CITY OF FAIRBURN,

GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2008

CITY OF

FAIRBURN, GEORGIA

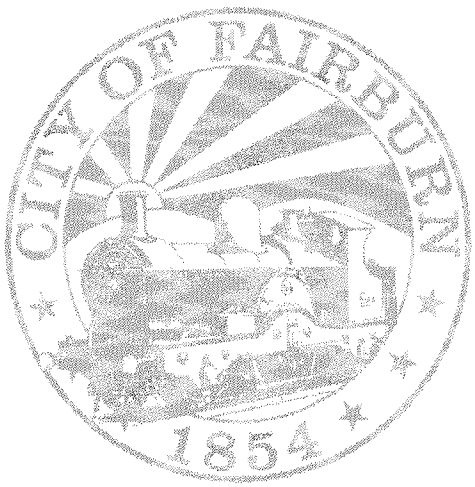
COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2008

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

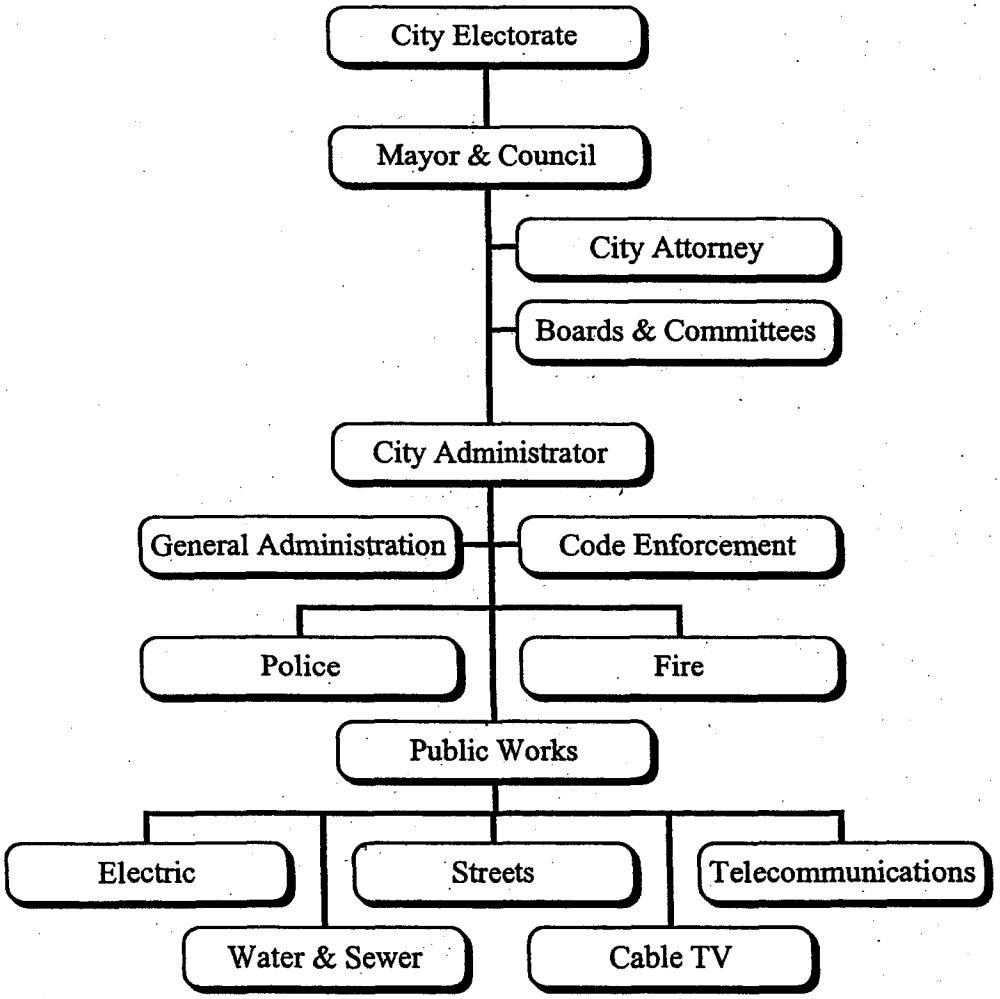
TABLE OF CONTENTS

CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING

LETTER OF TRANSMITTAL

CITY OF FAIRBURN, GEORGIA

ORGANIZATIONAL CHART



City of Fairburn, Georgia

City Officials

2008

City Council
Betty W. Hannah, Mayor
Marian Johnson
Elizabeth Hurst
Doug Crawford
Ron Alderman
Mario Avery
Scott Vaughn

City Administrator
Jim Williams

City Clerk
Nancy Faulkner

Finance Director
Bill Gregory

Chief of Police
Chip McCarthy

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

Table of Contents

INTRODUCTORY SECTION	
Title Page - Introductory Section	3
Organization Chart	4
Listing of City Officials	5
Table of Contents	6-7
Certificate of Achievement for Excellence in Financial Reporting	8
Letter of Transmittal	9-12
FINANCIAL SECTION	
Title Page - Financial Section	13
Independent Auditors' Report	14-15
Management's Discussion and Analysis	16-21
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	23
Statement of Activities	24
Fund Financial Statements	
Balance Sheet - Governmental Funds	25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	26-27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	29
Statement of Net Assets - Proprietary Funds	30-31
Statement of Revenues, Expenses, and Changes in Net Fund Assets-Proprietary Funds	32
Statement of Cash Flows - Proprietary Funds	33
Notes to the Financial Statements	34-59
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Non-major Governmental Funds	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	63
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Non-major Governmental Fund-E911 Fund	64
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Non-major Governmental Fund-Hotel-Motel Fund	65
Combining Statement of Net Assets – Non-major Proprietary Funds	66
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Non-major Proprietary Funds	67

STATISTICAL SECTION

Title Page - Statistical Section		68
Net Assets by Component	1	69
Changes in Net assets	2	70-71
Fund Balances, Governmental Funds	3	72
Change in Fund Balances, Governmental Funds	4	73
General Government Tax Revenues by Source	5	74
Assessed Value and Estimated True Value of All Taxable Property	6	75
Principal Revenue Payers	7	76
Property Tax Levies and Collections	8	77
Ratio of Outstanding Debt by Type	9	78
Ratios of General Bonded Debt Outstanding	10	79
Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds	11	80
Statement of Legal Debt Margin	12	81
Revenue Bond Coverage - Combined Utility Refunding Revenue Bonds Series 2006	13	82
Demographic Statistics	14	83
Principal Employers	15	84
Full Time City Government Employees by Function	16	85
Operating Indicators	17	86
Capital Assets by Function	18	87

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, 2007

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, 2008, 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 and acknowledgments.

Management's Discussion and Analysis(MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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 world wide distinction in 1921 by erecting

the first monument to World War I dead. Today, Fairburn has grown to a population of 10,597 as of September 30, 2005. That is a 100 percent increase in population since the last census in 2000.

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, telecommunications, cable television 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, electric and cable systems are maintained to assure that customers have capacity and reliability in utility systems.

In the historic downtown area, a newly renovated historic train depot has been returned to commercial use. This adds both to the historical atmosphere and the commercial market. A second depot is scheduled to be renovated and opened next year as the City's Welcome Center. Downtown retailers have expanded the prominence of Fairburn as a niche market for antiques. This market, along with an open air Farmer's Market, have 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 projected population for the City has doubled since the 2000 Census, and with several new developments currently being constructed, the City will most likely continue the rate of increase in population over the next few years, with the growth rate tapering afterwards. 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 continues to expand in the Bohannon and Southcreek area of Oakley Industrial Boulevard.

Major Accomplishments in 2008

Each year the City tries to register at least one spectacular accomplishment. During 2008, three were actually implemented. Most significantly, the City completed the first phase of the Education Campus in time for Georgia Military College to begin its Fall Quarter in the new facilities. Also during 2008, the City opened its second fire station in the renovated Andy Lewis Building adjacent to the Police Station. By utilizing the existing building, it is estimated the City saved over $1 million, and the new facilities are first-class. Finally, the City renovated the old Exchange Building it owns near City Hall, and converted the space temporarily used by the county's Seniors Program to a new Courtroom. It is estimated that this renovation also saved the City close to $1million.

During 2008, the City continued to make badly needed improvements to its infrastructure, as its population increased to about 13,000, almost triple what it was at the last Census. While the national economic recession and the meltdown in the housing industry have definitely impacted the local economy, the City continues to operate with a balanced budget and add to its accomplishments without personnel layoffs or drastic budget cuts. All in all, the City has continued its impressive improvements in the quality of life of the community while maintaining a high degree of fiscal responsibility.

Financial Information

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted principles. In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets from unauthorized user disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

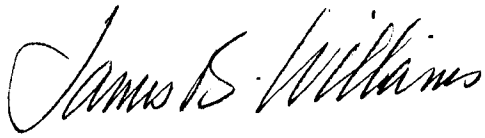
Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Post & Associates, LLC, CPA's was selected. The independent auditors' report on the financial statements of the governmental activities, the business-type activities, each major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

Awards. The Government Finance Officer's Association (GFOA) awarded a Certificate of Achievment for Excellence in Financial Reporting to the government for its comprehensive annual financial report for the fiscal year ended September 30, 2007. This was the twentieth consecutive year and the twenty -third time that the City has received this prestigious award. In order to be awarded a Certificate of Achievment, the City published am easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievment 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 staff for their assistance and cooperation during the year to effect 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 19, 2009



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

Post & Associates CPA's

ESTABLISHED 1968
Daniel L. Post, CPA
Daniel L. Post, Jr., CPA

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the businesstype 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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Fairburn, Georgia'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 the 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Special Revenue Funds 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 our report dated March 19, 2009, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government *Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 16 through 21) is 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairburn, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, capital assets used in the operation of governmental funds schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and capital assets used in the operation of governmental funds schedules, as listed in the table of contents 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. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Tyrone, Georgia
March 19, 2009

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, 2008. 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 $39,956,810 (net assets).

- The government's total net assets decreased by $1,306,831, primarily due to decreased revenues in the water and sewer fund and the cable fund.

- As of the close of the current fiscal year, the City of Fairburn's governmental funds reported combined ending fund balances of $(74,513), a decrease of $452,283 in comparison with the prior year.

- At the end of the current fiscal year, unreserved fund balance for the General Fund was $(411,217).

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, educational complex,sanitation, 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 - 59 of this report.

