30, 2007

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Sales Tax	$ 1,442,080	$ -	$ 1,442,080
Property Tax	1,340,026	-	1,340,026
Motor Vehicle Tax	137,477	-	137,477
Franchise Tax	225,448	-	225,448
Insurance Premium Tax	286,313	-	286,313
Beer, Wine, Liquor Tax	246,653	-	246,653
Hotel/Motel Tax	-	46,587	46,587
Transfer Taxes	23,687	-	23,687
Intangible Taxes	67,976	-	67,976
Interest and Penalties	41,032	-	41,032
Total Taxes	3,810,692	46,587	3,857,279
Licenses, Permits, and Charges			
Business Licenses	397,050	-	397,050
Building Permits	315,803	-	315,803
Site Plan Inspections and Reviews	288,649	-	288,649
Other Building and Zoning Fees	35,276	-	35,276
Safeguard Disposal Fees	600,156	-	600,156
Miscellaneous Permits	26,257	-	26,257
Miscellaneous	56,963	-	56,963
Rent	10,600	-	10,600
Emergency 911	-	116,183	116,183
Total Licenses, Permits, and Charges	1,730,754	116,183	1,846,937
Intergovernmental Revenues			
Federal and State Grants	65,720	-	65,720
Narcotics Task Force	30,177	-	30,177
Total Intergovernmental Revenues	95,897	-	95,897
Police Revenues			
Fines and Forfeitures	430,046	-	430,046
Other Revenue			
Interest on Investments	66,716	12,701	79,417
Total Revenues	$ 6,134,105	$ 175,471	$ 6,309,576

Continued on the next page.

CITY OF FAIRBURN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Year Ended September 30, 2007

	General	Other Governmental Funds	Total Governmental Funds
Expenditures:			
Current:			
Administrative	$ 2,542,027	$ -	$ 2,542,027
Police	2,743,735	-	2,743,735
Fire	2,069,862	-	2,069,862
Streets and Parks and Recreation	1,303,932	-	1,303,932
E-911	-	469,741	469,741
Total Current Expenditures	8,659,556	469,741	9,129,297
Debt Service:			
Principal	238,926	28,854	267,780
Interest	23,668	5,208	28,876
Total Debt Service	262,594	34,062	296,656
Capital Outlay:			
Administrative	1,772,961	-	1,772,961
Police	218,270	-	218,270
Fire	981,858	-	981,858
Streets and Parks and Recreation	554,067	-	554,067
Total Capital Outlay	3,527,156	-	3,527,156
Total Expenditures	12,449,306	503,803	12,953,109
Excess of Revenues Over Expenditures	(6,315,201)	(328,332)	(6,643,533)
Transfers and Proceeds from Capital Leases:			
Transfers	6,233,693	370,000	6,603,693
Proceeds from Capital Leases	184,781	-	184,781
Total Transfers and Proceeds from from Capital Leases	6,418,474	370,000	6,788,474
Excess Revenues Over Expenditures	103,273	41,668	$ 144,941
Fund Balance - Beginning of Year	106,143	126,686	
Fund Balance - End of Year	$ 209,416	$ 168,354	

The accompanying notes are an integral part of these financial statements.

CITY OF FAIRBURN, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2007

Net Change in Fund Balances - Total Government Funds:	$	144,941
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($3,527,156) exceeded depreciation ($929,534) in the period.		2,597,622
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		4,564
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		82,999
Change in Net Assets of Government Activities	$	2,830,126

The accompanying notes are an integral part of these financial statements.

CITY OF FAIRBURN, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended September 30, 2007

	Budget			Variance Positive (Negative)
	Original	Revised	Actual	
Revenues:				
Property Tax	$ 1,346,731	$ 1,346,731	$ 1,381,058	$ 34,327
ExciseTaxes	2,884,000	2,884,000	2,429,634	(454,366)
Licenses and Permits	932,500	932,500	1,119,998	187,498
Charges for Services	28,000	28,000	600,156	572,156
Fines and Forfeitures	310,000	310,000	430,046	120,046
Intergovernmental Revenues	143,000	143,000	95,897	(47,103)
Interest on Investments	65,000	65,000	66,716	1,716
Other Local Revenue	17,000	17,000	10,600	(6,400)
Total Revenues	5,726,231	5,726,231	6,134,105	407,874
Expenditures:				
Administration	3,897,394	4,592,139	4,314,987	277,152
Police	3,308,088	3,308,088	3,167,027	141,061
Fire	2,489,375	3,404,902	3,105,380	299,522
Streets	1,962,798	1,962,798	1,861,912	100,886
Total Expenditures	11,657,655	13,267,927	12,449,306	818,621
Excess (Deficiency) of Revenues over Expenditures Before Other Financing Sources (Uses)	(5,931,424)	(7,541,696)	(6,315,201)	1,226,495
Other Financing Sources (Uses)				
Transfers	6,300,000	6,300,000	6,233,693	66,307
Capital Leases	200,000	200,000	184,781	15,219
Total Other Financing Sources (Uses)	6,500,000	6,500,000	6,418,474	81,526
Excess (Deficiency) of Revenues over Expenditures After Other Financing Sources (Uses)	568,576	(1,041,696)	103,273	1,308,021
Fund Balance at Beginning of Year	972,353	972,353	106,143	-
Fund Balance at End of Year	$ 1,540,929	$ (69,343)	$ 209,416	$ 1,308,021

The accompanying notes are an integral part of these financial statements.

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2007

	Business-Type Activities--Enterprise Funds				
	Electric	Water and Sewer	Cable TV	Others	Total Enterprise Funds
ASSETS					
Current Assets					
Cash and Equivalents	$ 2,996,016	$ 6,308,028	$ -	$ 503,687	$ 9,807,731
Cash-Other Restricted	405,238	88,531	-	-	493,769
Accounts Receivable,Net of Bad Debt Allowance	830,219	589,946	-	132,347	1,552,512
Prepaid Expenses	-	34,515	-	-	34,515
Town of Tyrone Receivable	-	432,400	-	-	432,400
Notes Receivable - Cable TV Fund	-	-	-	-	-
Note Receivable - Telecom Fund	66,589	109,341	-	-	175,930
Total Current Assets	4,298,062	7,562,761	-	636,034	12,496,857
Restricted Assets					
Cash-Project Fund	-	7,598	-	-	7,598
Cash-Debt Service	-	3,455	-	-	3,455
Cash-Sinking Fund	-	525	-	-	525
Cash-Retainage Account	-	50,257	-	-	50,257
Total Restricted Assets	-	61,835	-	-	61,835
Property, Plant and Equipment,					
Net of Accumulated Depreciation	3,920,577	14,637,115	-	372,577	18,930,269
Land and Improvements	14,874	2,401,895	-	-	2,416,769
Total Property, Plant and Equipment	3,935,451	17,039,010	-	372,577	21,347,038
Other Assets					
Notes Receivable - Cable TV Fund	-	-	-	-	-
Note Receivable - Telecom Fund	563,624	1,048,151	-	-	1,611,775
Bond Issuance Costs (Net of Amortization)	-	227,845	-	-	227,845
Total Other Assets	563,624	1,275,996	-	-	1,839,620
Total Restricted Assets,Property, Plant and Equipment and Other Assets	4,499,075	18,376,841	-	372,577	23,248,493
Total Assets	$ 8,797,137	$ 25,939,602	$ -	$ 1,008,611	$ 35,745,350

Continued on the next page.

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2007

	Business-Type Activities--Enterprise Funds				
	Electric	Water and Sewer	Cable TV	Others	Total Enterprise Funds
LIABILITIES					
Current Liabilities (Payable From Current Assets)					
Accounts Payable	$ 338,060	$ 215,488	$ -	$ 9,430	$ 562,978
Accrued Expenses	22,731	19,058	-	-	41,789
Due to General Fund	-	-	-	-	-
Notes Payable - Water and Sewer	-	-	-	109,341	109,341
Notes Payable - Electric Fund	-	-	-	66,589	66,589
Total Current Liabilities (Payable From Current Assets)	360,791	234,546	-	185,360	780,697
Current Liabilities (Payable From Restricted Assets)					
Sales Tax Payable	42,537	-	-	-	42,537
Escrowed Funds	52,580	2,000	-	-	54,580
Accrued Interest	186	438	-	-	624
Revenue Bonds Payable	-	460,000	-	-	460,000
GEFA Loans Payable	-	18,877	-	-	18,877
Customer Deposits	405,238	88,531	-	1,545	495,314
Total Current Liabilities (Payable From Restricted Assets)	500,541	569,846	-	1,545	1,071,932
Total Current Liabilities	861,332	804,392	-	186,905	1,852,629
Noncurrent Liabilities					
Capital Leases Payable	100,002	-	-	-	100,002
Revenue Bonds Payable	-	12,685,000	-	-	12,685,000
Notes Payable - Water and Sewer Fund	-	-	-	1,048,151	1,048,151
Notes Payable - Electric	-	-	-	563,625	563,625
GEFA Loans Payable	-	80,340	-	-	80,340
Total Noncurrent Liabilities	100,002	12,765,340	-	1,611,776	14,477,118
Total Liabilities	961,334	13,569,732	-	1,798,681	16,329,747
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	3,835,449	3,894,010	-	372,577	8,102,036
Restricted for Debt Service	-	463,980	-	-	463,980
Restricted For Construction	-	57,855	-	-	57,855
Unrestricted	4,000,354	7,954,025	-	(1,162,647)	10,791,732
Total Net Assets	$ 7,835,803	$ 12,369,870	$ -	$ (790,070)	$ 19,415,603

The accompanying notes are an integral part of these financial statements.

CITY OF FAIRBURN, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

Year Ended September 30, 2007

	Business-Type Activities--Enterprise Funds				Total Enterprise Funds
	Electric	Water and Sewer	Cable TV	Others	
Operating Revenues:					
Charges for Services	$ 6,509,955	$ 5,368,178	$ 706,748	$ 873,368	$ 13,458,249
Miscellaneous	46,801	154,332	3,683	466	205,282
Total Operating Revenues	6,556,756	5,522,510	710,431	873,834	13,663,531
Operating Expenses:					
Cost of Goods Sold	4,336,026	671,621	113,786	-	5,121,433
Personnel Services	369,592	204,445	34,704	-	608,741
Administrative Expenses	99,277	79,750	104,333	127,545	410,905
Depreciation Expense	116,851	438,178	-	59,147	614,176
Other Operating Expenses	384,171	818,396	375,944	664,791	2,243,302
Total Operating Expenses	5,305,917	2,212,390	628,767	851,483	8,998,557
Operating Income	1,250,839	3,310,120	81,664	22,351	4,664,974
Nonoperating Revenues (Expenses):					
Interest on Investments	150,944	321,761	39,568	-	512,273
Interest on Notes Receivable	9,510	49,635	-	-	59,145
Rental Income	-	-	-	326,613	326,613
Interest on Notes Payable	-	-	(3,138)	(19,663)	(22,801)
Gain on Sale of Cable System	-	-	762,026	-	762,026
Sale of Sewer System Contractural Rights	-	492,436	-	-	492,436
Book Loss on Refinancing of Series 2000 Combined Utility Bonds	-	(1,288,562)	-	-	(1,288,562)
Interest on Bonds	-	(723,568)	(20,957)	-	(744,525)
Bond Fees	-	(4,255)	(961)	-	(5,216)
Amortization	-	(17,526)	(325)	-	(17,851)
Bad Debt Write-off on Interfund Loans	-	(175,096)	176,840	-	1,744
GEFA Interest	-	(6,214)	-	-	(6,214)
Total Nonoperating Revenues (Expenses)	160,454	(1,351,389)	953,053	306,950	69,068
Capital Contributions	-	-	-	-	-
Income Before Transfers	1,411,293	1,958,731	1,034,717	329,301	4,734,042
Transfers:					
Transfer To General Fund	(327,611)	(5,829,022)	(32,160)	(44,900)	(6,233,693)
Transfer To E-911 Fund	(370,000)	-	-	-	(370,000)
Total Transfers	(697,611)	(5,829,022)	(32,160)	(44,900)	(6,603,693)
Net Income	713,682	(3,870,291)	1,002,557	284,401	(1,869,651)
Net Assets - Beginning of Year	7,122,121	16,240,161	(1,002,557)	(1,074,471)	21,285,254
Net Assets - End of Year	$ 7,835,803	$ 12,369,870	$ -	$ (790,070)	$ 19,415,603

The accompanying notes are an intergral part of these financial statements.