Government-Wide Financial Analysis

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

	September 30, 2008			September 30, 2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	$ 858,043	$ 15,610,604	$ 16,468,647	$ 1,059,657	$ 12,610,607	$ 13,670,264
Capital Assets - net	19,982,992	29,743,292	49,726,284	20,631,513	21,347,038	41,978,551
Total Assets	$ 20,841,035	$ 45,353,896	$ 66,194,931	$ 21,691,170	$ 33,957,645	$ 55,648,815
Current Liabilities	$ 898,331	$ 2,272,895	$ 3,171,226	$ 645,436	$ 1,197,823	$ 1,843,259
Noncurrent Liabilities	353,645	22,713,250	23,066,895	418,251	13,344,219	13,762,470
Total Liabilities	1,251,976	24,986,145	26,238,121	1,063,687	14,542,042	15,605,729
Total Net Assets	$ 19,589,059	$ 20,367,751	$ 39,956,810	$ 20,627,483	$ 19,415,603	$40,043,086
Invested in Capital Assets Net of Related Debt	$ 19,629,347	$ 8,271,525	$ 27,900,872	$ 20,213,262	$ 8,102,036	$28,315,298
Restricted	136,223	3,169,261	3,305,484	127,299	521,835	649,134
Unrestricted	(176,511)	8,926,965	8,750,454	286,922	10,791,732	11,078,654
Total Net Assets	$ 19,589,059	$ 20,367,751	$ 39,956,810	$ 20,627,483	$ 19,415,603	$40,043,086

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 $39,956,810 as of September 2008.The City's net assets decreased by $1,306,831 for the fiscal year ended September,2008.This increase was primarily due to decreased 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 $3,470 restricted to debt service, $3,165,791 restricted to construction and $136,223 restricted to cemetery. The remaining balance of unrestricted net assets of $8,750,454 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, 2008			September 30, 2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for Services	$ 1,827,188	$ 12,552,333	$ 14,379,521	$ 1,848,247	$ 13,840,371	$15,688,618

	September 30, 2008			September 30, 2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Community Development Grant	-	-	-	-	-	-
Intergovernmental Revenues	154,562	-	154,562	30,177	-	30,177
Homeowners Tax Relief Grant	-	-	-	65,720	-	65,720
General Revenues:						
Property Taxes	2,268,758	-	2,268,758	1,344,682	-	1,344,682
Other Taxes	2,957,935	-	2,957,935	2,517,253	-	2,517,253
Other	83,930	416,809	500,739	508,063	867,875	1,375,938
Total Revenues	$ 7,292,373	$ 12,969,142	$ 20,261,515	$ 6,314,142	$ 14,708,246	$ 21,022,388
Expenses:						
Administrative Government	$ 2,681,018	-	$ 2,681,018	$ 2,587,866	$ -	$ 2,587,866
Public Safety	5,938,554	-	5,938,554	5,037,625	-	5,037,625
Streets, Parks and Recreation	2,100,286	-	2,100,286	1,959,353	-	1,959,353
Other	544,052	-	544,052	502,865	-	502,865
Electric	-	5,945,283	5,945,283	-	5,305,917	5,305,917
Water and Sewer	-	3,434,169	3,434,169	-	3,139,049	3,139,049
Educational Complex	-	110	110	-	654,148	654,148
Other Services	-	924,874	924,874	-	875,090	875,090
Total Expenses	$ 11,263,910	$ 10,304,436	$ 21,568,346	$ 10,087,709	$ 9,974,204	$ 20,061,913
Transfers	$ 2,933,113	$ (2,933,113)	-	$ 1,871,602	$ (1,871,602)	-
Increase in Net Assets	$ (1,038,424)	$ (268,407)	$ (1,306,831)	$ (1,901,965)	$ 2,862,440	$ 960,475
Net Assets, October 1, 2007	$ 20,627,483	$ 20,636,158	$ 41,263,641	$ 18,493,815	$ 17,554,745	$ 36,048,560
Net Assets, September 30, 2008	$ 19,589,059	$ 20,367,751	$ 39,956,810	$ 16,591,850	$ 20,417,185	$ 37,009,035

Governmental activities: Governmental activities decreased the City's net assets by $1,038,424.

Business-type activities: Business-type activities decreased the City of Fairburn's net assets by $268,407.

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 $(411,217) while total fund balance decreased by $463,212. 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 1.02% of that same amount.

At September 30, 2008, the governmental funds of City of Fairburn reported a combined find balance of $(74,513), a 119.7% decrease from last year.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on one occasion. 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 2.22% lower than the budgeted amounts primarily because taxes were less than anticipated offset partially by increased revenues in licenses and permits. Expenditures were substantially lower than budgeted by 17.2. The Administrative department expenditures were (24.32 %) under budgeted while the Public Safety departments and Street's expenditures were, in the aggregate (13.91) 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 $3,061,975 due to an increase in investment in capital assets. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to $7,461,727, a decrease of 6.19 % from the prior year. The decrease is mainly due to the decrease in debt service. Unrestricted net assets of the Sanitation Fund at the end of the fiscal year amounted to $639,534. There was no unrestricted net assets of the Telecom Fund at the end of the fiscal year due to the cancellation of their operating license in 2008. Unrestricted net assets of the Educational Complex Fund (new) at the end of the fiscal year amounted to ($2,240,447). The total increase in the proprietary funds net assets for the year is $952,148 or a 4.90% increase from September 30, 2007. This was mainly due to the addition of the Educational Complex ($ 925,344-net assets).

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, 2008, totals $49,726,284 (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 43-45 of the Basic Financial Statements.

City of Fairburn's Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	$ 915,579	$ 3,755,171	$ 4,670,750
Buildings and Improvements	1,889,077	10,450,610	12,339,687
System	-	7,918,260	7,918,260
Machinery, Equipment & Vehicles	2,707,678	372,770	3,080,448
Construction-In-Progress	-	7,246,481	7,246,481
Infrastructure	14,470,658	-	14,470,658
Total	$ 19,982,992	$ 29,743,292	$ 49,726,284

Long-term Debt. As of September 30, 2008, the City of Fairburn had long-term bonded debt outstanding in the amount of $23,066,895. Bonds Payable at September 30, 2008 are comprised of the following:

➢$12,685,000 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%.

> $9,750,202 Series 2008 Revenue Bond due in equal semi-annual installments of $441,298 through January 31, 2023; interest at 3.83%.

The City of Fairburn's total debt increased by $10,632,3922 during the past fiscal year mainly due to the Educational Complex Bond debt and related accrued liabilities.

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 $45,311,500.

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.

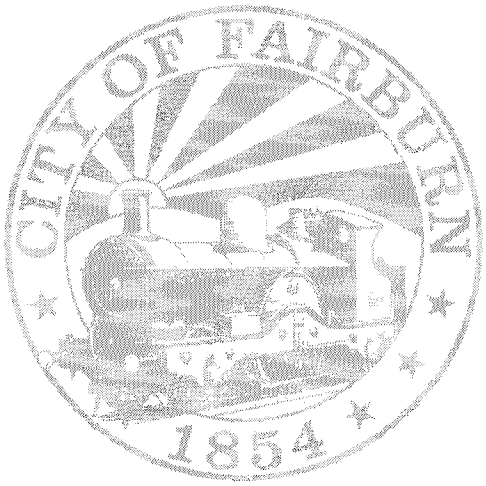
- Growth in the tax base projected due to proximity of the City of Atlanta and the continued industrial and commercial development.

- 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.

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, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Equivalents	$ 234,595	$ 8,514,260	$ 8,748,855
Receivables			
Services (Net of Allowance for Uncollectibility)	-	1,717,282	1,717,282
Property Taxes (Net)	92,499	-	92,499
Other Taxes	236,495	-	236,495
Other Entities	136,751	356,400	493,151
Other Receivables	282	-	282
Prepaid Items	157,421	34,515	191,936
Restricted Assets			
Cash-Project Fund	-	3,165,791	3,165,791
Cash-Debt Service	-	3,470	3,470
Cash-Sinking Fund	-	-	-
Cash-Other Restricted	-	382,517	382,517
Capital Assets			
Net of Accumulated Depreciation	19,067,413	18,741,640	37,809,053
Land and Improvements	915,579	3,755,171	4,670,750
Construction In Process	-	7,246,481	7,246,481
Unamortized Bond Costs	-	301,718	301,718
Unamortized Series 2000 Bonds Refinancing Loss	-	1,134,651	1,134,651
Total Assets	$ 20,841,035	$ 45,353,896	$ 66,194,931
LIABILITIES			
Accounts Payable	$ 102,665	$ 1,832,069	$ 1,934,734
Accrued Interest Payable	-	541	541
Accrued Vacation	250,255	-	250,255
Escrowed Funds	-	54,580	54,580
Bail Bonds Held	171,539	-	171,539
Payable From Restricted Assets	88,343	385,705	474,048
Other Current Payables	285,529	-	285,529
Noncurrent Liabilities			
Due Within One Year	207,788	1,083,936	1,291,724
Due in More Than One Year	145,857	21,629,314	21,775,171
Total Liabilities	$ 1,251,976	$ 24,986,145	$ 26,238,121
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	$ 19,629,347	$ 8,271,525	$ 27,900,872
Restricted for			
Cemetery	127,299	-	127,299
Debt Service	-	3,470	3,470
Construction	-	3,165,791	3,165,791
Unrestricted	(167,587)	8,926,965	8,759,378
Total Net Assets	$ 19,589,059	$ 20,367,751	$ 39,956,810

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2008

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	$ 2,681,018	$ 1,257,898	$ 90,574	$ -	$ (1,332,546)	$ -	$ (1,332,546)
Police	3,011,769	443,927	63,988	-	(2,503,854)	-	(2,503,854)
Fire	2,926,785	-	-	-	(2,926,785)	-	(2,926,785)
Streets and Parks and Recreation	2,100,286	-	-	-	(2,100,286)	-	(2,100,286)
E-911	493,496	125,363	-	-	(368,133)	-	(368,133)
Motel/Hotel	24,066	-	-	-	(24,066)	-	(24,066)
Interest on Long-term Debt	26,490	-	-	-	(26,490)	-	(26,490)
Total Governmental Activities	11,263,910	1,827,188	154,562	-	(9,282,160)	-	(9,282,160)
Business activities:							
Electric	5,945,283	6,897,712	-	-	-	952,429	952,429
Water and Sewer Utilities	3,434,169	4,780,052	-	-	-	1,345,883	1,345,883
Educational Complex	110	-	-	-	-	(110)	(110)
Sanitation	766,875	871,808	-	-	-	104,933	104,933
Telecom	157,999	2,761	-	-	-	(155,238)	(155,238)
Total Business-Type	10,304,436	12,552,333	-	-	-	2,247,897	2,247,897
Total Primary Government	$ 21,568,346	$ 14,379,521	$ 154,562	$ -	(9,282,160)	2,247,897	(7,034,263)
General Revenues:							
Property Tax					2,268,758	-	2,268,758
Sales Tax					1,440,218	-	1,440,218
Motor Vehicle Tax					160,970	-	160,970
Franchise Tax					596,064	-	596,064
Insurance Premium Tax					298,656	-	298,656
Beer, Wine and Liquor Tax					254,959	-	254,959
Hotel/Motel Tax					97,371	-	97,371
Other Taxes					109,697	-	109,697
Interest Income					49,227	416,809	466,036
Proceeds from Insurance Proceeds					30,115	-	30,115
Sales of Surplus Property					4,588	-	4,588
Transfers					2,933,113	(2,933,113)	-
Total General Revenues and Transfers					8,243,736	(2,516,304)	5,727,432
Change in Net Assets					(1,038,424)	(268,407)	(1,306,831)
Net Assets Beginning					20,627,483	19,415,603	40,043,086
Prior Period Adjustment					-	1,220,555	1,220,555
Net Assets Beginning, Restated					20,627,483	20,636,158	41,263,641
Net Assets Ending					$ 19,589,059	$ 20,367,751	$ 39,956,810

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

CITY OF FAIRBURN, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2008

	General	Other	Total Governmental Funds
ASSETS			
Cash and Equivalents	$ 48,045	$ 186,550	$ 234,595
Receivables			
Property Taxes (Net)	92,499	-	92,499
Other Taxes	236,495	-	236,495
Due From Other Entities	133,494	3,257	136,751
Interest	-	282	282
Prepaid Items	157,421	-	157,421
Total Assets	$ 667,954	$ 190,089	$ 858,043
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	$ 101,061	$ 1,604	$ 102,665
Accrued Vacations	250,255	-	250,255
Other Current Payables	276,327	9,202	285,529
Bail Bonds Held	171,539	-	171,539
Deferred Property Taxes	34,225	-	34,225
Escrowed Funds	86,993	-	86,993
Deposits Held	1,350	-	1,350
Total Liabilities	921,750	10,806	932,556
Fund Balance			
Reserved for			
Prepaid Items	157,421	-	157,421
Unreserved Reported in:			
General Fund	(411,217)	-	(411,217)
Special Revenue Fund	-	43,060	43,060
Permanent Fund	-	136,223	136,223
Total Fund Balance	(253,796)	179,283	(74,513)
Total Liabilities and Fund Balance	$ 667,954	$ 190,089	

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.	19,982,992
Deferred ad valorem taxes are not available to pay current-period expenditures and, therefore, are deferred in the funds.	34,225
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(353,645)
Net Assets of Governmental Activities	$ 19,589,059

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

CITY OF FAIRBURN, GEORGIA

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

Year Ended September 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Sales Tax	$ 1,440,218	$ -	$ 1,440,218
Property Tax	2,266,532	-	2,266,532
Motor Vehicle Tax	160,970	-	160,970
Franchise Tax	596,064	-	596,064
Insurance Premium Tax	298,656	-	298,656
Beer, Wine, Liquor Tax	254,959	-	254,959
Hotel/Motel Tax	-	97,371	97,371
Transfer Taxes	9,196	-	9,196
Intangible Taxes	38,433	-	38,433
Interest and Penalties	62,068	-	62,068
Total Taxes	5,127,096	97,371	5,224,467
Licenses, Permits, and Charges			
Business Licenses	462,172	-	462,172
Building Permits	82,917	-	82,917
Site Plan Inspections and Reviews	93,692	-	93,692
Other Building and Zoning Fees	21,608	-	21,608
Safeguard Disposal Fees	510,801	-	510,801
Miscellaneous Permits	18,915	-	18,915
Miscellaneous	62,045	-	62,045
Rent	10,200	-	10,200
Contributed Capital	23,206	-	23,206
Sale of Surplus Property	4,588	-	4,588
Proceeds from Insurance Settlement	30,115	-	30,115
Emergency 911	-	125,363	125,363
Total Licenses, Permits, and Charges	1,320,259	125,363	1,445,622
Intergovernmental Revenues			
Federal and State Grants	90,574	-	90,574
Federal and State Conficated Funds	60,428	-	60,428
Narcotics Task Force	40,782	-	40,782
Total Intergovernmental Revenues	191,784	-	191,784
Police Revenues			
Fines and Forfeitures	383,499	-	383,499
Other Revenue			
Interest on Investments	28,890	20,337	49,227
Total Revenues	$ 7,051,528	$ 243,071	$ 7,294,599

Continued on the next page.

CITY OF FAIRBURN, GEORGIA

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

Year Ended September 30, 2008

Expenditures:			
Current:			
Administrative	$ 2,621,842	$ -	$ 2,621,842
Police	2,888,250	-	2,888,250
Fire	2,797,746	-	2,797,746
Streets and Parks and Recreation	1,434,246	-	1,434,246
Motel/Hotel	-	24,066	24,066
E-911	-	463,548	463,548
Total Current Expenditures	9,742,084	487,614	10,229,698
Debt Service:			
Principal	278,890	27,674	306,564
Interest	22,941	3,549	26,490
Total Debt Service	301,831	31,223	333,054
Capital Outlay:			
Administrative	416,833	-	416,833
Police	169,864	-	169,864
Fire	39,730	-	39,730
Streets and Parks and Recreation	104,599	-	104,599
Total Capital Outlay	731,026	-	731,026
Total Expenditures	10,774,941	518,837	11,293,778
Excess of Revenues Over Expenditures	(3,723,413)	(275,766)	(3,999,179)
Transfers and Issuance of Debt			
Transfers from Water & Sewer	2,079,623	360,000	2,439,623
Transfers from Electric	1,295,013	-	1,295,013
Transfers from Sanitation	43,388	-	43,388
Transfers from Telecom	219	-	219
Transfers to Educational Complex	(400,000)	(73,305)	(473,305)
Issuance of Debt	241,958	-	241,958
Total Transfers and Issuance of Debt	3,260,201	286,695	3,546,896
Excess Revenues Over Expenditures	(463,212)	10,929	$ (452,283)
Fund Balance - Beginning of Year	209,416	168,354	
Fund Balance - End of Year	$ (253,796)	$ 179,283	

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, 2008

Net Change in Fund Balances - Total Government Funds:	$	(452,283)
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 ($731,026) were less than depreciation ($1,007,723) in the period.		(276,697)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		2,227
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.		60,154
The transfer of capital assets to the Educational Complex Enterprise Fund should not be recognized in the governmental funds		(371,825)
Change in Net Assets of Governmental Activities.	$	(1,038,424)

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, 2008

	Budget			Variance Positive
	Original	Revised	Actual	(Negative)
Revenues:				
Property Tax	$ 2,500,000	$ 2,500,000	$ 2,266,532	$ (233,468)
ExciseTaxes	3,525,000	3,525,000	2,860,564	(664,436)
Licenses and Permits	707,000	707,000	1,190,105	483,105
Charges for Services	28,000	28,000	10,200	(17,800)
Fines and Forfeitures	410,000	410,000	383,499	(26,501)
Intergovernmental Revenues	113,000	113,000	191,784	78,784
Interest on Investments	70,000	70,000	28,890	(41,110)
Other Local Revenue	18,000	18,000	279,724	261,724
Total Revenues	7,371,000	7,371,000	7,211,298	(159,702)
Expenditures:				
Administration	3,855,000	4,015,000	3,038,675	976,325
Police	3,491,000	3,491,000	3,058,114	432,886
Fire	3,105,000	3,105,000	2,837,476	267,524
Streets	1,944,500	1,944,500	1,456,657	487,843
Total Expenditures	12,395,500	12,555,500	10,390,922	2,164,578
Excess (Deficiency) of Revenues over Expenditures Before Other Financing Sources (Uses)	(5,024,500)	(5,184,500)	(3,179,624)	2,004,876
Other Financing Sources (Uses)				
Transfers	3,100,000	777,000	3,018,243	81,757
Capital Leases	(315,500)	(315,500)	(301,831)	13,669
Total Other Financing Sources (Uses)	2,784,500	461,500	2,716,412	95,426
Excess (Deficiency) of Revenues over Expenditures After Other Financing Sources (Uses)	(2,240,000)	(4,723,000)	(463,212)	2,100,302
Fund Balance at Beginning of Year	(69,343)	(69,343)	209,416	-
Fund Balance at End of Year	$ (2,309,343)	$ (4,792,343)	$ (253,796)	$ 2,100,302

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2008

	Business-Type Activities--Enterprise Funds				
	Electric	Water and Sewer	Educational Complex	Others	Total Enterprise Funds
ASSETS					
Current Assets:					
Cash and Equivalents	$ 2,797,073	$ 5,114,732	$ 75,055	$ 527,400	$ 8,514,260
Restricted Cash-Customer Deposits	297,108	85,409	-	-	382,517
Restricted Cash-Project Fund	-	-	3,165,791	-	3,165,791
Restricted Cash-Debt Service Fund	-	3,470	-	-	3,470
Accounts Receivable,Net of Bad Debt Allowance	800,083	801,877	-	115,322	1,717,282
Prepaid Items	-	34,515	-	-	34,515
Town of Tyrone Receivable-Current Portion	-	112,559	-	-	112,559
Total Current Assets	3,894,264	6,152,562	3,240,846	642,722	13,930,394
Noncurrent Assets:					
Town of Tyrone Receivable-Long Term Portion	-	243,841	-	-	243,841
Bond Issuance Costs (Net of Amortization)	-	210,318	91,400	-	301,718
Series 2000 Bonds Refinancing Loss (Net of Amortization)	-	1,134,651	-	-	1,134,651
Capital Assets:					
Net of Accumulated Depreciation	4,406,715	14,330,749	-	4,176	18,741,640
Land	14,874	2,401,895	1,338,402	-	3,755,171
Construction in Process	-	-	7,246,481	-	7,246,481
Total Capital Assets	4,421,589	16,732,644	8,584,883	4,176	29,743,292
Total Noncurrent Assets	4,421,589	18,321,454	8,676,283	4,176	31,423,502
Total Assets	$ 8,315,853	$ 24,474,016	$ 11,917,129	$ 646,898	$ 45,353,896

Continued on next page.

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2008

	Business-Type Activities--Enterprise Funds				
	Electric	Water and Sewer	Educational Complex	Others	Total Enterprise Funds
LIABILITIES					
Current Liabilities (Payable From Current Assets)					
Accounts Payable	$ 423,821	$ 93,542	$ 1,241,583	$ -	$ 1,758,946
Accrued Expenses	16,027	14,529	-	-	30,556
Total Current Liabilities (Payable From Current Assets)	439,848	108,071	1,241,583	-	1,789,502
Current Liabilities (Payable From Restricted Assets)					
Sales Tax Payable	42,567	-	-	-	42,567
Escrowed Funds	52,580	2,000	-	-	54,580
Accrued Interest	186	355	-	-	541
Revenue Bonds Payable	-	550,000	514,038	-	1,064,038
GEFA Loans Payable	-	19,898	-	-	19,898
Customer Deposits	297,108	85,409	-	3,188	385,705
Total Current Liabilities (Payable From Restricted Assets)	392,441	657,662	514,038	3,188	1,567,329
Total Current Liabilities	832,289	765,733	1,755,621	3,188	3,356,831
Noncurrent Liabilities					
Capital Leases Payable	197,708	-	-	-	197,708
Revenue Bonds Payable	-	12,135,000	9,236,164	-	21,371,164
GEFA Loans Payable	-	60,442	-	-	60,442
Total Noncurrent Liabilities	197,708	12,195,442	9,236,164	-	21,629,314
Total Liabilities	1,029,997	12,961,175	10,991,785	3,188	24,986,145
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	4,223,881	4,047,644	-	-	8,271,525
Restricted for Debt Service	-	3,470	-	-	3,470
Restricted For Construction	-	-	3,165,791	-	3,165,791
Unrestricted	3,061,975	7,461,727	(2,240,447)	643,710	8,926,965
Total Net Assets	$ 7,285,856	$ 11,512,841	$ 925,344	$ 643,710	$ 20,367,751