CITY OF FAIRBURN, GEORGIA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended September 30, 2007

	Business-Type Activities--Enterprise Funds				Total Enterprise Funds
	Electric	Water and Sewer	Cable TV	Others	
Increase (Decrease) in Cash:					
Cash Provided by (Used in) Operating Activities:					
Receipts from Customers	$ 6,596,743	$ 5,537,946	$ 966,645	$ 869,400	$ 13,970,734
Receipts from Customer Deposits (net)	59,853	21,476	-	722	82,051
Payments to Suppliers	(4,929,747)	(1,560,456)	(623,174)	(850,314)	(7,963,691)
Payments to Employees	(364,668)	(201,826)	(44,944)	-	(611,438)
Net Cash Provided by (Used in) Operating Activities	1,362,181	3,797,140	298,527	19,808	5,477,656
Cash Flows from Non-Capital and Related Financing Activities:					
Transfers (Out)	(697,611)	(5,829,022)	(32,160)	(44,900)	(6,603,693)
Net Cash Flows from Non-Capital and Related Financing Activities:	(697,611)	(5,829,022)	(32,160)	(44,900)	(6,603,693)
Cash Flows from Capital and Related Financing Activities:					
Principal Received on Loans	1,223,451	1,533,625	-	-	2,757,076
Principal (Paid) on Loans	-	(31,995)	(437,520)	-	(469,515)
New Borrowing	-	-	-	(173,747)	(173,747)
Refinancing of Revenue Bonds	-	(1,288,562)	-	-	(1,288,562)
Additions to Property, Plant and Equipment	(445,031)	(929,488)	-	-	(1,374,519)
Interest Paid on Long-term Debt	-	(729,782)	(24,095)	(23,607)	(777,484)
Bond Issue Costs and Agent Fees	-	(4,255)	(961)	-	(5,216)
Net Cash Flows from Capital and Related Financing Activities	778,420	(1,450,457)	(462,576)	(197,354)	(1,331,967)
Cash Flows From Investing Activities:					
Interest on Investments and Interest Bearing Accounts	160,454	371,396	39,568	3,944	575,362
Net Cash From Investing Activities	160,454	371,396	39,568	3,944	575,362
Net Increase (Decrease) in Cash	1,603,444	(3,110,943)	(156,641)	(218,502)	(1,882,642)
Cash at Beginning of Year	1,797,810	9,569,337	156,641	395,576	11,919,364
Cash at End of Year	3,401,254	6,458,394	-	177,074	10,036,722
Classified As:					
Current Assets	2,996,016	6,308,028	-	503,687	9,807,731
Restricted Assets	$ 405,238	$ 150,366	$ -	$ -	$ 555,604
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	$ 1,250,839	$ 3,310,120	$ 81,664	$ 22,351	$ 4,664,974
Adjustments Not Affecting Cash:					
Depreciation	116,851	438,178	-	59,147	614,176
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	39,987	15,436	256,214	(4,434)	307,203
(Increase) Decrease in Other Receivables	-	-	-	-	-
Increase (Decrease) in Accounts Payable	(110,273)	9,311	(29,111)	(57,978)	(188,051)
Increase (Decrease) in Accrued Liabilities	4,924	2,619	(10,240)	-	(2,697)
Increase (Decrease) in Utility Deposits	59,853	21,476	-	722	82,051
Total Adjustments	111,342	487,020	216,863	(2,543)	812,682
Net Cash Provided by (Used in) Operating Activities	$ 1,362,181	$ 3,797,140	$ 298,527	$ 19,808	$ 5,477,656

The accompanying notes are an integral part of these financial statements.

CITY OF FAIRBURN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2007

(1) Scope of Reporting Entity

The City of Fairburn was incorporated February 17, 1854 and adopted its City Charter on August 3, 1925 (Georgia Statutes 1925). The City operates under the Mayor and Council form of government and provides the following services as authorized by its charter: public safety (police and fire), street, sanitation, electric and water utilities, planning and zoning, cable television, internet services, telecommunications and general administrative services.

The basic financial statements of the City of Fairburn, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The City uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues, expenditures and expenses. Actual results could vary from the estimates that were used.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes required by Statement No. 34 include the following:

- A management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc...)
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

(2) Summary of Significant Accounting Policies

The basic financial statements of the City of Fairburn, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The following is a summary of the more significant policies:

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City applies all applicable FASB pronouncements issued on or after November 30, 1989 in accounting and reporting for its proprietary operations, unless they conflict with GASB guidance. Fiduciary funds and fiduciary-type component units have been omitted from the government-wide financial statements.

A. Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide financial statements (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and the fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks and recreation, public works and general administrative services are classified as governmental activities. The City's electric, water and sewer, sanitation, cable and telecommunications services are classified as business type activities.

In the government-wide Statement of Net Assets, both the governmental and business type activities columns (a) are presented on a consolidated basis by column, (b) and reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Fiduciary funds and fiduciary-type component units have been omitted from all government-wide financial statements

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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 or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The financial transactions of the City are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The City uses governmental, fiduciary and proprietary funds.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expense 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.

All governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities

generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. All other governmental fund revenues are recognized only when they become available (collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period). Expenditures are recorded when the related fund liability is incurred. 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 judgements, are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the State at year end on behalf of the City also are recognized as revenue. Fines, permits and fees revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are real property taxes, Local Option Sales Taxes, and various other licenses and permits .

The City reports the following non-major governmental funds:

Special Revenue Fund - The Emergency 911 fund is used to account for revenues generated by a telephone usage surcharge used to operate and maintain an emergency 911 telephone communication and dispatch center.

Hotel-Motel Fund - The Hotel-Motel fund is used to account for the accumulation of hotel-motel tax revenues collected by the government and payment for expenses related to tourism and the promotion of the City.

Permanent - The Cemetery fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the City cemetery.

Fiduciary Fund - The Fiduciary fund is used to account for monies collected for the Fairburn Athletic Association (football league) and payment of invoices associated with expenses incurred by the Association. Asset balances resulting from this activity are held in trust for the Fairburn Athletic Association.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed, or recovered primarily through user charges; or (b) where the governing body has decided that the periodic

determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's classifies revenues derived from user charges as "Operating Revenues" and revenues derived from investment or inter-fund loans as "Non-operating Revenues." Additionally, the City classifies expenses incurred for providing user services as "Operating Expenses" and expenses incurred for payment of bonded debt or inter-fund loans as "Non-operating Expenses".

The City reports the following major proprietary funds:

Electric Fund - The Electric Fund accounts for the activities of the City's electric distribution operations.

Water and Sewer Fund - The Water and Sewer Fund accounts for the activities of the City's water and sewer operations. The City prides itself on offering its residents and businesses sound water and sewer services.

Cable Fund - The Cable Fund accounts for the activities of the City's cable television operations offered to residents and businesses.

The City reports the following non-major proprietary funds:

Sanitation Fund - The Sanitation Fund accounts for the activities of the City's sanitation operations.

Telecom Fund - The Telecom Fund accounts for the activities of the City's telecommunications operations.

C. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the governmental or business type activities in the government-wide Statement of Net Assets and depreciated over their useful lives in the government-wide statement of changes in net assets. Capital assets are defined by the City as assets with an initial cost of $5,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. However, all additions to land, buildings, electric infrastructure, water and sewer infrastructure, cable infrastructure and telecom infrastructure are capitalized. Depreciation is provided over the estimated useful lives of assets using the straight line method. Assets which are fully depreciated and no longer in use are removed from capital assets. The estimated useful lives for the various classes of capital assets are as follows:

Disposal Plant	50 years
Distribution Systems	50 years
Building and Improvements	15-30 years
Machinery, Equipment & Electronics	3-10 years
Computer Software	5 years
Infrastructure	30 years

Interest is capitalized during the construction period on proprietary fund assets financed with bond debt. The amount of interest to be capitalized for debt with tax-exempt interest is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. The amount of interest to be capitalized for debt with taxable interest is calculated at the average borrowing rate applied to costs incurred during the construction period.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual - Both governmental and business type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual - The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e. both measurable and available. Available means collectable within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

A prepaid items reserve has been created to show this portion of the fund balance is not available for appropriations and expenditure at fiscal year end.

Inventory items are considered expenditures when purchased due to the fact the City maintains no material amount of inventory, subsequently, no amount of inventory has been reported on the balance sheets.

E. Budgets and Budgetary Accounting

The City of Fairburn is legally required to adopt annual budgets for all funds. Budgets are prepared by the City Administrator prior to September 1 for the fiscal year to commence October 1. Budgets for the General and Special Revenue Funds are prepared using the modified accrual basis of accounting, while budgets for the Enterprise Funds (Electric, Water and Sewer, Sanitation, and Telecom) are prepared on the accrual basis. Operating budgets are not prepared for the Cemetery Perpetual Care Fund and expenses for this fund are controlled by legal use restrictions imposed by a trust agreement. The budgets are formally enacted through passage of a resolution by the City Council. The City Administrator is authorized to transfer between line items within the budget without Council's approval, and expenditures may not exceed the legally adopted budget without Council approval. The level of control does not allow expenditures to legally exceed budgeted appropriations at the fund level. All appropriations lapse at the end of the fiscal year on September 30. For the fiscal year ended September 30, 2007, there were several expenditure amendments totaling $2,610,272 that required supplemental appropriations.

It is the City's policy to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

F. Tax Levies and Lien Dates

The tax digest for the calendar year is compiled by Fulton County and is presented to the City by the first of August. The digest is reviewed by the City and tax bills are mailed by October 31st of each year and due on or before December 31st. The City may place liens for any and all debts after the due date.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the City of Fairburn.

H. Investments

The investments of the City consist of bank certificates of deposit and are stated at cost which is equal to Fair Value. Accrued interest receivable on these investments is shown separately.

I. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accrued annual leave days. GASB Statement 16 requires employers to report a liability for vacation leave earned by employees whenever the following two criteria have been met: 1) the vacation leave relates to past employee service; and 2) eventual payment to the employee is considered probable.

The City provides vacation and sick leave benefits to all eligible employees and permits an accumulation of a maximum of one hundred and twenty (120) days of sick leave. Sick leave is payable to those employees who have resigned from the City with a minimum of five years service up to 25% of their accumulated sick leave. Vacation time is allowed to be carried over from the current calendar year up to a maximum of 240 hours without special approval by the City Administrator. Compensated absences are reported in government funds only if they have matured. The cost of vacation and sick pay benefits exercised during the current year have been included in the expenditures/expenses of the statements. The business-type funds have been historically been used to liquidate the liability for compensated balances.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay it. Vested or accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

(3) Ad Valorem Taxes Receivable

Ad valorem property tax revenue is recorded when it becomes available. Available means then due, or past due and receivable within the current period, expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days.

The City bills and collects its own property taxes. Between 1983 and 1990 due to the "rollback" of property taxes required in order to have a Local Option Sales Tax, no property taxes had been levied. Provision is currently made for uncollectible taxes based on aging of property tax account balances. Below, for informational purposes is a schedule of uncollected taxes as of September 30, 2007 indicating the tax year:

2007	$	44,395
2006		11,131
2005		8,899
2004		5,487
2003/Prior		10,419
Total	$	80,331

Property taxes are levied on October 1st, with a due date of December 20, and are generally collected before January 1st.

(4) Cash, Cash Equivalents and Investments

The following tabulation depicts the components of the City's cash and cash equivalents at September 30, 2007 and 2006:

Bank Balances	2007 Total	2006 Total
Cash and Cash Equivalents	$ 12,204,365	$ 10,840,757
Cash Equivalents - C.D.'s	85,000	85,000
Total Combined Deposits	$ 12,289,365	$ 10,925,757

Deposits. The City's deposits at year-end were a carrying amount of $12,204,365 and a bank balance of $4,468,194. Of the bank balance, $669,305 was covered by Federal Depository Insurance and $3,798,889 was covered by collateral held in the pledging bank's trust department in the City's name. There were no deposits uninsured or uncollateralized at September 30, 2007.

Cash and cash equivalent amounts shown on the balance sheet represent demand deposits and certificates of deposit. For the purpose of the Proprietary Fund Statements of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. State statutes require all deposits to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities authorized by the state. State statutes allow investments in obligations of the U.S. Government and its agencies, bonds and certificates of indebtedness of the state of Georgia and its agencies, and certificates of deposits of banks and savings and loan associations which have their deposits insured.

Cash Equivalents. The City invests in the Georgia Local Governmental Investment Pool (Georgia Fund 1) which for statement purposes is considered a cash equivalent that is not categorized for risk purposes. For the Fiscal Year Ended September 30, 2007, the total amount invested with the Georgia Local Government Investment Pool was $7,833,489.

"Georgia Fund 1", created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund I operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. External investment pools, such as Georgia Fund 1, are excluded from the requirement of disclosing concentration of credit risk. The pool is not registered with the SEC as an investment company but is overseen by the Georgia State Depository Board that is made up of members from the Georgia State Department of Treasury. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. The "Georgia Fund 1" is an AAAm rated investment pool by Standard & Poor's and "WAM" (Weighted Average Maturity) is the method used for reporting purposes for this fund. Historically the average maturity for Georgia Fund 1 investments using the "WAM" method is under thirty days.