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, 2008

	Business-Type Activities--Enterprise Funds				Total Enterprise Funds
	Electric	Water and Sewer	Educational Complex	Others	
Operating Revenues:					
Charges for Services	$ 6,868,106	$ 4,605,876	$ -	$ 871,808	$ 12,345,790
Miscellaneous	29,606	174,176	-	2,761	206,543
Total Operating Revenues	6,897,712	4,780,052	-	874,569	12,552,333
Operating Expenses:					
Cost of Goods Sold	4,666,135	617,231	-	-	5,283,366
Personnel Services	510,436	234,296	-	-	744,732
Administrative Expenses	180,288	345,465	-	95,539	621,292
Depreciation Expense	160,417	428,327	-	59,761	648,505
Other Operating Expenses	364,466	489,907	110	748,240	1,602,723
Total Operating Expenses	5,881,742	2,115,226	110	903,540	8,900,618
Operating Income	1,015,970	2,664,826	(110)	(28,971)	3,651,715
Nonoperating Revenues (Expenses):					
Interest on Investments	111,699	176,948	80,324	2,503	371,474
Interest on Notes Receivable	7,469	37,866	-	-	45,335
Rental Income	-	-	-	-	-
Interest on Notes Payable	-	-	-	(21,334)	(21,334)
Capital Lease Interest	(4,123)	-	-	-	(4,123)
Interest on Bonds	-	(1,149,918)	-	-	(1,149,918)
Amortization-Cost of Issuance	-	(17,526)	-	-	(17,526)
Amortization-Series 2000 Bonds Refinancing	-	(85,904)	-	-	(85,904)
Bad Debt Expense	(59,418)	(60,791)	-	-	(120,209)
GEFA Interest	-	(4,804)	-	-	(4,804)
Total Nonoperating Revenues (Expenses)	55,627	(1,104,129)	80,324	(18,831)	(987,009)
Capital Contributions	-	-	371,825	-	371,825
Income Before Transfers	1,071,597	1,560,697	452,039	(47,802)	3,036,531
Transfers:					
Transfer From Special Revenue-Motel/Hotel	-	-	73,305	-	73,305
Transfer From (To) General Fund	(1,295,013)	(2,079,623)	400,000	(43,607)	(3,018,243)
Transfer From Electric Fund	-	-	-	326,531	326,531
Transfer From Water & Sewer Fund	-	-	-	1,198,658	1,198,658
Transfer To E-911 Fund	-	(360,000)	-	-	(360,000)
Transfer To Telecom Fund	(326,531)	(1,198,658)	-	-	(1,525,189)
Total Transfers	(1,621,544)	(3,638,281)	473,305	1,481,582	(3,304,938)
Net Income	(549,947)	(2,077,584)	925,344	1,433,780	(268,407)
Net Assets - Beginning of Year	7,835,803	12,369,870	-	(790,070)	19,415,603
Prior Period Adjustment	-	1,220,555	-	-	1,220,555
Net Assets - Beginning of Year, Restated	7,835,803	13,590,425	-	(790,070)	20,636,158
Net Assets - End of Year	$ 7,285,856	$ 11,512,841	$ 925,344	$ 643,710	$ 20,367,751

CITY OF FAIRBURN, GEORGIA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended September 30, 2008

	Business-Type Activities--Enterprise Funds				Total Enterprise Funds
	Electric	Water and Sewer	Educational Complex	Others	
Increase (Decrease) in Cash:					
Cash Provided by (Used in) Operating Activities:					
Receipts from Customers	$ 6,927,848	$ 4,568,121	$ -	$ 891,594	$ 12,387,563
Receipts from Customer Deposits (net)	(108,130)	(3,122)	-	1,643	(109,609)
Payments to Suppliers	(5,072,518)	(1,572,549)	1,241,473	(853,209)	(6,256,803)
Payments to Employees	(517,140)	(238,908)	-	-	(756,048)
Net Cash Provided by (Used in) Operating Activities	1,230,060	2,753,542	1,241,473	40,028	5,265,103
Cash Flows from Non-Capital and Related Financing Activities:					
Transfers In	(1,621,544)	(3,638,281)	473,305	172,777	(4,613,743)
Net Cash Flows from Non-Capital and Related Financing Activities:	(1,621,544)	(3,638,281)	473,305	172,777	(4,613,743)
Cash Flows from Capital and Related Financing Activities:					
Principal Received on Loans	630,214	1,157,492	10,000,000	-	11,787,706
Principal (Paid) on Loans	-	(478,877)	(249,798)	-	(728,675)
New Borrowing	-	-	-	(165,041)	(165,041)
Contributed Capital	-	-	371,825	-	371,825
Additions to Property, Plant and Equipment	(664,971)	(108,751)	(8,484,783)	(5,220)	(9,263,725)
Interest Paid on Long-term Debt	-	(1,154,722)	(191,500)	(21,334)	(1,367,556)
Net Cash Flows from Capital and Related Financing Activities	(34,757)	(584,858)	1,445,744	(191,595)	634,534
Cash Flows From Investing Activities:					
Interest on Investments and Interest Bearing Accounts	119,168	214,814	80,324	2,503	416,809
Net Cash From Investing Activities	119,168	214,814	80,324	2,503	416,809
Net Increase (Decrease) in Cash	(307,073)	(1,254,783)	3,240,846	23,713	1,702,703
Cash at Beginning of Year	3,401,254	6,458,394	-	503,687	10,363,335
Cash at End of Year	3,094,181	5,203,611	3,240,846	527,400	12,066,038
Classified As:					
Current Assets	2,797,073	5,114,732	75,055	527,400	8,514,260
Restricted Assets	$ 297,108	$ 88,879	$ 3,165,791	$ -	$ 3,551,778
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	$ 1,015,970	$ 2,664,826	$ (110)	$ (28,971)	$ 3,651,715
Adjustments Not Affecting Cash:					
Depreciation	160,417	428,327	-	59,761	648,505
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	30,136	(211,931)	-	17,025	(164,770)
(Increase) Decrease in Other Receivables	-	-	-	-	-
Increase (Decrease) in Accounts Payable	138,371	(119,946)	1,241,583	(9,430)	1,250,578
Increase (Decrease) in Accrued Liabilities	(6,704)	(4,612)	-	-	(11,316)
Increase (Decrease) in Utility Deposits	(108,130)	(3,122)	-	1,643	(109,609)
Total Adjustments	214,090	88,716	1,241,583	68,999	1,613,388
Net Cash Provided by (Used in) Operating Activities	$ 1,230,060	$ 2,753,542	$ 1,241,473	$ 40,028	$ 5,265,103

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

(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.

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.

Educational Complex Fund - The Educational Complex Fund accounts for the activities of the City's educational complex 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, Educational Complex, 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 department level. All appropriations lapse at the end of the fiscal year on September 30. For the fiscal year ended September 30, 2008, there were one expenditure amendment totaling $130,000 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, 2008 indicating the tax year:

2008	$	60,879
2007		7,571
2006		8,480
2005		5,304
2004/Prior		10,265
Total	$	92,499

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, 2008 and 2007:

Bank Balances	2008 Total	2007 Total
Cash and Cash Equivalents	$ 12,215,633	$ 12,204,365
Cash Equivalents - C.D.'s	85,000	85,000
Total Combined Deposits	$ 12,300,633	$ 12,289,365

Deposits. The City's deposits at year-end were a carrying amount of $12,215,633 and a bank balance of $4,044,691. Of the bank balance, $697,784 was covered by Federal Depository Insurance and $3,346,907 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, 2008.

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, 2008, the total amount invested with the Georgia Local Government Investment Pool was $7,947,380.

"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, 2008:

Fund	Interest Rate	Total Certificate
Permanent Fund:		
Cemetery Care	4.45%	10,000
Cemetery Care	2.60%	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, 2008, the following allowances and receivable balances existed:

Fund	Receivable	Allowance	Net
Electric	$ 829,668	$ 29,585	$ 800,083
Water & Sewer	817,986	16,109	801,877
Sanitation	117,206	1,884	115,322
Total	$ 1,764,860	$ 47,578	$ 1,717,282

(7) Georgia Environmental Facility Authority (GEFA) Liabilities

At September 30, 2008 the City's GEFA liabilities were composed of the following loans located in the Water and Sewer Fund:

	Balance as of 9/30/07	Payments 10/1/07 - 9/30/08	Balance as of 9/30/08	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.	99,217	18,877	80,340	19,898
Long Term Portion of GEFA Loans	$ 99,217	$ 18,877	$ 80,340	$ 19,898

At September 30, 2008, 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
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	$ 80,340	$ 8,778	$ 89,118	

(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 all interfund loan balances between the Electric Fund and the Water and Sewer Fund to the Cable Fund and Telecom Fund have been eliminated during the fiscal years ending September 30, 2007 and September 30, 2008 due to the sale of the

Cable system to Comcast in fiscal year 2007 and the closing of the Telecom Fund in the current fiscal year.

During the 1997 fiscal year, the City of Fairburn created 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 Telecom Fund to be used to purchase the necessary infrastructure to establish these services. These notes receivable from each enterprise fund was for a period of 15 years with an interest rate of 2.099%.

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 an additional $250,000 from the Water and Sewer Fund in 2006, an additional loan of $75,658 from the Electric Fund in 2008 and an additional loan of $140,507 from the Water and Sewer fund in 2008.

It should be noted that the Telecom Fund borrowing from both the Electric Fund and the Water and Sewer Fund have been eliminated due to the City's cancellation of the license to operate Telecom activities during the 2008 fiscal year. As a result of this action, the general ledger balances for the Telecom Fund have been closed as September 30, 2008 at which time the interfund loans from the Electric Fund and the Water and Sewer Fund have been satisfied utilizing interfund transfers.

(9) Capital Assets

A. Governmental activities as of September 30, 2008:

Asset Class	Balance 10/01/07	Increases	Decreases	Balance 9/30/08
Capital assets not being depreciated: Land	$ 1,287,404	$ -	$ 371,825	$ 915,579
Capital assets being depreciated:				
Building	2,725,363	392,046	-	3,117,409
Machinery, Equipment & Vehicles	4,063,622	338,980	-	4,402,602
Infrastructure	26,774,927	-	-	26,774,927
Total capital assets being depreciated	33,563,912	731,026	-	34,294,938
Less accumulated depreciation for:				
Buildings	(1,166,212)	(62,120)	-	(1,228,332)
Machinery, Equipment & Vehicles	(1,385,118)	(309,806)	-	(1,694,924)

Asset Class	Balance 10/01/07	Increases	Decreases	Balance 9/30/08
Infrastructure	(11,668,473)	(635,796)	-	(12,304,269)
Total accumulated depreciation	(14,219,803)	(1,007,722)	-	(15,227,525)
Total capital assets being depreciated, net	$ 19,344,109	$ (276,696)	-	$ 19,067,413
Government activities capital assets, net	$ 20,631,513	$ (276,696)	$ 371,825	$ 19,982,992

B Business-type activities as of September 30, 2008:

Asset Class	Balance 10/01/07	Increases	Decreases	Balance 9/30/08
Capital assets not being depreciated: Land	$ 2,416,769	$ 1,338,402	$ -	$ 3,755,171
Construction -In - Progress	-	7,246,481	-	7,246,481
Total Capital Assets not depreciated	2,416,769	8,584,883	-	11,001,652
Capital assets being depreciated:				
Buildings	11,701,657	-	-	11,701,657
Machinery, Equipment & Vehicles	2,103,994	216,792	-	2,320,786
Distribution system	10,678,593	243,083	-	10,921,676
Construction - In - Progress	-	-	-	-
Total capital assets being depreciated	24,484,244	459,875	-	24,944,119
Less accumulated depreciation for:				
Buildings	(924,652)	(326,395)	-	(1,251,047)
Machinery, Equipment & Vehicles	(1,891,577)	(56,439)	-	(1,948,016)
Distribution system	(2,737,746)	(265,670)	-	(3,003,416)
Total accumulated depreciation	(5,553,975)	(648,504)	-	(6,202,479)
Total capital assets being depreciated, net	18,930,269	(188,629)	-	18,741,640
Business type activities capital assets, net	$ 21,347,038	$ 8,396,254	-	$ 29,743,292

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

Government activities:	
Administration	$ 59,176
Police	123,519
Fire	129,039
Street and Parks and Recreation	666,040
E-911	29,948
Total depreciation expense-governmental activities	$ 1,007,722
Business-type activities:	
Electric	$ 160,417
Water and Sewer	428,327
Sanitation	1,044
Telecom	58,717
Total depreciation expense-business-type activities	$ 648,505

(10) Transfers

A summary of Interfund transfers by fund type for the fiscal year ended September 30, 2008 is as follows:

		Transfer From:				
Transfer To:	General	Electric	W & S	Sanitation	Motel/Hotel	Telecom
General Fund		$ 1,295,013	$ 2,079,623	$ 43,388	-	$ 219
E-911 Fund		-	360,000	-	-	-
Electric Fund		-	-	-	-	-
Water & Sewer Fund		-	-	-	-	-
Telecom Fund		326,531	1,198,658	-	-	-
Educational Complex	400,000	-	-	-	73,305	-
Total	$ 400,000	$ 1,621,544	$ 3,638,281	$ 43,388	$ 73,305	$ 219

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 2008, the City's annual pension cost of $303,004 for the FEPP was equal to the City's recommended and actual contributions. The required contribution was determined as part of the January 1, 2008 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
2006	212,881	100%
2007	210,313	100%
2008	303,004	100%

Schedule of Funding Progress. The information presented below is based on the January 1, 2008, January 1, 2007 and March 1, 2006 actuarial valuations.

	2008	2007	2006
Actuarial Value of Assets	$ 6,259,245	$ 5,748,018	$ 5,292,756
Actuarial Accrued Liability	5,546,221	4,676,371	4,643,194
Funded Ratio	112.9%	122.9%	114.0%
Total Unfunded Actuarial Liability (Funding Excess)	(713,024)	(1,071,647)	(649,562)
Annual Covered Payroll	4,725,634	2,807,404	2,519,680
Ratio of Unfunded (Excess) to Annual Covered Payroll	-15.1%	-38.2%	-25.8%

The City's Governmental activities liability for compensated absences decreased $45,363 in the fiscal year ended September 30, 2008 to $259,457 under the prior fiscal year while the City's Business activities decreased $11,233 to $30, 556.

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, 2008 amounted to $255,164, an increase of $123,622 over the prior year. The City's contribution in the Deferred Contribution Program for the fiscal year ending September 30, 2008 amounted to $240,296.

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.

It should be noted that the aggregate difference in debt service between the refunding debt($13,145,000) and the refunded debt($13,145,000) amounted to $920,000.

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 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 the Series 2006 Combined Utility Revenue Bond transactions of the City for the year ended September 30, 2008:

	Series 2006 Bonds
Bonds Payable October 1, 2007	$ (13,145,000)
Bonds Issued	-
Bonds Retired	460,000
Bonds Payable September 30, 2007	$ (12,685,000)

Bonds Payable at September 30, 2008 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
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
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	$12,685,000	$3,889,286	$16,574,286

The long term debt for Combined Utility Revenue Bonds was reduced by $460,000 from the prior fiscal year.

B) Development Authority of Fairburn Revenue Bond (City of Fairburn Educational Campus Project) Series 2008 - On January 31, 2008, the Development Authority of Fairburn issued $10,000,000 of a Series 2008 Development Authority of Fairburn Revenue Bond (City of Fairburn Educational Complex Project) with the Branch Banking and Trust Company who is designated as the sole Bondholder .The Bond is a limited obligation 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 Bond 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 Bond was issued for the purpose of providing a major portion of the funds necessary to finance the acquisition, construction, equipping and installation of an educational complex which shall be used to rent space to educational institutions and as such is being treated as a "business type"activity for purposes of financial reporting . 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 2008 Development Authority Fairburn Revenue Bond issued by the Authority.

Issuance costs of the transaction were $91,400, all of which was paid from bond proceeds. Principal and interest shall be due and payable in thirty (30) equal consecutive semi-annual installments of $441,280, commencing on July 31, 2008 and July 31 thereafter until January 1, 2023 (maturity date) when then all unpaid principal and accrued interest shall be due and payable. A principal payment of $249,798 was made by the City in 2008 which reduced their bond indebtedness to $9,750,202.

	Series 2008 Bond
Bonds Payable October 1, 2007	$ -
Bonds Issued	10,000,000
Bonds Retired	(249,798)
Bonds Payable September 30, 2008	$9,750,202

Bonds payable at September 30, 2008 are comprised of the following:

> 10,000,000 Series 2008 Revenue Bond due in equal semi-annual instalments of $441,298 through January 31 2023; interest at 3.83%. Accordingly, the bond is payable from the Educational Complex Fund as follows:

FYE	Educational Complex Fund		
Sept. 30	Principal	Interest	Total
2009	514,038	368,557	882,595
2010	533,914	348,681	882,595
2011	554,559	328,037	882,596
2012	576,002	306,594	882,596
2013	598,274	284,322	882,596
2014	621,407	261,188	882,595
2015	645,435	237,161	882,596
2016	670,392	212,204	882,596
2017	696,313	186,282	882,595
2018	723,238	159,358	882,596
2019	751,203	131,392	882,595
2020	780,249	102,346	882,595
2021	810,419	72,176	882,595
2022	841,755	40,840	882,595

FYE	Educational Complex Fund		
Sept. 30	Principal	Interest	Total
2023	433,006	8,292	441,298
Totals	9,750,204	3,047,430	12,797,634

The long term debt for governmental activities decreased by $64,606 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 increased by $9,369,031 over the prior year due to the payment of (1)the Combined Utility Revenue Bonds ($460,000) (2) of the GEFA loans ($18,877), offset by the additional education complex Revenue Bond debt ($9,750,202) and capital leases (97,706).

(13) Capitalization of Lease Obligations

Governmental Activities:
During 2008 the City entered into a lease agreement with Ford Motor Credit Corporation for financing the acquisition of six 2008 Ford vehicles and three trucks for the Street Department. In 2007 the City also entered into a lease agreement with Ford Motor Credit Corporation for financing the acquisition of six 2007 Ford vehicles. 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:
The City entered into a lease during 2008 with Branch Bank & Trust for a Altec Derrick Truck for the Electric Fund. In 2006 the City also entered into a lease agreement with Branch Bank & Trust for financing the acquisition of an Altec Derrick Truck., also for the Electric Fund.

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	$ 1,250,868	$ 292,585
Less: Accumulated Depreciation	(435,000)	(78,750)
Net:	$ 815,868	$ 213,835

The future minimum lease obligations and the present net value of these minimum lease payments as of September 30, 2008, were as follows:

	Governmental Type			Business Type		
FYE	Principal	Interest	Total	Principal	Interest	Total
Sept. 30, 2009	$210,934	$13,465	$224,399	$76,956	$6,114	$83,070
Sept. 30, 2010	107,134	5,102	112,236	79,775	3,294	83,069
Sept. 30, 2011	35,577	736	36,313	40,977	557	41,534
Total	$353,645	$19,303	$372,948	$197,708	$9,965	$207,673

A schedule of changes for Capital Leases are shown as follows:

	Governmental Type	Business Type
Balance September 30, 2007	418,251	100,002
Increases During Year	241,958	143,415
Decreases During Year	(306,564)	(45,708)
Balance September 30, 2008	353,645	197,709
Due Within One Year	203,821	76,956

(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, 2008 are $97,371. This money has been disbursed for the promotion of tourism and a total of $46,587 remains in the balance of lodging tax funds on hand at the end of the year.

(16) Prior Period Adjustment-Refinancing of Series 2000 Revenue Bonds Book Loss. 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 pf the bond issuance costs of the replaced Series 2000 and the refinanced Series 2006 bond issues. Subsequent to the issuance of the Comprehensive Annual Financial Report for the fiscal year ended September 30, 2007, it was brought to our attention that a more appropriate treatment of the above mentioned refinancing book loss was to have amortized this loss over the length (15 years) of the refinanced Series 2006 bond issue. We have therefore amortized the refinancing book loss for both years 2007 and 2008 ($153,911) and are showing an unamortized balance of Series 2000 Bond Refinancing Loss of $1,134,651on the Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Fund Net Assets-Proprietary 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, 2008 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
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

Fiscal Years Ending June 30,	Principal	Interest	Total Debt Service
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	$ 37,957,205	$ 79,587,205

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

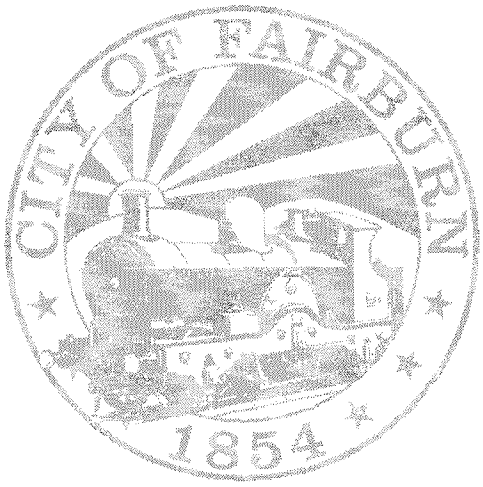
(20) Other Significant Commitments

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

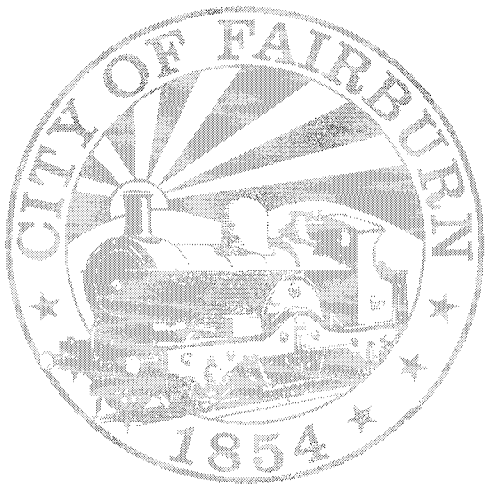
community. Fairburn and MEAG offer a wide range of services to customers, including energy audits, load management, expert advice on electro-technologies and a wide variety of other services that help our customers use their energy dollar wisely and enhance their competitive position.