(5) Certificates of Deposit

The City Administrator invests idle cash in Certificates of Deposit as listed below as of September 30, 2007:

Fund	Interest Rate	Total Certificate
Permanent Fund:		
Cemetery Care	4.89%	10,000
Cemetery Care	4.10%	75,000
Total		$ 85,000

(6) Utility Accounts Receivable

The City provides electric service, water and sewer service, sanitation (garbage) service, cable television service and telecommunication service to residents on a user charge basis. Billings are made monthly and include all five services (if applicable). Utility Accounts Receivable include all billed services rendered. The allowance for uncollectible accounts on each of the utilities is determined based upon current experience of collections. As of September 30, 2007, the following allowances and receivable balances existed:

Fund	Receivable	Allowance	Net
Electric	$ 859,804	$ 29,585	$ 830,219
Water & Sewer	606,055	16,109	589,946
Sanitation	133,793	1,884	131,909
Telecom	438	-	438
Total	$ 1,600,090	$ 47,578	$ 1,552,512

(7) Georgia Environmental Facility Authority (GEFA) Liabilities

At September 30, 2007 the City's GEFA liabilities were composed of the following loans located in the Water and Sewer Fund:

	Balance as of 9/30/06	Payments 10/1/06 - 9/30/07	Balance as of 9/30/07	Due within one year
➢Loan Payable to GEFA due $5,941 per quarter, including interest at 5.3%, for 15 years starting March 1, 1998, net of current portion of $18,877.	117,126	17,909	99,217	18,877
Long Term Portion of GEFA Loans	$ 117,126	$ 17,909	$ 99,217	$ 18,877

At September 30, 2007, the City was obligated to make payments of principal and interest on its outstanding Georgia Environmental Facilities Authority (GEFA) loans as follows:

Fiscal Years Ending September 30	Principal	Interest	Total Debt Service	Ending Fiscal Year Balance
2008	18,877	4,887	23,764	80,340
2009	19,898	3,867	23,765	60,442
2010	20,974	2,792	23,766	39,468
2011	22,107	1,657	23,764	17,361
2012	17,361	462	17,823	-
Totals	$ 99,217	$ 13,665	$ 112,882	

(8) Interfund Notes Receivable/Payable

It is the City's policy to eliminate interfund balances in the government- wide statement of activities. Over the past eight years, the City has found it necessary to establish interfund loans in the form of promissory notes from the Electric Fund and the Water and Sewer fund to the Cable Fund and Telecom Fund. These interfund loans were initiated to compensate the Cable Fund and Telecom Fund for an excess of expenditures over revenues they experienced over the past years. It should be noted that while the interfund loan balances

do not appear on the government-wide statement of net assets, these balances are disclosed on the statement of net assets for propriety funds.

Interfund balances at September 30, 2007 consisted of the following individual fund receivable and payables:

	Due from Other Funds	Due to Other Fund
Proprietary Funds:		
Electric Fund	630,214	-
Water & Sewer Fund	1,157,492	-
Proprietary Funds (Non-Major):		
Telecom Fund	-	1787,706
Totals	$ 1,787,706	$ 1,787,706

During the 1997 fiscal year, the City of Fairburn created two new enterprise funds, the Cable TV Fund to provide cable television service to residents and a Telecom Fund to provide telecommunication services to local businesses. On April 14, 1997, by resolution, the Fairburn City Council authorized the execution of loans in the form of notes from the Electric and Water & Sewer Funds to the Cable TV and Telecom Funds to be used to purchase the necessary infrastructure to establish these services. These notes receivable from each enterprise funds are for a period of 15 years with an interest rate of 2.099%.

The Cable TV Fund borrowed an initial amount of $1,100,000 in 1997 ($525,000 from the Electric Fund and $575,000 from the Water & Sewer Fund), additional $420,000 in 1998 ($95,000 from the Electric Fund and $325,000 from the Water & Sewer Fund), additional $115,000 in 1999 from the Water & Sewer Fund, additional $1,200,000 in 2000 ($1,000,000 from the Electric Fund and $200,000 from the Water & Sewer Fund), additional $98,070 in 2004 from the Electric Fund and an additional $900,000 from the Water & Sewer Fund in 2005. It should be noted that the Cable TV Fund borrowing from the Electric Fund and the Water and Sewer Fund have been eliminated due to the sale of the Cable System to Comcast of Georgia/Michigan, LP on October 13, 2006. As a result of the sale of the Cable Fund assets, the Cable Fund general ledger balances have been closed as of the close of the fiscal year at which time the interfund loan balances from both the Electric Fund and the Water and Sewer Funds were satisfied.

The Telecom Fund borrowed an initial amount of $600,000 in 1997 ($325,000 from the Electric Fund and $275,00 from the Water & Sewer Fund), additional $80,000 in 1998 ($5,000 from the Electric Fund and $75,000 from the Water & Sewer Fund), additional $110,000 in 1999 from the Water & Sewer Fund, additional $75,000 from the Electric Fund in 2000, additional $200,000 from the Cable Fund in 2001, additional $150,000 from the Water & Sewer Fund in 2002, additional loan of $265,000 from the Electric Fund in 2003, additional $300,000 in 2004 from the Water and Sewer Fund, an additional $250,000 from the Water & Sewer Fund in 2005 and an additional $250,000 from the Water and Sewer Fund in 2006.

A city resolution was adopted in March, 2002 that provided repayment of the $200,000 loan from the Cable Fund to the Telecom Fund by reducing the Cable Fund's loan obligation to the Electric Fund and increasing the Telecom Fund's loan to the Electric Fund by $200,000. The annual payments of principal and interest are presented below:

The Telecom Fund note payable:

Fiscal	Payable to: Electric			Payable to: Water			Yearly
Year	Principal	Interest	Total	Principal	Interest	Total	Total
2008	66,589	7,468	74,057	99,341	13,866	113,207	187,264
2009	67,423	6,634	74,057	110,718	12,489	123,207	197,264
2010	68,267	5,790	74,057	112,112	11,095	123,207	197,264
2011	69,122	4,935	74,057	123,523	9,683	133,206	207,263
2012	69,988	4,069	74,057	114,953	8,254	123,207	197,264
2013	70,864	3,193	74,057	116,400	6,806	123,206	197,263
2014	71,752	2,305	74,057	117,866	5,340	123,206	197,263
2015	72,650	1,407	74,057	119,350	3,856	123,206	197,263
2016	73,560	497	74,057	120,853	2,353	123,206	197,263
2017	-	-	-	122,375	832	123,207	123,207
Total	$ 630,215	$ 630,215	$ 666,513	$ 1,157,491	$ 74,574	$ 1,232,065	$ 1,898,578

(9) Capital Assets

A. Governmental activities as of September 30, 2007:

Asset Class	Balance 10/01/06	Increases	Decreases	Balance 9/30/07
Capital assets not being depreciated: Land	$ 264,955	$ 1,022,449	$ -	$ 1,287,404
Capital assets being depreciated:				
Building	1,975,240	750,123	-	2,725,363
Machinery, Equipment & Vehicles	2,863,105	1,200,517	-	4,063,622
Infrastructure	26,220,860	554,067	-	26,774,927
Total capital assets being depreciated	31,059,205	2,504,707	-	33,563,912
Less accumulated depreciation for:				
Buildings	(1,101,167)	(65,045)	-	(1,166,212)

Asset Class	Balance 10/01/06	Increases	Decreases	Balance 9/30/07
Machinery, Equipment & Vehicles	(1,146,971)	(238,147)	-	(1,385,118)
Infrastructure	(11,042,131)	(626,342)	-	(11,668,473)
Total accumulated depreciation	(13,290,269)	(929,534)	-	(14,219,803)
Total capital assets being depreciated, net	$ 17,768,936	$ 1,575,173	-	$ 19,344,109
Government activities capital assets, net	$ 18,033,891	$ 2,597,622	$ -	$ 20,631,513

B. Business-type activities as of September 30, 2007:

Asset Class	Balance 10/01/06	Increases	Decreases	Balance 9/30/07
Capital assets not being depreciated: Land	$ 2,416,769	$ -	$ -	$ 2,416,769
Capital assets being depreciated:				
Buildings	11,780,929	-	45,713	11,735,216
Machinery, Equipment & Vehicles	2,908,335	-	804,341	2,103,994
Distribution system	16,274,072	851,841	5,913,920	11,211,993
Construction - In - Progress	-	-	-	-
Total capital assets being depreciated	30,963,336	851,841	6,763,974	25,051,203
Less accumulated depreciation for:				
Buildings	(688,562)	(290,520)	(20,871)	(958,211)
Machinery, Equipment & Vehicles	(2,029,541)	(69,300)	(207,264)	(1,891,577)
Distribution system	(5,199,402)	(254,356)	(2,182,612)	(3,271,146)
Construction - In - Progress	-	-	-	-
Total accumulated depreciation	(7,917,505)	(614,176)	(2,410,747)	(6,120,934)
Total capital assets being depreciated, net	23,045,831	237,665	4,353,227	18,930,269
Business type activities capital assets, net	$ 25,462,600	$ 237,665	$ 4,353,227	$ 21,347,038

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

Government activities:	
Administration	$ 45,839
Police	121,388
Fire	102,640

Government activities:		
Street and Parks and Recreation		655,421
E-911		4,248
Total depreciation expense-governmental activities	$	929,536
Business-type activities:		
Electric	$	116,851
Water and Sewer		438,178
Telecom		59,147
Total depreciation expense-business-type activities	$	614,176

(10) Transfers

A summary of Interfund transfers by fund type for the fiscal year ended September 30, 2007 is as follows:

	Transfer From:				
Transfer To:	Electric	W & S	Sanitation	Cable	Telecom
General Fund	$ 327,611	$ 5,829,022	$ 44,615	$ 32,160	$ 285
E-911 Fund	370,000	-	-	-	-
Electric Fund	-	-	-	-	-
Water & Sewer Fund	-	-	-	-	-
Sanitation Fund	-	-	-	-	-
Total	$ 697,611	$ 5,829,022	$ 44,615	$ 32,160	$ 285

The principal purpose of the above Enterprise Fund interfund transfers to the General Fund was to pay the City (General Fund) a franchise fee amounting to 5% of each Enterprise Funds annual operating revenues and to replenish the General Fund's operating cash account .

(11) Pension Plan

Plan Description. The City's defined benefit pension plan, Fairburn Employees Pension Plan (FEPP), provides retirement and disability benefits, annual cost-of -living adjustments, and death benefits to plan members and beneficiaries. FEPP is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), a state wide, agent multiple-employer pension plan administered by the Georgia Municipal Association. GMEBS handles all administrative and investment functions relative to the plan. All full time City employees and City Officials are eligible to participate in the system. Benefits vest after five years of

service. Members may retire on reaching the age of 60 or 65, (55 for police or firefighters). Early retirement is possible on reaching the age 50 or 55, depending on the classification. Benefits are calculated at 1.25% to 2.0% of the average monthly earnings for the period of the five highest years prior to retirement, payable monthly for life. City Officials receive a lifetime benefit at age 65 of $25 per month for each year of service to the City. There is no waiting period to become eligible to participate in the plan for City Officials. Regulations of the State of Georgia assigns the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities; for FEPP, the authority rests with the City Council of Fairburn.

The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing or calling:

Georgia Municipal Association
Risk Management and Employee Benefit Services
201 Pryor Street, SW
Atlanta, Georgia 30303
(404) 688-0472 www.gmanet.com

Funding Policy. The City's plan is non-contributory, under this plan and the City's policy is to contribute 100% of an actuarially determined rate; the current rate is 8.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the JMEBS Board of Trustees.

Annual Pension Costs. For 2007, the City's annual pension cost of $210,313 for the FEPP was equal to the City's recommended and actual contributions. The required contribution was determined as part of the January 1, 2007 actuarial valuation using the projected unit credit actuarial cost method and the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded actuarial accrued liability over 30 years from 1982 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise. These amortization periods, if applicable, are closed for the current plan year. The actuarial assumptions included (a) 8.0% investment rate of return (net administrative expenses), and (b) projected salary increases of 5.5% per year. Both (a) and (b) included an inflation component of 5.0%. The actuarial value of FEPP assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a ten year period. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the annual pension costs. The following table provides three year trend information for the FEPP:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
2005	188,389	100%
2006	212,881	100%
2007	210,313	100%

Schedule of Funding Progress. The information presented below is based on the January 1, 2007, January 1, 2006 and March 1, 2005 actuarial valuations.

	2007	2006	2005
Actuarial Value of Assets	$ 5,748,018	$ 5,292,756	$ 4,961,102
Actuarial Accrued Liability	4,676,371	4,643,194	4,424,728
Funded Ratio	122.9%	114.0%	112.1%
Total Unfunded Actuarial Liability (Funding Excess)	(1,071,647)	(649,562)	(536,374)
Annual Covered Payroll	2,807,404	2,519,680	2,407,106
Ratio of Unfunded (Excess) to Annual Covered Payroll	-38.2%	-25.8%	-22.3%

The City's liability for compensated absences increased $101,216 in the fiscal year ended September 30, 2007 to $304,820 over the prior fiscal year.

Deferred Compensation Plan

In addition to Social Security and GMEBS, City employees may contribute to the Fairburn Deferred Compensation Program (457). The Deferred Compensation Program is a defined contribution plan. "ICMA" is the company who administers the plan and employee contributions for the fiscal year ending September 30, 2007 amounted to $131,542, an increase of $76,355 over the prior year. The City's contribution in the Deferred Contribution Program for the fiscal year ending September 30, 2007 amounted to $104,312.

The plan was amended in March, 2007 whereby the City will contribute on the basis of a dollar for dollar match with the employees who may defer a certain percentage of their salary to the plan up to their legal allowable threshold.

All amounts in the employee's account are 100% vested. All administrative costs of the plan are deducted from the participant's account. Benefit payments are payable upon termination of employment, unforeseeable emergency, retirement or death. All assets of the plan (until paid to the participant) remain solely the property and rights of the employees.

The City has adopted GASB No.32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, which rescind GASB Statement No. 2. The City has only minor administrative involvement and does not perform any investing for the plan. Due to the fact the City's role in management of the plan assets is basically limited to transmitting amounts withheld from payroll to an outside party responsible for administering the plan, the City does not report the assets of the Deferred Compensation Plan in the City's financial statements.

(12) Long-Term Debt

A) Combined Utility Revenue Bonds - On December 16, 2006, the City of Fairburn, Georgia entered into an agreement with the Banc of America Securities, LLC to refinance their Series 2000 Combined Utility Refunding Revenue Bond Debt of $13,710,000 which was the balance owed at that date. The Series 2000 Combined Utility Refunding Bond Debt was replaced by a Combined Utility Refunding Revenue Bonds, Series 2006 issue. The sources and uses of the refinancing are as follows:

Sources:	
Par amount of Bonds	$13,145,000
Series 2000 Debt Service Fund Transfer	228,421
Series 2000 Debt Service Reserve Fund Transfer	1,506,205
	$ 14,879,626
Uses:	
Refunding Escrow Deposits	$14,631,373
Cost of Issuance	244,716
Additional Funds	3,537
	$ 14,879,626

The Bank Of New York, who serves as the City's fiscal paying agent, has proceeded with defeasing the Series 2000 Combined Refunding Revenue Bonds.

The refinancing of the Series 2000 Revenue Bonds resulted in an accounting book loss of $1,288,562. This loss was calculated by offsetting the par values and the bond issuance costs of the replaced Series 2000 and the refinanced Series 2006 bond issues.

However, the refinancing of the Series 2000 Revenue Bonds did result in an economic (present value) gain of $483,260 based on multiplying the par amount of refunded bonds ($13,710,000) by the percentage savings (3.524872%) of the refunded bonds.

On December 1, 2000, the City of Fairburn issued $14,385,000 of Series 2000 Combined Utility Revenue Bonds. There are two major capital improvement projects that are planned for construction with the proceeds of the Series 2000 Bonds (collectively, the "2000" Project). The proceeds of the Series 2000 Bonds were used to fund a Wastewater Services agreement entered into between the City of Fairburn and Fulton County

whereby the City will acquire the contractual right to use Camp Creek Water Reclamation Facility for a reserved capacity percentage of 4.167% based on a maximum month daily flow of a designed capacity of 24 MGD. The proceeds of the s Series 2000 Bonds will also be used to make additions to the City's existing sewerage collection system. The Series 2000 Bonds were issued for the purpose of providing funds to be applied to fund a debt service reserve, pay capitalized interest on the Series 2000 Bonds during the period of construction and pay the costs and expenses relating to the issuance of the of the Series 2000 Bonds. Issuance costs of the transaction were $511,308, all of which was paid from bond proceeds. Interest on the Series 2000 Bonds commenced on April 1, 2001 were payable semi-annually thereafter on April 1, and October 1 of each year until maturity or prior redemption.

A portion of the proceeds ($2,079,442) from the Series 2000 Combined Utility Revenue Bonds was used to pay off the outstanding balance of a short-term loan assumed by the City of Fairburn on August 31, 2000. Proceeds from this short term loan was used to acquire various parcels of land on September 1, 2000.

The following is a summary of bond transactions of the City for the year ended September 30, 2007:

	Series 2000 Bonds	Series 2006 Bonds
Bonds Payable October 1, 2006	$ (14,065,000)	-
Bonds Issued	-	$ (13,145,000)
Bonds Retired	$ 14,065,000	-
Bonds Payable September 30, 2007	-	$ (13,145,000)

Bonds Payable at September 30, 2007 are comprised of the following:

➢ $13,145,000 Series 2006, Combined Utility Revenue Bonds due in annual installments of $460,000 to $1,375,000 through October 1, 2020; interest at 4.101%. Accordingly, the bonds are payable from the Water & Sewer System as follows:

FYE	Water & Sewer Fund		
Sept. 30	Principal	Interest	Total
2008	460,000	529,644	989,644
2009	550,000	508,934	1,058,934
2010	635,000	484,636	1,119,636
2011	745,000	456,339	1,201,339
2012	720,000	426,299	1,146,299
2013	805,000	395,029	1,200,029

FYE	Water & Sewer Fund		
Sept. 30	Principal	Interest	Total
2014	905,000	359,965	1,264,965
2015	980,000	321,313	1,301,313
2016	1,065,000	279,380	1,344,380
2017	1,075,000	235,500	1,310,500
2018	1,270,000	187,416	1,457,416
2019	1,375,000	133,180	1,508,180
2020	1,370,000	76,894	1,446,894
2021	1,190,000	24,401	1,214,401
Totals	$13,145,000	$4,418,930	$17,563,930

The long term debt for Combined Utility Revenue Bonds was reduced by $920,000 from the prior fiscal year.

The long term debt for governmental activities decreased by $82,999 over the prior fiscal year due to principal capital lease payments offset by additional capital leases. The long term debt for the Business-type activities decreased by $354,869 over the prior year due to the payment and/or refinancing of (1)the Combined Utility Revenue Bonds ($910,000) (2) of the Cable Revenue Bonds ($2,840,000) and (3) the GEFA loans ($28,798).

B) Development Authority of Fairburn Revenue Bonds (City of Fairburn Cable Project) Series 2001 - On April 1, 2001, the Development Authority of Fairburn issued $3,340,000 of Series 2001 Development Authority of Fairburn Revenue Bonds (City of Fairburn Cable Project). The Bonds are limited obligations of the Development Authority of Fairburn and will not be deemed to constitute a debt, a pledge of faith and credit or lending of credit of the City of Fairburn. Except to the extent payable from Bond proceeds and any income from the investments thereof, the Bonds will be payable solely from and secured solely by a pledge of revenues and other income derived by the Issuer under a Lease Agreement.

The Bonds were issued for the purpose of providing a portion of the funds necessary to finance the acquisition, construction, equipping and installation of certain additions, extensions and improvements to the existing cable television system of the City and to extend such systems into the City of Union City, Georgia. The Development Authority of Fairburn is responsible for promoting industrial and commercial development within the City of Fairburn. The Development Authority is responsible for adopting its own annual budget and making its own operating decisions. However, the City of Fairburn does provide financial support each year and has contractually obligated itself to use its taxing powers to guarantee the repayment of principal and interest on the Series 2001 Development Authority Fairburn Revenue Bonds issued by the Authority.

Issuance costs of the transaction were $142,105, all of which was paid from bond proceeds. Interest payments on the Series 2001 Bonds commenced on June 1, 2001 and were payable monthly thereafter based on a adjustable rate of interest.

Effective October 13, 2006, the City of Fairburn sold its Cable Television System to Comcast of Georgia/Michigan, L.P. The proceeds of this sale amounted to $5,469,147 of which $250,000 was placed in escrow with the City's fiscal agent and $123,457 was disbursed to Moss & Barnett for consulting services rendered in connection with the sale of the Cable System.

The gross price was based on the following:

Base Purchase Price	$ 5,338,800
Current Assets	180,041
Assumed Purchase Price Liabilities	(49,694)
	$ 5,469,147

A management services agreement was entered into on October 13, 2006 between the City and Comcast whereby the City shall provide (1) the operational services necessary to operate each covered system and (2) customer services necessary to serve each covered subscriber. In return, Comcast agrees to reimburse the City for the respective services rendered until such time as such services are assumed by Comcast. With regard to this agreement, the City is continuing to service 16 "Fiber" customers as of the close of the fiscal year ended September 30, 2007.

The proceeds from the sale of the Cable System was partially used to liquidate the outstanding Cable bond debt of $2,840,000 to the Development Authority of Fairburn as follows:

	Series 2001 Bonds
Bonds Payable October 1, 2006	$ (2,940,000)
Bonds Retired	2,940,000
Bonds Payable September 30, 2007	$ -

(13) Capitalization of Lease Obligations

Governmental Activities:

In 2007 the City entered into a lease agreement with Ford Motor Credit Corporation for financing the acquisition of six 2007 Ford vehicles. into In 2006 the City entered into lease agreements with Ford Motor Credit Corporation and Georgia Municipal Association, Inc (GMA) as lessee for financing the acquisition of thirteen 2006, five 2005 Ford vehicles, and four 2004 Dodge vehicles for the Police Department with a down payment of $19,540. In 2005 the City entered into a lease agreement with GMA as lessee for

financing the acquisition of two 2004 Ford trucks for the Public Works Department with a down payment of $3,913.

The City has also entered into a lease agreement with BSFS Equipment Leasing as lessee for financing the acquisition of E-911 communication equipment with a down payment of $2,839.

Business Type Activities:
In 2006 the City entered into a lease agreement with Branch Bank & Trust for financing the acquisition of a Derrick truck.

The above lease agreements qualify as capital leases for accounting purposes and, therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows :

Asset:	Governmental Activities	Business Type Activities
Vehicles and Equipment	$ 1,008,910	$ 149,170
Less: Accumulated Depreciation	(366,708)	(59,668)
Net:	$ 642,202	$ 89,502

The future minimum lease obligations and the present net value of these minimum lease payments as of September 30, 2007, were as follows

	Governmental Type			Business Type		
FYE	Principal	Interest	Total	Principal	Interest	Total
Sept. 30, 2008	$ 243,891	$ 17,805	$ 261,696	$ 29,273	$ 3,914	$ 33,187
Sept. 30, 2009	146,638	5,193	151,831	30,579	2,606	33,185
Sept. 30, 2010	27,722	663	28,385	31,944	1,241	33,185
Sept.30, 2011	-	-	-	8,206	90	8,296
Total	$418,251	$23,661	$441,912	$100,002	$7,851	$107,853

(14) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. The City is a member of the Georgia Interlocal Risk Management Agency, which allows the City

to share liability, crime, motor vehicle and property damage risks. The City did not experience any significant reductions in insurance coverage for the prior year. The City has also not experienced any settlements which exceeded insurance coverage for the past three fiscal years.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Fairburn must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

➢To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.

➢To select a person to serve as a Member representative.

➢To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to purposes of GIRMA.

➢To allow attorneys appointed by GIRMA 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 Fund or Funds established by GIRMA.

➢To assist and cooperate with GIRMA, or its authorized representatives, in defense and settlement of claims against the City.

➢To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.

➢To follow all loss reduction and prevention procedures established by GIRMA.

➢To furnish to GIRMA such budget, operating and underwriting information as may be requested.

➢To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund of Funds in which the City participates.

The City of Fairburn retains the first $2,500 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $2,500 deductible.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Fairburn is a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund (GMAWCSIF). The liability of the fund to the employees of any employer (City of Fairburn) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefor, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs 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. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GMAWCSIF.

- To allow GMAWCSIF and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to purposes of GMAWCSIF.

- To allow attorneys appointed by GMAWCSIF 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 Fund or Funds established by GMAWCSIF.

(15) Hotel/Motel Lodging Tax

The City of Fairburn has levied a 3% lodging tax. Lodging tax receipts for the year ending September 30, 2007 are $46,587. This money has not been disbursed for the promotion of tourism as of September 30, 2007 and remains in the balance of lodging tax funds on hand at the end of the year.

(16) Deficit Net Assets of Individual Funds

The Telecom Enterprise Fund was established during the fiscal year October 1, 1996 to September 30, 1997. At September 30, 2007, this fund has a deficit net asset in the amounts of $1,373,730.

(17) Contingencies

A. Litigation. There are no lawsuits pending in which the City is involved.

B. Contingencies. The City has participated in a number of grant programs funded by certain Federal and State agencies. Several of these programs are subject to program compliance audits and reviews by the

grantor, some of which have not been concluded. Accordingly, the City's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts to be immaterial based upon previous experience.

(18) Regional Development Center Membership-Joint Venture

The City of Fairburn, Georgia, in conjunction with cities and counties in the ten (10) county Atlanta Metropolitan area are members of the Atlanta Regional Commission (ARC). Membership in a regional development center (RDC) is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RDCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The City paid no annual dues to the ARC for the year ended September 30, 2004 because currently all dues are paid on the City's behalf by Fulton County. An RDC Board membership includes the chief elected official of each county and a rotating chief elected official of each municipality from South Fulton. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDCs as "public agencies and instrumentality's of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources, (O.C.G.A. 50-8-39.1). Separate financial statements may be obtained from:

Atlanta Regional Commission (ARC)
40 Courtland St. NE, Atlanta, GA 30303
(404) 463-3100 Fax: (404) 463-310

(19) Related Organizations

A. The Housing Authority of the City of Fairburn, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Fairburn, Georgia. The City of Fairburn, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Fairburn, Georgia is a related organization.