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

www.meagpower.org



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CITY OF FAIRBURN, GEORGIA

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF FAIRBURN, GEORGIA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2008

	Special Revenue			Permanent	Total Non-Major Governmental Funds
	E-911	Hotel/Motel	Total	Cemetery	
ASSETS					
Cash and Equivalents	$ 4,022	$ 46,587	$ 50,609	$ 135,941	$ 186,550
Receivables					
Due From Other Entities	3,257	-	3,257	-	3,257
Interest	-	-	-	282	282
Total Assets	7,279	46,587	53,866	136,223	190,089
LIABILITIES AND FUND BALANCE					
Liabilities:					
Current Payables	1,604	-	1,604	-	1,604
Accrued Salaries and Vacation Leave	9,202	-	9,202	-	9,202
Total Liabilities	10,806	-	10,806	-	10,806
Fund Balance					
Unreserved	(3,527)	46,587	43,060	136,223	179,283
Total Fund Balance	(3,527)	46,587	43,060	136,223	179,283
Total Liabilities and Fund Balance	$ 7,279	$ 46,587	$ 53,866	$ 136,223	$ 190,089

CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

Year Ended September 30, 2008

	Special Revenue			Permanent	
	E-911	Hotel/Motel	Total	Cemetery	Total Non-Major Funds
Revenues:					
Emergency 911	$ 125,363	$ -	$ 125,363	$ -	$ 125,363
Hotel/Motel Tax	-	97,371	97,371	-	97,371
Earnings from Investments	15,704	-	15,704	4,633	20,337
Total Revenues	141,067	97,371	238,438	4,633	243,071
Expenditures:					
Current:					
Salaries and Wages	317,201	15,836	333,037	-	333,037
Health Insurance	43,910	1,183	45,093	-	45,093
Payroll Taxes	23,359	-	23,359	-	23,359
Retirement	16,752	-	16,752	-	16,752
Education and Training	389	-	389	-	389
Contracted Services	17,527	200	17,727	-	17,727
Network Charges	9,572	-	9,572	-	9,572
Equipment Rental	3,861	-	3,861	-	3,861
Repair and Maintenance	1,195	-	1,195	-	1,195
Smalll Equipment	741	4,697	5,438		5,438
Office Supplies	1,139	44	1,183	-	1,183
Telephone	26,391	-	26,391	-	26,391
Miscellaneous	1,511	2,106	3,617	-	3,617
Debt Service:					
Principal	27,674	-	27,674	-	27,674
Interest	3,549	-	3,549	-	3,549
Total Expenditures	494,771	24,066	518,837	-	518,837
Excess Revenues Over Expenditures Before Other Financing Sources (Uses)	(353,704)	73,305	(280,399)	4,633	(275,766)
Other Financing Sources (Uses)					
Transfers from Water & Sewer Fund	360,000	-	360,000	-	360,000
Transfers to Educational Complex	-	(73,305)	(73,305)	-	(73,305)
Total Other Financing Sources (Uses)	360,000	(73,305)	286,695	-	286,695
Excess Revenues Over Expenditures	6,296	-	6,296	4,633	10,929
Fund Balance - Beginning of Year	(9,823)	46,587	36,764	131,590	168,354
Fund Balance - End of Year	$ (3,527)	$ 46,587	$ 43,060	$ 136,223	$ 179,283

CITY OF FAIRBURN, GEORGIA

NON-MAJOR GOVERNMENTAL FUND

E-911 FUND

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

Year Ended September 30, 2008

	Budget			Variance Positive
	Original	Revised	Actual	(Negative)
Revenues:				
Emergency 911	$ 132,500	$ 132,500	$ 125,363	$ (7,137)
Interest on Investments	7,500	7,500	15,704	8,204
Total Revenues	140,000	140,000	141,067	1,067
Expenditures:				
Salary and Benefits	514,400	514,400	401,611	112,789
Purchased Contracted Services	53,681	53,681	27,099	26,582
Capital Outlay	14,600	14,600	-	14,600
Other Expenses	63,300	63,300	34,838	28,462
Debt Service	40,000	40,000	31,223	8,777
Total Expenditures	685,981	685,981	494,771	191,210
Excess (Deficiency) of Revenues over Expenditures Before Other Financing Sources (Uses)	(545,981)	(545,981)	(353,704)	192,277
Other Financing Sources (Uses)				
Transfers	300,000	300,000	360,000	-
Total Other Financing Sources (Uses)	300,000	300,000	360,000	-
Excess (Deficiency) of Revenues over Expenditures After Other Financing Sources (Uses)	(245,981)	(245,981)	6,296	192,277
Fund Balance at Beginning of Year	(8,923)	(8,923)	(9,823)	-
Fund Balance at End of Year	$ (254,904)	$ (254,904)	$ (3,527)	$ 192,277

CITY OF FAIRBURN, GEORGIA

NON-MAJOR GOVERNMENTAL FUND

Hotel-Motel Fund

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

Year Ended September 30, 2008

	Budget			Variance Positive
	Original	Revised	Actual	(Negative)
Revenues:				
Hotel/Motel Taxes	$ 50,000	$ 50,000	$ 97,371	$ 47,371
Total Revenues	50,000	50,000	97,371	47,371
Expenditures:				
Salary and Benefits	17,500	17,500	17,019	481
Other Expenses	7,200	7,200	7,047	153
Total Expenditures	24,700	24,700	24,066	634
Excess (Deficiency) of Revenues over Expenditures Before Other Financing Sources (Uses)	25,300	25,300	73,305	48,005
Other Financing Sources (Uses)				
Transfers	(73,500)	(73,500)	(73,305)	195
Total Other Financing Sources (Uses)	(73,500)	(73,500)	(73,305)	195
Excess (Deficiency) of Revenues over Expenditures After Other Financing Sources (Uses)	(48,200)	(48,200)	-	48,200
Fund Balance at Beginning of Year	46,587	46,587	46,587	-
Fund Balance at End of Year	$ (1,613)	$ (1,613)	$ 46,587	$ 48,200

CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF NET ASSETS

NON-MAJOR PROPRIETARY FUNDS

September 30, 2008

	Sanitation	Telecom	Total Non-Major Enterprise Funds
ASSETS			
Current Assets			
Cash and Equivalents	$ 527,400	$ -	$ 527,400
Accounts Receivable	115,322	-	115,322
Total Current Assets	642,722	-	642,722
Property, Plant and Equipment			
Net of Accumulated Depreciation	4,176	-	4,176
Total Assets	$ 646,898	$ -	$ 646,898
LIABILITIES			
Current Liabilities: (Payable From Current Assets)			
Accounts Payable	$ -	$ -	$ -
Notes Payable - Water and Sewer	-	-	-
Notes Payable - Electric Fund	-	-	-
Total Current Liabilities (Payable From Current Assets)	-	-	-
Current Liabilities (Payable From Restricted Assets)			
Customer Deposits	3,188	-	3,188
Total Current Liabilities (Payable From Restricted Assets)	3,188	-	3,188
Noncurrent Liabilities			
Notes Payable - Water and Sewer	-	-	-
Notes Payable - Electric Fund	-	-	-
Total Noncurrent Liabilities	-	-	-
Total Liabilities	$ 3,188	$ -	$ 3,188
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	$ 4,176	$ -	$ 4,176
Unrestricted	639,534	-	639,534
Total Net Assets	$ 643,710	$ -	$ 643,710

CITY OF FAIRBURN, GEORGIA

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

NON-MAJOR PROPRIETARY FUNDS

September 30, 2008

	Sanitation	Telecom	Total Non-Major Enterprise Funds
Operating Revenues:			
Charges for Services	$ 867,428	$ 4,380	$ 871,808
Miscellaneous	382	2,379	2,761
Total Operating Revenues	867,810	6,759	874,569
Operating Expenses:			
Administrative Expenses	17,591	77,948	95,539
Depreciation Expense	1,044	58,717	59,761
Other Operating Expenses	748,240	-	748,240
Total Operating Expenses	766,875	136,665	903,540
Operating Income	100,935	(129,906)	(28,971)
Nonoperating Revenues (Expenses):			
Interest on Investments	2,503	-	2,503
Interest on Notes Receivable (Payable)	-	(21,334)	(21,334)
Total Nonoperating Revenues (Expenses)	2,503	(21,334)	(18,831)
Income (Loss) Before Transfers	103,438	(151,240)	(47,802)
Transfers:			
From Water & Sewer Fund	-	1,198,658	1,198,658
From Electric Fund	-	326,531	326,531
To General Fund	(43,388)	(219)	(43,607)
Total Transfers	(43,388)	1,524,970	1,481,582
Net Income (Loss)	60,050	1,373,730	1,433,780
Net Assets - Beginning of Year	583,660	(1,373,730)	(790,070)
Net Assets - End of Year	$ 643,710	$ -	$ 643,710

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. 76

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. 80

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.

Last Ten Fiscal Years

CITY OF FAIRBURN, GEORGIA

TABLE 1

NET ASSETS BY COMPONENT

Last Ten Fiscal Years
(Years 1999-2003 are not available)

	2004	2005	2006	2007	2008
Primary Government					
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	$ 17,940,787	$ 17,305,906	$ 17,532,641	$ 20,213,262	$ 19,629,347
Restricted	-	-	127,299	127,299	136,223
Unrestricted	1,242,927	1,187,909	137,417	286,922	(176,511)
Total Governmental Activities Net Assets	$ 19,183,714	$ 18,493,815	$ 17,797,357	$ 20,627,483	$ 19,589,059
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	$ 2,903,275	$ 7,383,343	$ 8,429,576	$ 8,102,036	$ 8,271,525
Restricted	5,059,990	3,047,898	3,175,590	521,835	3,169,261
Unrestricted	3,988,854	7,123,433	9,680,088	10,791,732	8,926,965
Total Business-Type Activities Net Assets	$ 11,952,119	$ 17,554,674	$ 21,285,254	$ 19,415,603	$ 20,367,751
Primary Government					
Invested in Capital Assets, Net of Related Debt	$ 20,844,062	$ 24,689,249	$ 25,962,217	$ 28,315,298	$ 27,900,872
Restricted	5,059,990	3,047,898	3,302,889	649,134	3,305,484
Unrestricted	5,231,781	8,311,342	9,817,505	11,078,654	8,750,454
Total Primary Government Net Assets	$ 31,135,833	$ 36,048,489	$ 39,082,611	$ 40,043,086	$ 39,956,810

CITY OF FAIRBURN, GEORGIA

TABLE 2

CHANGES IN NET ASSETS

Last Ten Fiscal Years
(Years 1999-2003 are not available)