B. The South Fulton Municipal Regional Water and Sewer Authority is considered a related organization based upon the criteria in GASB Statement 14. The Water Authority is a legally separate entity having been formed on March 13, 2001 by resolutions of the City of Union City, the City of Fairburn, and the City of Palmetto ("member cities") pursuant to the authority of the General Assembly of the State of Georgia, Act 540 Georgia Law 2000 page 3739. The Authority is governed by a Board of seven directors, three of whom are the chief elected official of each member city, three of whom are appointed one each by each of the

member cities, and one director being appointed by members of the local delegation of the Georgia General Assembly who represent all, or any part of, a member city.

The City of Fairburn does provide financial support each year and has contractually obligated itself to use its taxing powers to guarantee the repayment of principal and interest on the Series 2003 Authority Revenue Bonds issued by the Water Authority. At January 1, 2007 the Authority was obligated to make payments of principal and interest on its outstanding revenue bond debt as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total Debt Service
2007	-	2,000,315	2,000,315
2008	100,000	2,000,315	2,100,315
2009	150,000	1,997,315	2,147,315
2010	200,000	1,992,815	2,192,815
2011	300,000	1,986,815	2,286,815
2012	400,000	1,976,915	2,376,915
2013	500,000	1,962,515	2,462,515
2014	530,000	1,944,015	2,474,015
2015	750,000	1,923,875	2,673,875
2016	800,000	1,893,875	2,693,875
2017	1,000,000	1,861,875	2,861,875
2018	1,150,000	1,820,625	2,970,625
2019	1,250,000	1,771,750	3,021,750
2020	1,500,000	1,706,125	3,206,125
2021	1,600,000	1,627,375	3,227,375
2022	1,700,000	1,543,375	3,243,375
2023	1,800,000	1,454,125	3,254,125
2024	2,000,000	1,373,125	3,373,125
2025	2,100,000	1,278,125	3,378,125
2026	2,200,000	1,178,375	3,378,375
2027	2,450,000	1,073,875	3,523,875
2028	2,500,000	957,500	3,457,500
2029	2,900,000	832,500	3,732,500
2030	3,000,000	687,500	3,687,500
2031	3,250,000	537,500	3,787,500
2032	3,500,000	375,000	3,875,000
2033	4,000,000	200,000	4,200,000
Totals	$ 41,630,000	$ 39,957,520	$ 81,587,520

The City considers the water Authority a related party and not a component unit due to the fact the City does not appoint a majority of the Water Authority's Board directors. Also, the Water Authority does not fiscally

depend on the City, therefore, it appears the relationship is a related party rather than a component unit. Lastly, the Water Authority does not create a financial benefit or a financial burden to the City and the omission of the Water Authority's financial statements is not deemed to render the City's financial statements incomplete or potentially misleading.

Complete financial statements for the Water Authority unit can be obtained at the entity's administrative office at the following address:

South Fulton Municipal Regional Water and Sewer Authority
P.O. Box 855
Fairburn, Georgia 30213

C. The Development Authority of Fairburn is responsible for promoting industrial and commercial development within the City of Fairburn. The Development Authority is responsible for adopting its own annual budget and making its own operating decisions. However, the City of Fairburn does provide financial support each year and has contractually obligated itself to use its taxing powers to guarantee the repayment of principal and interest on the Series 2001 Development Authority Fairburn Revenue Bonds issued by the Authority.

Complete financial statements for the individual component unit can be obtained at the entity's administrative office at the following address:

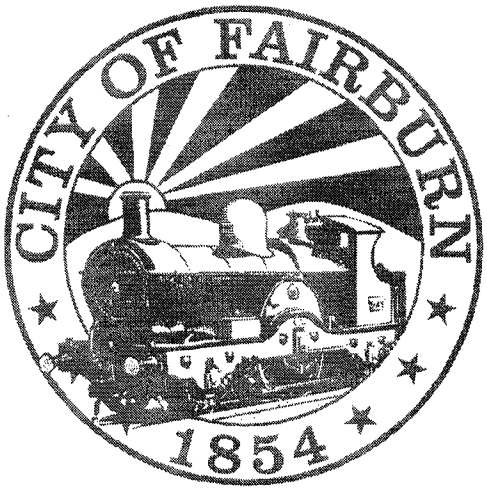
Development Authority of Fairburn
City of Fairburn City Hall
56 Malone Street
Fairburn, Georgia 30213

(20) Other Significant Commitments

Fairburn is a member of the Municipal Electric Authority of Georgia (MEAG). As one of 49 MEAG cities, Fairburn shares ownership in electric production, transmission, and distribution facilities. Electric rates are competitive, and because power is provided by the City, revenues are pumped directly back into the community. Fairburn and MEAG offer a wide range of services to customers, including energy audits, load management, expert advice on electro-technologies and a wide variety of other services that help our customers use their energy dollar wisely and enhance their competitive position.

Additional information about MEAG can be obtained at the organizations web site:

www.meagpower.org



CITY OF FAIRBURN, GEORGIA

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF FAIRBURN, GEORGIA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2007

	Special Revenue			Permanent	Total Non-Major Governmental Funds
	E-911	Hotel/Motel	Total	Cemetery	
ASSETS					
Cash and Equivalents	$ 6,664	$ 46,587	$ 53,251	$ 131,308	$ 184,559
Receivables					
Due From Other Entities	3,835	-	3,835	-	3,835
Interest	-	-	-	282	282
Total Assets	10,499	46,587	57,086	131,590	188,676
LIABILITIES AND FUND BALANCE					
Liabilities:					
Current Payables	518	-	518	-	518
Accrued Salaries and Vacation Leave	19,804	-	19,804	-	19,804
Total Liabilities	20,322	-	20,322	-	20,322
Fund Balance					
Unreserved	(9,823)	46,587	36,764	131,590	168,354
Total Fund Balance	(9,823)	46,587	36,764	131,590	168,354
Total Liabilities and Fund Balance	$ 10,499	$ 46,587	$ 57,086	$ 131,590	$ 188,676

CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

Year Ended September 30, 2007

	Special Revenue			Permanent	
	E-911	Hotel/Motel	Total	Cemetery	Total Non-Major Funds
Revenues:					
Emergency 911	$ 116,183	$ -	$ 116,183	$ -	$ 116,183
Hotel/Motel Tax	-	46,587	46,587	-	46,587
Earnings from Investments	8,410	-	8,410	4,291	12,701
Total Revenues	124,593	46,587	171,180	4,291	175,471
Expenditures:					
Current:					
Salaries and Wages	330,339	-	330,339	-	330,339
Health Insurance	30,840	-	30,840	-	30,840
Payroll Taxes	37,916	-	37,916	-	37,916
Education and Training	5,382	-	5,382	-	5,382
Contracted Services	9,818	-	9,818	-	9,818
Network Charges	8,684	-	8,684	-	8,684
Small Equipment	3,369	-	3,369	-	3,369
Equipment Rental	3,599	-	3,599	-	3,599
Repair and Maintenance	1,889	-	1,889	-	1,889
Smalll Equipment	6,760	-	6,760		6,760
Office Supplies	2,291	-	2,291	-	2,291
Telephone	27,596	-	27,596	-	27,596
Miscellaneous	1,258	-	1,258	-	1,258
Debt Service:					
Principal	28,854	-	28,854	-	28,854
Interest	5,208	-	5,208	-	5,208
Total Expenditures	503,803	-	503,803	-	503,803
Excess Revenues Over Expenditures Before Other Financing Sources (Uses)	(379,210)	46,587	(332,623)	4,291	(328,332)
Other Financing Sources (Uses)					
Transfers from Electric Fund	370,000	-	370,000	-	370,000
Proceeds from Capital Leases	-	-	-	-	-
Total Other Financing Sources (Uses)	370,000	-	-	-	370,000
Excess Revenues Over Expenditures	(9,210)	46,587	37,377	4,291	41,668
Fund Balance - Beginning of Year	(613)	-	(613)	127,299	126,686
Fund Balance - End of Year	$ (9,823)	$ 46,587	$ 36,764	$ 131,590	$ 168,354

CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF NET ASSETS

NON-MAJOR PROPRIETARY FUNDS

September 30, 2007

	Sanitation	Telecom	Total Non-Major Enterprise Funds
ASSETS			
Current Assets			
Cash and Equivalents	$ 453,296	$ 50,391	$ 503,687
Accounts Receivable	131,909	438	132,347
Total Current Assets	585,205	50,829	636,034
Property, Plant and Equipment			
Net of Accumulated Depreciation	-	372,577	372,577
Total Assets	$ 585,205	$ 423,406	$ 1,008,611
LIABILITIES			
Current Liabilities: (Payable From Current Assets)			
Accounts Payable	$ -	$ 9,430	$ 9,430
Notes Payable - Water and Sewer	-	109,341	109,341
Notes Payable - Electric Fund	-	66,589	66,589
Total Current Liabilities (Payable From Current Assets)	-	185,360	185,360
Current Liabilities (Payable From Restricted Assets)			
Customer Deposits	1,545	-	1,545
Total Current Liabilities (Payable From Restricted Assets)	1,545	-	1,545
Noncurrent Liabilities			
Notes Payable - Water and Sewer	-	1,048,151	1,048,151
Notes Payable - Electric Fund	-	563,625	563,625
Total Noncurrent Liabilities	-	1,611,776	1,611,776
Total Liabilities	$ 1,545	$ 1,797,136	$ 1,798,681
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	$ -	$ 372,577	$ 372,577
Unrestricted	583,660	(1,746,307)	(1,162,647)
Total Net Assets	$ 583,660	$ (1,373,730)	$ (790,070)

CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

NON-MAJOR PROPRIETARY FUNDS

September 30, 2007

	Sanitation	Telecom	Total Non-Major Enterprise Funds
Operating Revenues:			
Charges for Services	$ 867,145	$ 6,223	$ 873,368
Miscellaneous	466	-	466
Total Operating Revenues	867,611	6,223	873,834
Operating Expenses:			
Administrative Expenses	24,472	103,073	127,545
Depreciation Expense	-	59,147	59,147
Other Operating Expenses	664,731	60	664,791
Total Operating Expenses	689,203	162,280	851,483
Operating Income	178,408	(156,057)	22,351
Nonoperating Revenues (Expenses):			
Rental Income	-	326,613	326,613
Interest on Notes Receivable (Payable)	3,944	(23,607)	(19,663)
Total Nonoperating Revenues (Expenses)	3,944	303,006	306,950
Income (Loss) Before Transfers	182,352	146,949	329,301
Transfers:			
To General Fund	(44,615)	(285)	(44,900)
Net Income (Loss)	137,737	146,664	284,401
Net Assets - Beginning of Year	445,923	(1,520,394)	(1,074,471)
Net Assets - End of Year	$ 583,660	$ (1,373,730)	$ (790,070)

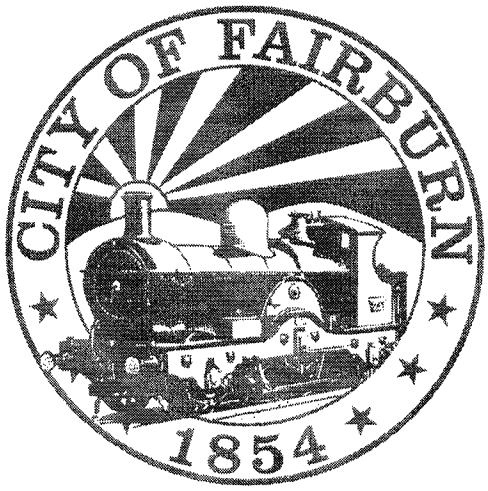
CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF CASH FLOWS

NON-MAJOR PROPRIETARY FUNDS

Year Ended September 30, 2007

	Sanitation	Telecom	Total Non-Major Enterprise Funds
Increase (Decrease) in Cash:			
Cash Provided by (Used in) Operating Activities:			
Receipts from Customers	$ 862,551	$ 6,849	$ 869,400
Receipts from Customer Deposits (net)	722	-	722
Payments to Suppliers	(750,592)	(99,722)	(850,314)
Net Cash Provided by (Used in) Operating Activities	112,681	(92,873)	19,808
Cash Flows from Non-Capital and Related Financing Activities:			
Rental Income	-	326,613	326,613
Transfers (Out)	(44,615)	(285)	(44,900)
Net Cash Flows from Non-Capital and Related Financing Activities:	(44,615)	326,328	281,713
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Long Term Debt	-	(173,747)	(173,747)
Interest Paid on Long-term Debt	-	(23,607)	(23,607)
Net Cash Flows from Capital and Related Financing Activities	-	(197,354)	(197,354)
Cash Flows From Investing Activities:			
Interest on Investments and Interest Bearing Accounts	3,944	-	3,944
Net Cash From Investing Activities	3,944	-	3,944
Net Increase (Decrease) in Cash	72,010	36,101	108,111
Cash at Beginning of Year	381,286	14,290	395,576
Cash at End of Year	453,296	50,391	503,687
Classified As:			
Current Assets	$ 453,296	$ 50,391	$ 503,687
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ 178,408	$ (156,057)	$ 22,351
Adjustments Not Affecting Cash:			
Depreciation	-	59,147	59,147
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(5,060)	626	(4,434)
Increase (Decrease) in Accounts Payable	(61,389)	3,411	(57,978)
Increase (Decrease) in Utility Deposits	722	-	722
Total Adjustments	(65,727)	63,184	(2,543)
Net Cash Provided by (Used in) Operating Activities	$ 112,681	$ (92,873)	$ 19,808



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CITY OF FAIRBURN, GEORGIA

STATISTICAL SECTION

This part of the City of Fairburn's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the government's overall financial health

Contents Page

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 69

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 78

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 83

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 84

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

CITY OF FAIRBURN, GEORGIA

TABLE 1

NET ASSETS BY COMPONENT

Last Four Fiscal Years

	2004	2005	2006	2007
Primary Government				
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	$ 17,940,787	$ 17,305,906	$ 17,532,641	$ 20,213,262
Restricted	-	-	127,299	127,299
Unrestricted	1,242,927	1,187,909	137,417	286,922
Total Governmental Activities Net Assets	$ 19,183,714	$ 18,493,815	$ 17,797,357	$ 20,627,483
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	$ 2,903,275	$ 7,383,343	$ 8,429,576	$ 8,102,036
Restricted	5,059,990	3,047,898	3,175,590	521,835
Unrestricted	3,988,854	7,123,433	9,680,088	10,791,732
Total Business-Type Activities Net Assets	$ 11,952,119	$ 17,554,674	$ 21,285,254	$ 19,415,603
Primary Government				
Invested in Capital Assets, Net of Related Debt	$ 20,844,062	$ 24,689,249	$ 25,962,217	$ 28,315,298
Restricted	5,059,990	3,047,898	3,302,889	649,134
Unrestricted	5,231,781	8,311,342	9,817,505	11,078,654
Total Primary Government Net Assets	$ 31,135,833	$ 36,048,489	$ 39,082,611	$ 40,043,086

CITY OF FAIRBURN, GEORGIA

TABLE 2

CHANGES IN NET ASSETS

Last Four Fiscal Years

	2004	2005	2006	2007
Net (Expense) Revenue				
Governmental Activities	$ (3,137,834)	$ (4,463,070)	$ (6,153,930)	$ (7,714,829)
Business-Type Activities	2,239,460	6,053,888	5,180,275	3,866,167
Total Primary Government Net (Expense)	$ (898,374)	$ 1,590,818	$ (973,655)	$ (3,848,662)
General Revenue and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Property	$ 891,886	$ 976,226	$ 1,149,246	$ 1,344,682
Sales	1,178,336	1,251,042	1,443,222	1,442,080
Other Taxes	740,048	841,303	908,676	1,075,173
Other Local Revenue	45,983	-	-	-
Unrestricted Investment Earnings	30,480	62,030	87,406	79327
Loss on Disposition of Capital Assets	-	-	(2,680)	-
Transfers	588,479	642,570	1,871,602	6,603,693
Total Governmental Activities	$ 3,475,212	$ 3,773,171	$ 5,457,472	$ 10,544,955
Business-Type Activities				
Unrestricted Investment Income	$ 171,331	$ 191,237	$ 421,907	$ 575,362
Rental Income	-	-	-	326,613
Book Loss on Refinancing of Revenue Bonds	-	-	-	(1,288,562)
Sale of Sewer Contractural Rights	-	-	-	492,436
Gain on Sale of Cable System	-	-	-	762,026
Transfers	(588,479)	(642,570)	(1,871,602)	(6,603,693)
Total Business-Type Activities	(417,148)	(451,333)	(1,449,695)	(5,735,818)
Total Primary Government	$ 3,058,064	$ 3,321,838	$ 4,007,777	$ 4,809,137
Change in Net Assets				
Governmental Activities	$ 337,378	$ (689,899)	$ (696,458)	$ 2,830,126
Total Business-Type Activities	1,822,312	5,602,555	3,730,580	(1,869,651)
Total Primary Government	$ 2,159,690	$ 4,912,656	$ 3,034,122	$ 960,475

CITY OF FAIRBURN, GEORGIA

TABLE 2

CHANGES IN NET ASSETS

Last Four Fiscal Years

	2004	2005	2006	2007
Expenses				
Governmental Activities				
Administrative	$ 1,552,885	$ 1,269,561	$ 2,352,410	$ 2,587,866
Police	1,988,406	2,439,393	2,395,473	2,869,371
Fire	250,151	306,633	1,284,637	2,172,502
Streets, Parks, and Recreation	1,300,695	2,438,641	1,980,719	1,959,353
E-911	-	84,715	419,432	469,741
Other	24,886	-	-	-
Interest on Long-term Debt	-	3,814	16,718	28,876
Total Governmental Activities Expenses	$ 5,117,023	$ 6,542,757	$ 8,449,389	$ 10,087,709
Business-Type Activities				
Electric	$ 3,949,239	$ 3,683,462	$ 5,169,600	$ 5,305,917
Water and Sewer Utilities	1,515,607	1,414,945	2,609,979	3,139,049
Cable TV	1,780,601	1,806,071	1,958,708	654,148
Other Business Activities	824,577	-	-	-
Sanitation	-	448,268	737,006	689,203
Telecom	-	159,027	188,531	185,887
Total Business-Type Activities Expenses	$ 8,070,024	$ 7,511,773	$ 10,663,824	$ 9,974,204
Primary Government				
Total Primary Government Expenses	$ 13,187,047	$ 14,054,530	$ 19,113,213	$ 20,061,913
Program Revenues				
Governmental Activities				
Fines & Forfeitures	$ 207,427	$ 196,496	$ 307,137	$ 430,046
Safeguard Disposal Fees	94,979	382,547	405,226	600,156
Business Licenses	240,958	223,411	265,945	397,050
Bulding Parmits	298,302	264,824	353,697	315,803
Site Plan Inspections	732,164	615,223	532,381	288,649
Miscellaneous Programs	293,519	273,800	207,467	245,279
Operating Grants and Contributions	111,840	123,386	223,606	95,897
Capital Grants and Contributions	-	-	-	-
Total Governmental Activities Program Revenues	$ 1,979,189	$ 2,079,687	$ 2,295,459	$ 2,372,880
Business-Type Activities				
Charges for Services	$ 10,309,484	$ 13,080,048	$ 15,844,099	$ 13,840,371
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	485,613	-	-
Total Business-Type Activities Program Revenues	$ 10,309,484	$ 13,565,661	$ 15,844,099	$ 13,840,371
Total Primary Government Program Revenues	$ 12,288,673	$ 15,645,348	$ 18,139,558	$ 16,213,251

CITY OF FAIRBURN, GEORGIA

TABLE 3

FUND BALANCES, GOVERNMENTAL FUNDS

Last Four Fiscal Years

	2004	2005	2006	2007
General Fund				
Reserved	$ 100,972	$ 95,945	$ 90,016	41,364
Unreserved	959,091	876,408	16,127	168,052
Total General Fund	1,060,063	972,353	106,143	209,416
All Other Governmental Funds				
Reserved	-	-	-	-
Unreserved, Reported in:				
Special Revenue Fund	61,636	72,448	(613)	36,764
Permanent Fund	119,160	123,137	127,299	131,590
Total All Other Governmental Funds	$ 180,796	$ 195,585	$ 126,686	168,354

CITY OF FAIRBURN, GEORGIA

TABLE 4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Four Fiscal Years

	2004	2005	2006	2007
Revenues:				
Taxes	$ 2,789,995	$ 3,222,685	$ 3,730,537	3,857,279
Licenses and Permits	1,466,992	1,026,028	988,998	1,119,998
Charges for Services	192,930	510,366	509,773	726,939
Fines, Forfeitures, and Penalties	225,634	245,822	344,302	430,046
Intergovernmental Revenue	111,840	123,386	223,606	95,897
Investment Earnings	30,480	62,030	87,406	79,417
Other Local Revenue	45,983	-	-	-
Total All Governmental Funds	$ 4,863,854	$ 5,190,317	$ 5,884,622	6,309,576
Expenditures				
Current				
Administrative	1,516,720	1,245,816	2,321,998	2,542,027
Police	1,916,482	2,261,715	2,304,762	2,743,735
Fire	216,235	277,254	1,234,578	2,069,862
Streets, Parks, and Recreation	636,433	1,787,888	1,326,532	1,303,932
E-911	-	84,715	401,833	469,741
Other	24,886	-	-	-
Debt Service				
Principal	-	66,984	195,168	267,780
Interest, Fees, and Bond Issue Costs	-	3,814	16,718	28,876
Capital Outlay	390,383	557,271	1,275,708	3,527,156
Total Expenditures	4,701,139	6,285,457	9,077,297	12,953,109
Excess (deficit) of Revenues Over Revenues	$ 162,715	$ (1,095,140)	$ (3,192,675)	(6,643,533)
Other Financing Sources (Uses)				
Proceeds from Capital Leases	-	379,649	385,964	184,781
Transfers in	588,479	642,570	1,871,602	6,603,693
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	588,479	1,022,219	2,257,566	6,788,474
Net Change in Fund Balance	751,194	(72,921)	(935,109)	144,941
Fund Balance Beginning	489,665	1,240,859	1,167,938	232,829
Fund Balance ending	$ 1,240,859	$ 1,167,938	$ 232,829	377,770
Ratio of Debt Service Expenditures to Non-Capital Expenditures	-	1.83%	3.38%	3.79%

CITY OF FAIRBURN, GEORGIA

TABLE 5

GENERAL GOVERNMENT TAX REVENUES BY SOURCE

Last Four Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Occupation Tax	Insurance Premium Tax	Hotel/Motel Tax	Other Tax	Total
2007	1,340,026	1,442,080	397,050	286,313	46,587	701,241	4,213,297
2006	1,149,246	1,443,222	265,945	273,706	524	597,894	3,730,537
2005	956,255	1,251,042	223,411	255,048	848	536,081	3,222,685
2004	889,818	1,178,336	240,958	234,707	853	245,323	2,789,995

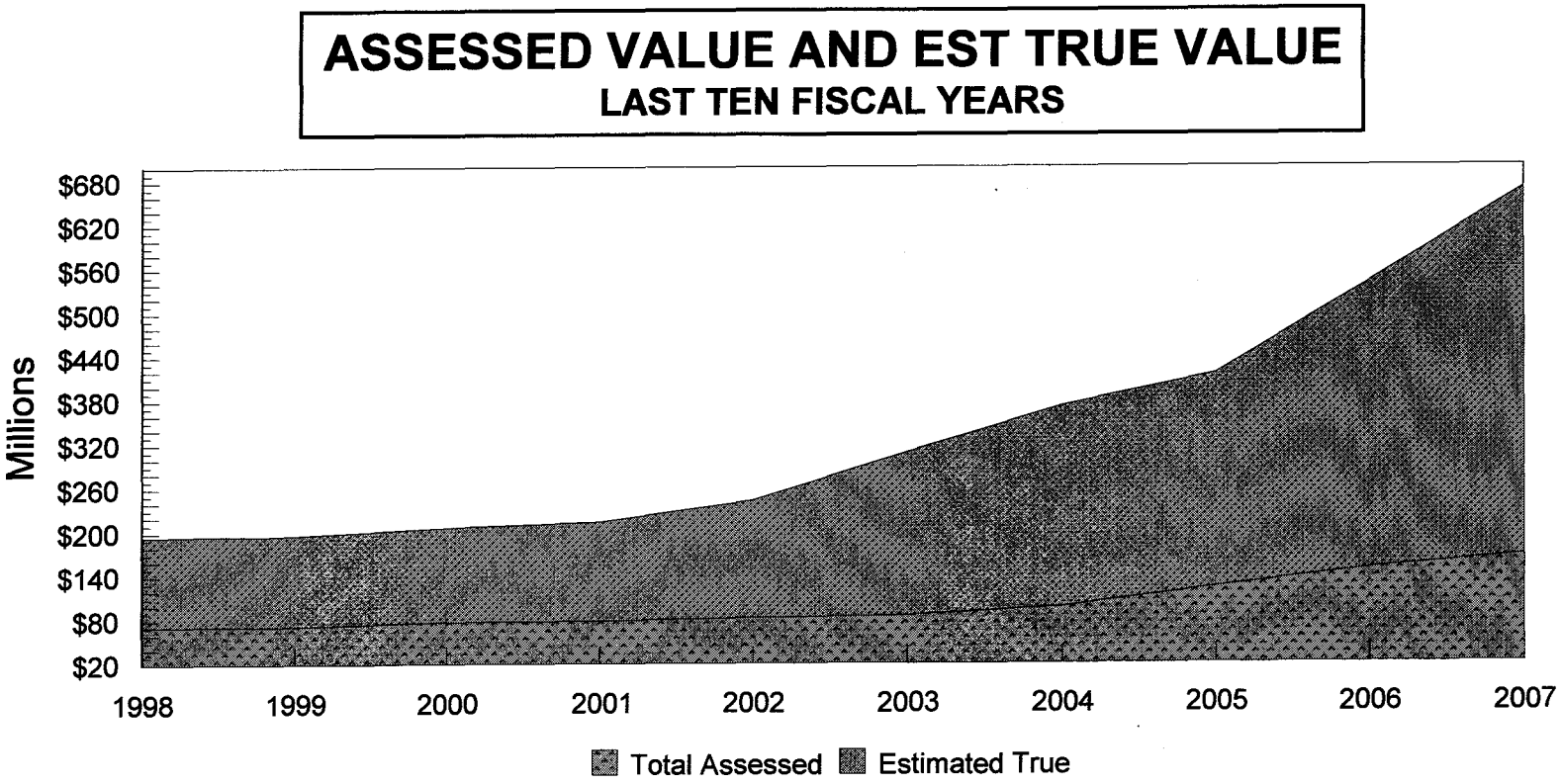
CITY OF FAIRBURN, GEORGIA

TABLE 6

ASSESSED VALUE AND ESTIMATED TRUE VALUE
OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