	2004	2005	2006	2007	2008
Expenses					
Governmental Activities					
Administrative	$ 1,552,885	$ 1,269,561	$ 2,352,410	$ 2,587,866	$ 2,681,018
Police	1,988,406	2,439,393	2,395,473	2,869,371	3,011,769
Fire	250,151	306,633	1,284,637	2,172,502	2,926,785
Streets, Parks, and Recreation	1,300,695	2,438,641	1,980,719	1,959,353	2,100,286
E-911	-	84,715	419,432	469,741	493,496
Other	24,886	-	-	-	24,066
Interest on Long-term Debt	-	3,814	16,718	28,876	26,490
Total Governmental Activities Expenses	$ 5,117,023	$ 6,542,757	$ 8,449,389	$ 10,087,709	$ 11,263,910
Business-Type Activities					
Electric	$ 3,949,239	$ 3,683,462	$ 5,169,600	$ 5,305,917	$ 5,945,283
Water and Sewer Utilities	1,515,607	1,414,945	2,609,979	3,139,049	3,434,169
Cable TV	1,780,601	1,806,071	1,958,708	654,148	-
Other Business Activities	824,577	-	-	-	-
Educational Complex	-	-	-	-	110
Sanitation	-	448,268	737,006	689,203	766,875
Telecom	-	159,027	188,531	185,887	157,999
Total Business-Type Activities Expenses	$ 8,070,024	$ 7,511,773	$ 10,663,824	$ 9,974,204	$ 10,304,436
Primary Government					
Total Primary Government Expenses	$ 13,187,047	$ 14,054,530	$ 19,113,213	$ 20,061,913	$ 21,568,346
Program Revenues					
Governmental Activities					
Fines & Forfeitures	$ 207,427	$ 196,496	$ 307,137	$ 430,046	$ 443,927
Safeguard Disposal Fees	94,979	382,547	405,226	600,156	510,801
Business Licenses	240,958	223,411	265,945	397,050	462,172
Bulding Parmits	298,302	264,824	353,697	315,803	101,832
Site Plan Inspections	732,164	615,223	532,381	288,649	115,300
Miscellaneous Programs	293,519	273,800	207,467	245,279	155,934
Operating Grants and Contributions	111,840	123,386	223,606	95,897	191,784
Capital Grants and Contributions	-	-	-	-	
Total Governmental Activities Program Revenues	$ 1,979,189	$ 2,079,687	$ 2,295,459	$ 2,372,880	$ 1,981,750
Business-Type Activities					
Charges for Services	$ 10,309,484	$ 13,080,048	$ 15,844,099	$ 13,840,371	$ 12,552,333
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	$ 12,552,333
Total Primary Government Program Revenues	$ 12,288,673	$ 15,645,348	$ 18,139,558	$ 16,213,251	$ 14,534,083

CITY OF FAIRBURN, GEORGIA

TABLE 2

CHANGES IN NET ASSETS

Last Ten Fiscal Years
(Years 1999-2003 are not available)

	2004	2005	2006	2007	2008
Net (Expense) Revenue					
Governmental Activities	$ (3,137,834)	$ (4,463,070)	$ (6,153,930)	$ (7,714,829)	$ (9,282,160)
Business-Type Activities	2,239,460	6,053,888	5,180,275	3,866,167	2,247,897
Total Primary Government Net (Expense)	$ (898,374)	$ 1,590,818	$ (973,655)	$ (3,848,662)	$ (7,034,263)
General Revenue and Other Changes in Net Assets					
Governmental Activities					
Taxes					
Property	$ 891,886	$ 976,226	$ 1,149,246	$ 1,344,682	$ 2,268,758
Sales	1,178,336	1,251,042	1,443,222	1,442,080	1,440,218
Other Taxes	740,048	841,303	908,676	1,075,173	1,517,717
Other Local Revenue	45,983	-	-	-	34,703
Unrestricted Investment Earnings	30,480	62,030	87,406	79327	49227
Loss on Disposition of Capital Assets	-	-	(2,680)	-	-
Transfers	588,479	642,570	1,871,602	6,603,693	2,933,113
Total Governmental Activities	$ 3,475,212	$ 3,773,171	$ 5,457,472	$ 10,544,955	$ 8,243,736
Business-Type Activities					
Unrestricted Investment Income	$ 171,331	$ 191,237	$ 421,907	$ 575,362	$ 416,809
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)	(2,933,113)
Total Business-Type Activities	(417,148)	(451,333)	(1,449,695)	(5,735,818)	(2,516,304)
Total Primary Government	$ 3,058,064	$ 3,321,838	$ 4,007,777	$ 4,809,137	$ 5,727,432
Change in Net Assets					
Governmental Activities	$ 337,378	$ (689,899)	$ (696,458)	$ 2,830,126	$ (1,038,424)
Total Business-Type Activities	1,822,312	5,602,555	3,730,580	(1,869,651)	(268,407)
Total Primary Government	$ 2,159,690	$ 4,912,656	$ 3,034,122	$ 960,475	$ (1,306,831)

CITY OF FAIRBURN, GEORGIA

TABLE 3

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Years 1999-2003 are not available)

	2004	2005	2006	2007	2008
General Fund					
Reserved	$ 100,972	$ 95,945	$ 90,016	$ 41,364	$ 157,421
Unreserved	959,091	876,408	16,127	168,052	(411,217)
Total General Fund	1,060,063	972,353	106,143	209,416	(253,796)
All Other Governmental Funds					
Reserved	-	-	-	-	-
Unreserved, Reported in:					
Special Revenue Fund	61,636	72,448	(613)	36,764	136,223
Permanent Fund	119,160	123,137	127,299	131,590	199,089
Total All Other Governmental Funds	$ 180,796	$ 195,585	$ 126,686	$ 168,354	$ 335,312

CITY OF FAIRBURN, GEORGIA

TABLE 4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Years 1999-2003 are not available)

	2004	2005	2006	2007	2008
Revenues:					
Taxes	$ 2,789,995	$ 3,222,685	$ 3,730,537	$ 3,857,279	$ 5,224,467
Licenses and Permits	1,466,992	1,026,028	988,998	1,119,998	741,349
Charges for Services	192,930	510,366	509,773	726,939	704,273
Fines, Forfeitures, and Penalties	225,634	245,822	344,302	430,046	383,499
Intergovernmental Revenue	111,840	123,386	223,606	95,897	191,784
Investment Earnings	30,480	62,030	87,406	79,417	49,227
Other Local Revenue	45,983	-	-	-	
Total All Governmental Funds	$ 4,863,854	$ 5,190,317	$ 5,884,622	$ 6,309,576	$ 7,294,599
Expenditures					
Current					
Administrative	1,516,720	1,245,816	2,321,998	2,542,027	2,621,842
Police	1,916,482	2,261,715	2,304,762	2,743,735	2,888,250
Fire	216,235	277,254	1,234,578	2,069,862	2,797,746
Streets, Parks, and Recreation	636,433	1,787,888	1,326,532	1,303,932	1,434,246
E-911	-	84,715	401,833	469,741	463,548
Other	24,886	-	-	-	24,066
Debt Service					
Principal	-	66,984	195,168	267,780	306,564
Interest, Fees, and Bond Issue Costs	-	3,814	16,718	28,876	26,490
Capital Outlay	390,383	557,271	1,275,708	3,527,156	731,026
Total Expenditures	4,701,139	6,285,457	9,077,297	12,953,109	11,293,778
Excess (deficit) of Revenues Over Revenues	$ 162,715	$ (1,095,140)	$ (3,192,675)	$ (6,643,533)	$ (3,999,179)
Other Financing Sources (Uses)					
Issuance of Debt	-	379,649	385,964	184,781	241,958
Transfers in	588,479	642,570	1,871,602	6,603,693	3,778,243
Transfers (out)	-	-	-	-	(473,305)
Total Other Financing Sources (Uses)	588,479	1,022,219	2,257,566	6,788,474	3,546,896
Net Change in Fund Balance	751,194	(72,921)	(935,109)	144,941	(452,283)
Fund Balance Beginning	489,665	1,240,859	1,167,938	232,829	377,770
Fund Balance ending	$ 1,240,859	$ 1,167,938	$ 232,829	$ 377,770	$ (74,513)
Ratio of Debt Service Expenditures to Non-Capital Expenditures	-	1.83%	3.38%	3.79%	3.79%

CITY OF FAIRBURN, GEORGIA

TABLE 5

GENERAL GOVERNMENT TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(Years 1999-2003 are not available)

Fiscal Year	Property Tax	Sales Tax	Occupation Tax	Insurance Premium Tax	Hotel/Motel Tax	Other Tax	Total
2008	$ 2,266,532	$ 1,449,755	$ 462,172	$ 298,656	$ 97,371	$ 1,025,837	$ 5,600,323
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

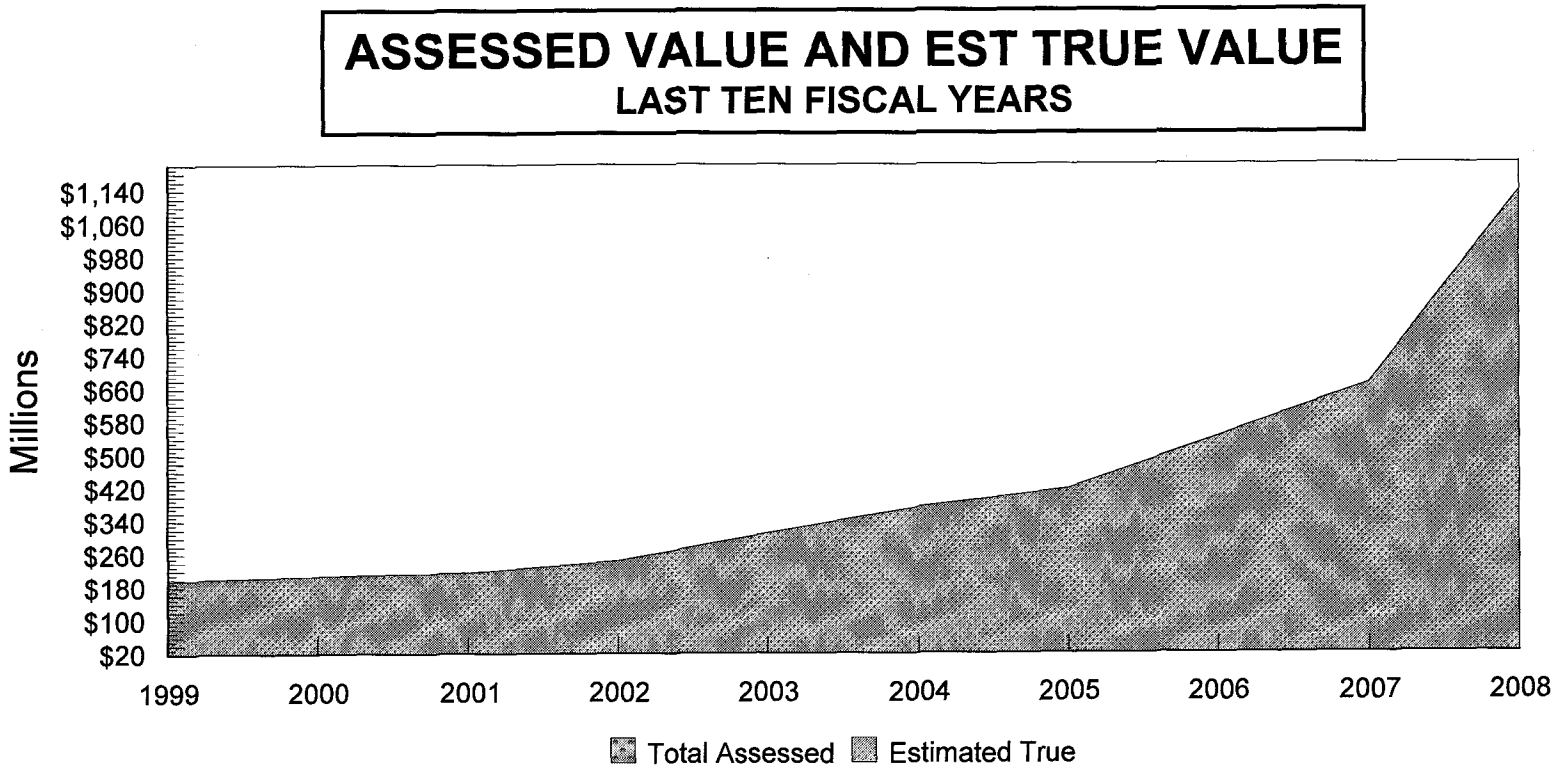
CITY OF FAIRBURN, GEORGIA

TABLE 6

ASSESSED VALUE AND ESTIMATED TRUE VALUE
OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