Year	Real Property		Personal Property		Privately Owned Public Utilities		Total Property		Ratio of Total Assessed to Total Estimated Actual Value	Percent Increase in Estimated Actual Value Over Prior Year
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value		
1998	58,111,680	145,279,200	15,633,200	39,083,000	4,096,728	10,241,820	77,841,608	194,604,020	40%	ERR
1999	56,418,856	141,047,141	17,987,365	44,968,413	4,050,001	10,125,003	78,456,222	196,140,556	40%	0.79%
2000	59,253,436	148,133,590	19,086,662	47,716,655	4,359,998	10,899,995	82,700,096	206,750,240	40%	5.41%
2001	62,925,463	157,313,658	18,537,640	46,344,100	4,247,067	10,617,668	85,710,170	214,275,425	40%	3.64%
2002	71,372,239	178,430,598	21,763,580	54,408,950	4,069,514	10,173,785	97,205,333	243,013,333	40%	13.41%
2003	99,465,107	248,662,768	20,062,531	50,156,328	4,079,914	10,199,785	123,607,552	309,018,880	40%	27.16%
2004	121,622,495	304,056,238	22,897,725	57,244,313	4,241,171	10,602,928	148,761,391	371,903,478	40%	20.35%
2005	133,913,043	334,782,608	27,073,913	67,684,783	5,318,261	13,295,653	166,305,217	415,763,043	40%	11.79%
2006	177,425,275	443,563,188	34,421,130	86,052,825	4,561,998	11,404,995	216,408,403	541,021,008	40%	30.13%
2007	226,040,782	565,101,955	36,415,665	91,039,163	5,085,721	12,714,303	267,542,168	668,855,420	40%	23.63%



CITY OF FAIRBURN, GEORGIA

TABLE 7

PRINCIPAL REVENUE PAYERS

CURRENT YEAR AND NINE YEARS PREVIOUS

Taxpayer	September 30, 2007 Taxable Valuation	Rank	Percentage of Total Taxable Valuation	September 30, 1998 Taxable Valuation	Rank	Percentage of Total Taxable Valuation
MD Hodges Enterprises	$42,390,129	1	15.79%	-	-	-
Development Auth Fulton County	30,220,360	2	11.26%	-	-	-
DCT Southcreek Eagles	27,518,700	3	10.25%	-	-	-
AJT Acquisitions	21,753,700	4	8.10%	-	-	-
Excel Logistics	20,791,700	5	7.75%	-	-	-
South Atlanta Portfolio	14,934,400	6	5.56%	-	-	-
AEW/UTC Southpark	14,122,200	7	5.26%	-	-	-
Southcreek VI Atlanta LLC	13,976,500	8	5.21%	-	-	-
Owens Corning	10,564,200	9	3.94%	-	-	-
Eagles Landing	9,338,000	10	3.48%	-	-	-
Southern Bell	-	-	-	3,463,774	1	4.45%
Porex	-	-	-	1,205,700	2	1.55%
Fairburn Town & Country	-	-	-	933,020	3	1.20%
Fairburn Health Care	-	-	-	581,240	4	0.75%
Fairburn Banking Company	-	-	-	449,600	5	0.58%
T. R. Hopson	-	-	-	449,000	6	0.58%
South East Properties	-	-	-	443,600	7	0.57%
Richard Gaddy	-	-	-	359,800	8	0.46%
Fairpark Inc.	-	-	-	321,080	9	0.41%
Herman McClure	-	-	-	224,400	10	0.29%

Source: City of Fairburn Property Tax Digest

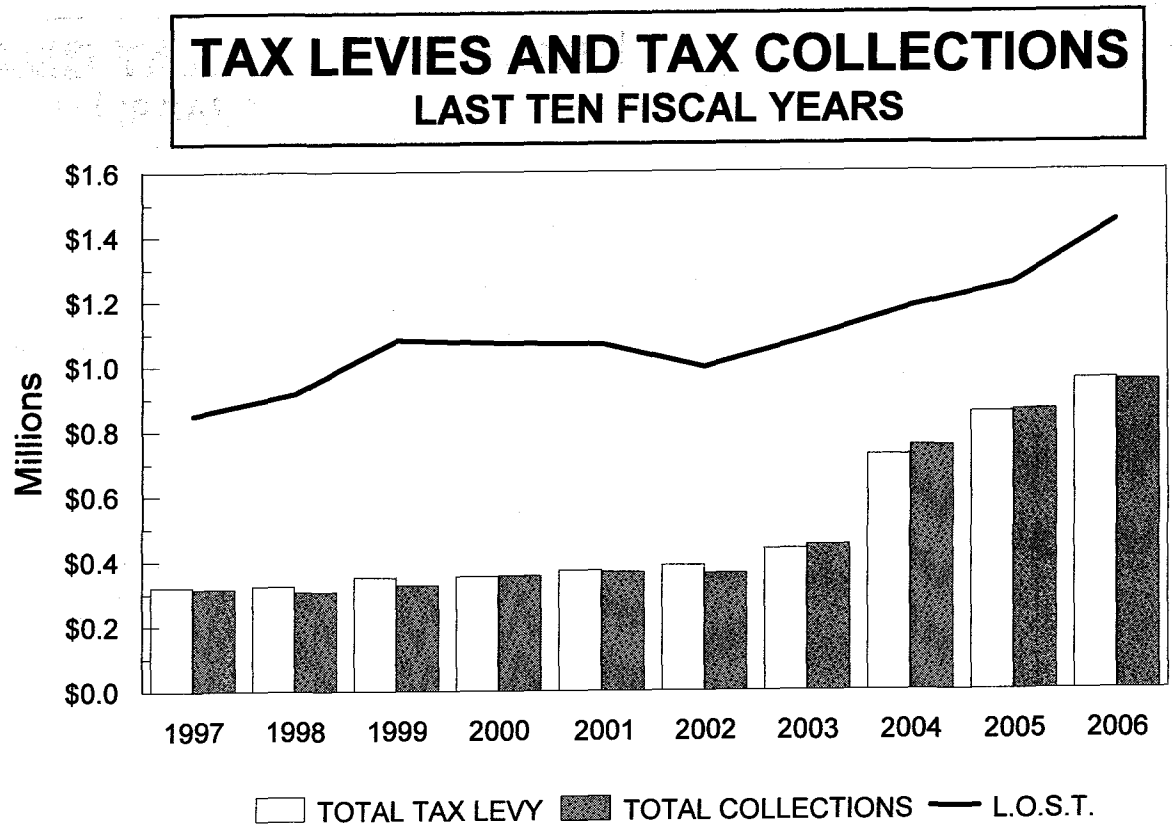
CITY OF FAIRBURN, GEORGIA

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Year	Total Tax Levy	Collections of Current Years Taxes During Year	Percentage of Levy Collected During Year	Collection of Prior Years Taxes During Year	Total Collections	ccumulated Jncollected Taxes	Ratio of Accumulated Uncollected Taxes to Current Year's Levy	.ocal Option Sales Tax Collected
1997	323,289	305,418	94.47%	289	305,707	47,142	14.58%	848,726
1998	350,207	324,112	92.55%	1,357	325,469	71,880	20.53%	916,185
1999	353,053	321,401	91.03%	33,195	354,596	70,337	19.92%	1,079,405
2000	370,928	358,230	96.58%	7,665	365,895	75,370	20.32%	1,070,196
2001	385,696	345,477	89.57%	15,449	360,926	100,140	25.96%	1,066,859
2002	437,424	400,391	91.53%	47,172	447,563	90,001	20.58%	994,259
2003	725,054	696,028	96.00%	55,812	751,840	63,215	8.72%	1,082,707
2004	855,378	836,682	97.81%	24,506	861,188	57,405	6.71%	1,178,336
2005	956,255	919,386	96.14%	30,507	949,893	63,767	6.67%	1,251,042
2006	1,141,681	1,097,286	96.11%	27,830	1,125,116	80,332	7.04%	1,443,222



CITY OF FAIRBURN, GEORGIA

TABLE 9

RATIO OF OUTSTANDING DEBT BY TYPE

Last Two Fiscal Year

Fiscal Year	Governmental Activities	Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases	Combined Utility Revenue Bond		Capital Leases			
		Water & Sewer	Cable TV				
2006	$ 501,250	$ 14,065,000	$ 2,840,000	$ 128,024	$ 17,534,274	7.86%	$ 18,898
2007	418,251	13,145,000	-	100,002	13,663,253	5.33%	18,898

CITY OF FAIRBURN, GEORGIA

TABLE 10

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST FISCAL YEAR

Fiscal Year	General Obligation	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capital
2006	none	none	none	none	none
2007	none	none	none	none	none

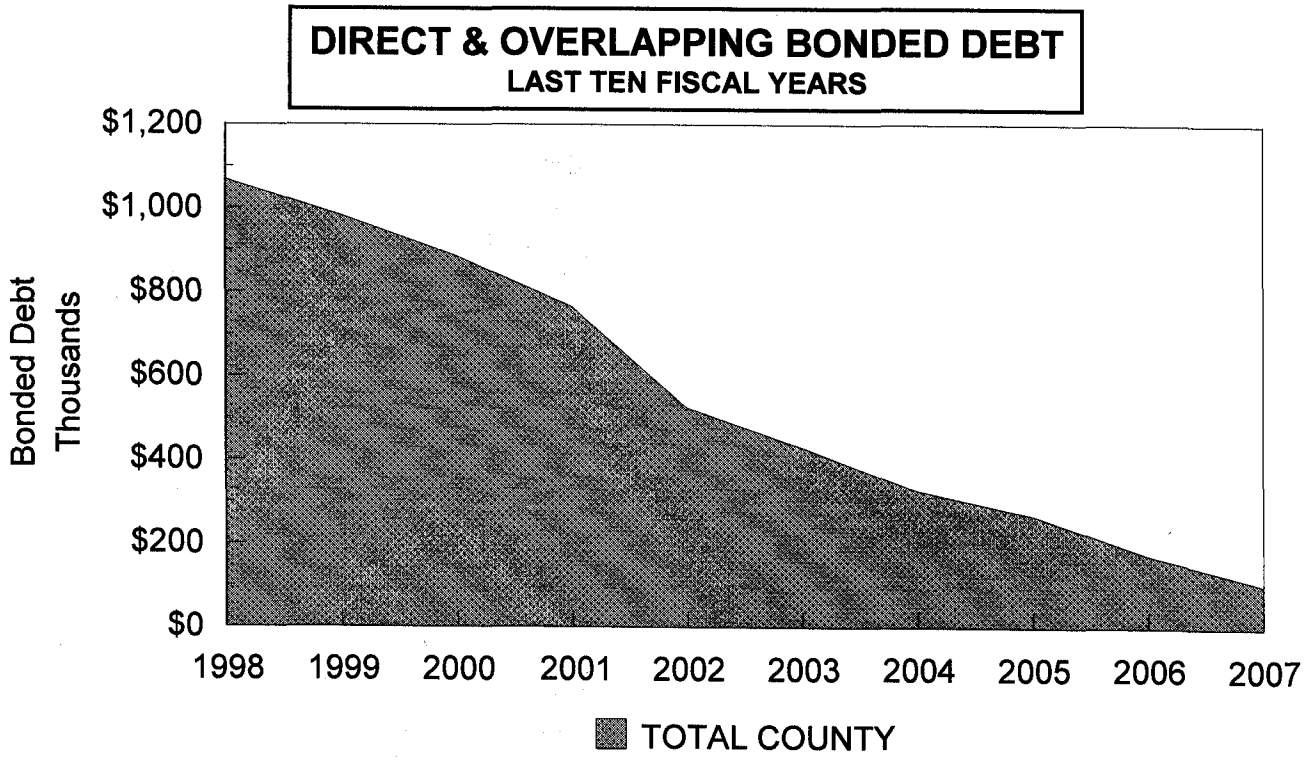
CITY OF FAIRBURN, GEORGIA

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS

TABLE 11

Last Ten Fiscal Years

Year	Net General Obligation Bonded Debt Outstanding: Direct Total City	Overlapping Total County	Percentage Of County Debt Applicable To City	Total	Fulton Cty Assessed Value	City Assessed Value
1998	-	78,034,000	100.00%	78,034,000	N/A	77,841,608
1999	-	72,857,483	100.00%	72,857,483	N/A	78,456,222
2000	-	65,126,578	100.00%	65,126,578	N/A	82,700,096
2001	-	57,321,156	100.00%	57,321,156	N/A	85,710,170
2002	-	49,464,651	100.00%	49,464,651	N/A	97,205,333
2003	-	41,468,909	100.00%	41,468,909	N/A	123,607,552
2004	-	35,472,859	100.00%	35,472,859	N/A	148,761,391
2005	-	24,077,629	100.00%	24,077,629	N/A	166,305,217
2006	-	14,381,148	100.00%	14,381,148	N/A	216,408,403
2007	-	9,428,153	100.00%	9,428,153	N/A	268,442,168



CITY OF FAIRBURN, GEORGIA

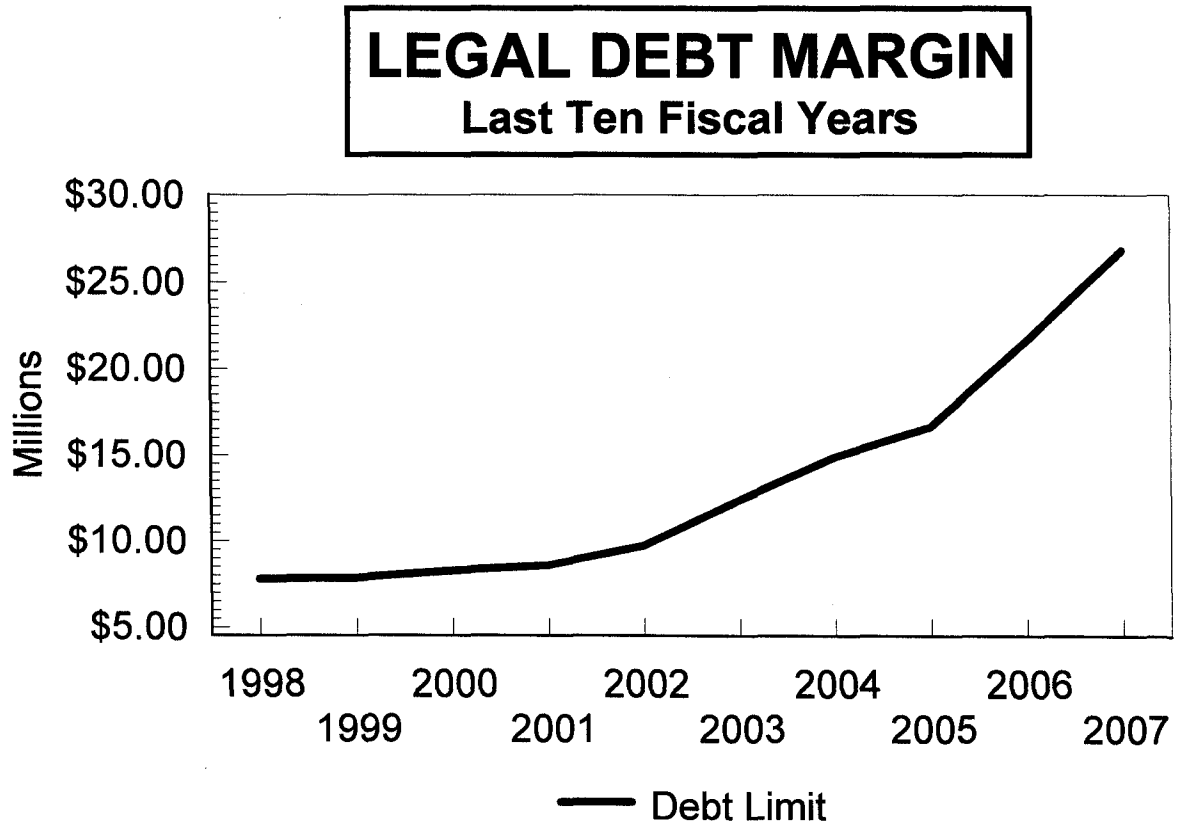
TABLE 12

STATEMENT OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

Year	Assessed Value	Percentage	Debt Limit	Amount Applicable (1)	Legal Debt Margin
1998	77,841,608	10.00%	7,784,161	-	7,784,161
1999	78,456,000	10.00%	7,845,600	-	7,845,600
2000	82,700,096	10.00%	8,270,010	-	8,270,010
2001	85,710,170	10.00%	8,571,017	-	8,571,017
2002	97,205,333	10.00%	9,720,533	-	9,720,533
2003	123,607,552	10.00%	12,360,755	-	12,360,755
2004	148,761,391	10.00%	14,876,139	-	14,876,139
2005	166,305,217	10.00%	16,630,522	-	16,630,522
2006	216,408,403	10.00%	21,640,840	-	21,640,840
2007	268,442,168	10.00%	26,844,217	-	26,844,217

(1) The City of Fairburn has had no general obligation bonds outstanding during the last ten fiscal years.



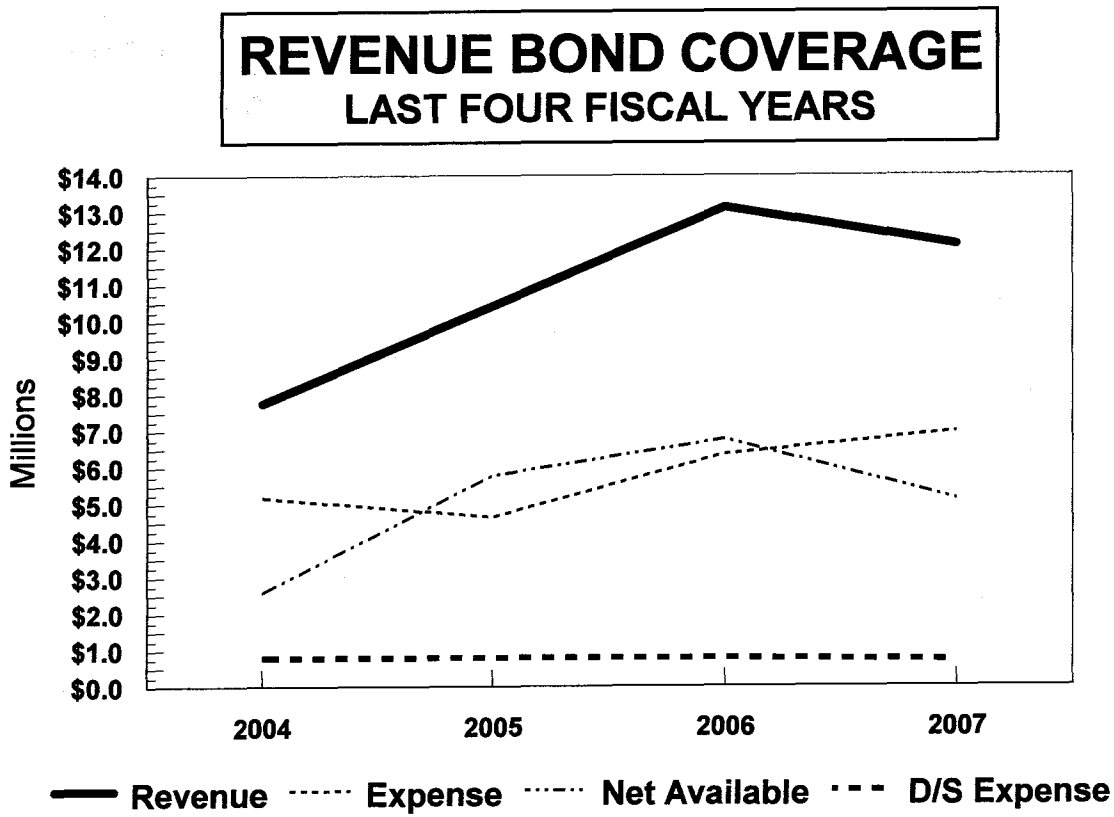
CITY OF FAIRBURN, GEORGIA

Table 13

REVENUE BOND COVERAGE
COMBINED PUBLIC UTILITY REVENUE BONDS

Last Four Fiscal Years

	Electric Fund			Water & Sewer Fund					
Fiscal Year	Gross Revenue(1)	Direct Operating Expenses(2)	Net Revenue Available for Debt Service	Gross Revenue(1)	Direct Operating Expenses(2)	Net Revenue Available for Debt Service	Combined Net Revenue Available for Debt Service	Debt Service Payments	Coverage
2004	4,679,977	3,824,806	855,171	3,064,381	1,344,079	1,720,302	2,575,473	793,466	3.25
2005	5,179,426	3,539,101	1,640,325	5,237,522	1,101,193	4,136,329	5,776,654	789,108	7.32
2006	6,216,394	4,986,024	1,230,370	6,882,697	1,360,267	5,522,430	6,752,800	783,540	8.62
2007	6,556,756	5,189,066	1,367,690	5,522,510	1,774,212	3,748,298	5,115,988	723,568	7.07



CITY OF FAIRBURN, GEORGIA

TABLE 14

DEMOGRAPHIC STATISTICS

As Available from Public Records

Fiscal Year	Popu-lation (1)	Per Capita Income (2)	Median Age (2)	Median Education level in Years of Formal Schooling (2)	School Enroll-ment (2)	Unemploy-ment Rate (3)
1998	4,252	N/A	N/A	N/A	N/A	3.90%
1999	4,270	N/A	N/A	N/A	N/A	3.10%
2000	5,464	18,898	33.3	12	1336	3.25%
2001	7,227	N/A	N/A	N/A	N/A	3.60%
2002	7,843	N/A	N/A	N/A	N/A	4.30%
2003	8,820	N/A	N/A	N/A	N/A	4.80%
2004	9,684	N/A	N/A	N/A	N/A	4.60%
2005	10,596	N/A	N/A	N/A	N/A	4.50%
2006	11,798	N/A	N/A	N/A	N/A	4.40%
2007	13,565	N/A	N/A	N/A	N/A	4.20%

(1) Source: 2000 - U.S. Census, All Other Years - City Count

(2) Source: U.S. Census

(3) Source: Georgia Department of Labor

CITY OF FAIRBURN, GEORGIA

TABLE 15

PRINCIPAL EMPLOYERS

AS PROVIDED BY CITY

Employer	Employees	Rank	% of Total City Employment
U. S. Food Services	756	1	19.53%
Reynolds, Inc.	750	2	19.38%
Strack, Inc.	320	3	8.27%
Porex Corporation	272	4	7.03%
Adesa Atlanta LLC	180	5	4.65%
Exel Logistics	132	6	3.41%
Estex Manufacturing Co., Inc.	100	7	2.58%
Fairburn Healthcare	99	8	2.56%
Kingswere Furniture LLC	75	9	1.94%
Georgia Renaissance Vendors	64	10	1.65%
Total	2,748		71.01%
Total for City	3,870		

Source: City of Fairburn Business License Occupational Database

CITY OF FAIRBURN, GEORGIA

TABLE 16

FULL TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION

Function	2007
Administrative	27
Police	41
Fire	41
Streets, Parks, and Recreation	11
E-911	10
Electric	7
Water and Sewer	4
Cable TV	2
	143

CITY OF FAIRBURN, GEORGIA

TABLE 17

OPERATING INDICATORS

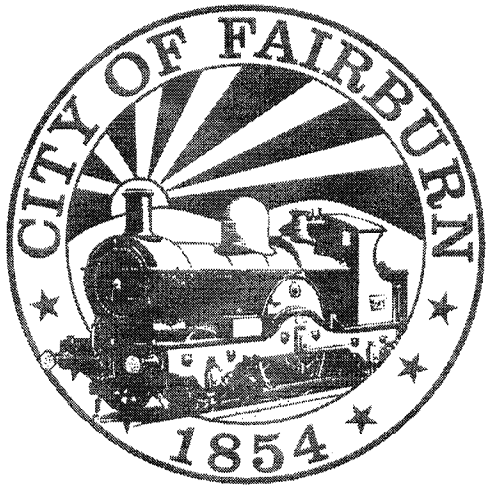
Date of Incorporation:			February 17, 1854 as Fairburn
Date of Adoption of City Charter:			August 3, 1925 (Ga. L. 1925)
Form of Government:			Mayor - Council
Area:			16.9 Square Miles
Miles of Streets and Alleys:			
Streets:			
Paved			95.2
Unpaved			2.6
Miles of Sewer:			
Storm			36.0
Sanitary			68.0
Total			104.0
Number of Street Lights:			
Lighting			694
Caution			4
Business Licenses:			
Licenses Issued			450
Building Permits:			
Permits Issued			165
Estimated Construction Costs			$36,286,205
Employees as of September 30, 2007			
	Total	Full Time	Part Time
	146	143	3
Fire Protection:			
Number of Stations			2
Number of Employees (Fulton County)			46
Police Protection:			
Number of Stations			1
Patrol Units			35
Number of Employees			36
Education:			
Number of Schools-System Operated on County Basis			1
Private Schools			2
Municipal Water Service:			
Number of Customers			3,811
Miles of Water Mains			90.5
Number of Fire Hydrants			667
Municipal Electric Service:			
Number of Customers			2,944
Miles of Line			79
Plant Capacity			12,400 KVA
Election:			
Registered Voters			5,460
Number of Votes Cast Last Election (9/2004)			813
Percentage of Registered Voters Voting			14.89%

CITY OF FAIRBURN, GEORGIA

TABLE 18

CAPITAL ASSETS

This information is not currently available.



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