Year	Real Property Assessed Value	Real Property Estimated True Value	Personal Property Assessed Value	Personal Property Estimated True Value	Privately Owned Public Utilities Assessed Value	Privately Owned Public Utilities Estimated True Value	Total Property Assessed Value	Total Property Estimated True Value	Ratio of Total Assessed to Total Estimated Actual Value	Percent Increase in Estimated Actual Value Over Prior Year
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%
2008	399,446,200	998,615,500	41,563,500	103,908,750	12,105,700	30,264,250	453,115,400	1,132,788,500	40%	69.36%



CITY OF FAIRBURN, GEORGIA

TABLE 7

PRINCIPAL REVENUE PAYERS

Current Year and None Years Previous

Taxpayer	September 30, 2008 Taxable Valuation	Rank	Percentage of Total Taxable Valuation	September 30, 1999 Taxable Valuation	Rank	Percentage of Total Taxable Valuation
MD Hodges Enterprises	$ 38,237,160	1	7.07%			-
Excel Logistics	12,624,640	2	2.34%			-
DCT Southcreek Eagles	11,731,040	3	2.17%			-
Porex	10,219,650	4	1.89%	$ 1,217,757	2	1.55%
Development Auth Fulton County	9,994,660	5	1.85%			-
Strack Family LLC	7,722,940	6	1.43%			-
AJT Acquisitions	7,196,280	7	1.33%			-
USF Propco II	6,842,220	8	1.27%			
AEW/UTC Southpark	6,713,840	9	1.24%			-
Ralston Purina	6,665,840	10				
Fairburn Town & Country	-	-	-	942,350	3	1.20%
Fairpark Inc.	-	-	-	324,291	9	0.41%
Bell South	-	-	-	3,424,772	1	4.37%
Herman McClure	-	-	-	226,644	10	0.29%
Richard Gaddy	-	-	-	363,398	8	0.46%
Fairburn Health Care	-	-	-	587,052	4	0.75%
T. R. Hopson	-	-	-	453,490	6	0.58%
Fairburn Banking Company	-	-	-	454,096	5	0.58%
South East Properties				448,036	7	0.57%
Source: City of Fairburn Property Tax Digest						
Others	422,561,161			70,014,114		89.24%
Total TaxbleValuation	540,509,431		540,509,431	78,456,000		100.00%

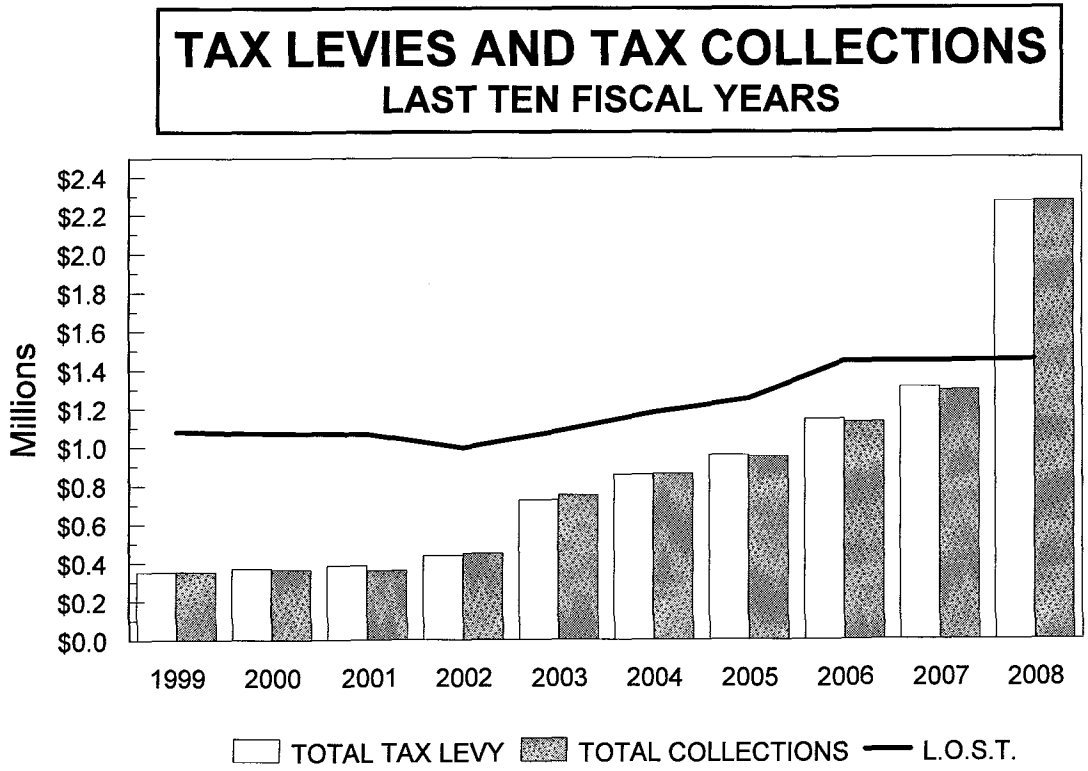
CITY OF FAIRBURN, GEORGIA

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	Accumulated Uncollected Taxes	Ratio of Accumulated Uncollected Taxes to Current Year's Levy	Local Option Sales Tax Collected
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
2007	1,309,390	1,257,805	96.06%	34,640	1,292,445	97,277	7.43%	1,442,080
2008	2,266,532	2,202,345	97.17%	64,389	2,266,734	97,075	4.28%	1,449,755



CITY OF FAIRBURN, GEORGIA

TABLE 9

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years
(Years 1999-2005 are not available)

Fiscal Year	Governmental Activities: Capital Leases	Business-Type Activities: Revenue Bond: Water & Sewer	Business-Type Activities: Revenue Bond: Cable TV	Business-Type Activities: Educational Complex	Business-Type Activities: Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
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
2008	$ 353,645	$ 12,685,000	$ -	$ 9,750,202	$ 197,709	$ 22,986,556	8.82%	$ 18,898

CITY OF FAIRBURN, GEORGIA

TABLE 10

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years
(Years 1999-2005 are not available)

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
2008	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				Fulton Cty Assessed Value	City Assessed Value
	Direct Total City	Overlapping Total County	Percentage Of County Debt Applicable To City	Total		
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
2008	-	4,581,096	100.00%	4,581,096	N/A	453,115,400

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
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
2008	453,115,400	10.00%	45,311,540	-	45,311,540

(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 UTILITY REFUNDING REVENUE BONDS-SERIES 2006

Last Ten Fiscal Years
(Years 1999-2006 are not available)

Fiscal Year	Gross Revenue(1)	Direct Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2007	$ 5,522,510	$ 1,774,212	$ 3,748,298	$ 355,000	$ 777,934	$ 1,132,934	3.31
2008	4,780,052	1,686,899	3,093,153	460,000	529,644	989,644	3.13

Please note that this bond issue commenced in fiscal year ended September 30, 2007.

(1) Includes revenues from sale of water, sewer and other revenues derived from the operation of the water and sewr systems.

(2) Includes cost of water and sewer sales, operating expenses, personal services and administrative expenses.

CITY OF FAIRBURN, GEORGIA

TABLE 14

DEMOGRAPHIC STATISTICS

As Available from Public Records

Fiscal Year	Popu-lation (1)	Personal Income (2)	Per Capita Income (2)	Median Age (2)	Median Education level in Years of Formal Schooling (2)	School Enroll-ment (2)	Unemploy-ment Rate (3)
1999	4,270	n/a	$ n/a	n/a	n/a	n/a	3.10%
2000	5,464	103,258,672	18,898	33.3	12	1336	3.25%
2001	7,227	136,575,846	18,898	33.3	12	1336	3.60%
2002	7,843	148,217,014	18,898	33.3	12	1336	4.30%
2003	8,820	166,680,360	18,898	33.3	12	1336	4.80%
2004	9,684	183,008,232	18,898	33.3	12	1336	4.60%
2005	10,596	200,243,208	18,898	33.3	12	1336	4.50%
2006	11,798	222,958,604	18,898	33.3	12	1336	4.40%
2007	13,565	256,351,370	18,898	33.3	12	1336	4.20%
2008	13,786	260,527,828	18,898	33.3	12	1336	9.30%

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

(2) Source: U.S. Census

(3) Source: Georgia Department of Labor for State of Georgia

CITY OF FAIRBURN, GEORGIA

TABLE 15

PRINCIPAL EMPLOYERS

Current Year and None Years Previous

	1999			2008		
Employer	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
U. S. Food Services	n/a	n/a	n/a	756	1	19.53%
Reynolds, Inc.	n/a	n/a	n/a	750	2	19.38%
Strack, Inc.	n/a	n/a	n/a	320	3	8.27%
Porex Corporation	n/a	n/a	n/a	272	4	7.03%
Adesa Atlanta LLC	n/a	n/a	n/a	180	5	4.65%
Exel Logistics	n/a	n/a	n/a	132	6	3.41%
Estex Manufacturing Co., Inc.	n/a	n/a	n/a	100	7	2.58%
Fairburn Healthcare	n/a	n/a	n/a	99	8	2.56%
Kingswere Furniture LLC	n/a	n/a	n/a	75	9	1.94%
Georgia Renaissance Vendors	n/a	n/a	n/a	64	10	1.65%
Total	n/a	n/a	n/a	2,748		71.01%
Total for City	n/a	n/a	n/a	3,870		

Source: City of Fairburn Business License Occupational Database

CITY OF FAIRBURN, GEORGIA

FULL TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION

TABLE 16

Last Ten Fiscal Years
(Years 1999-2003 are not available)

Function	2006	2007	2008
Administrative	28	27	28
Police	35	41	35
Fire	28	41	28
Streets, Parks, and Recreation	11	11	11
E-911	9	10	9
Electric	5	7	5
Water and Sewer	4	4	4
Cable TV	2	2	2
	122	143	122

n/a = not available

CITY OF FAIRBURN, GEORGIA

TABLE 17

OPERATING INDICATORS

Last Ten Fiscal Years

FUNCTION	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Physical Arrests	n/a	n/a	n/a	n/a	n/a	n/a	n/a	699	700	779
Parking Violations	n/a	50	50	50	50	145	145	145	145	145
Traffic Violations	n/a	3,246	3,064	2,985	2,463	1,866	2,429	3,169	2,810	2,519
Fire										
Number of Calls Answered	n/a	n/a	n/a	n/a	n/a	n/a	n/a	*922	1,739	1,707
Inspections	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0	36	510
Highways and Streets										
Street Resurfacing (miles)	n/a	n/a	n/a	0.7	0.57	0.44	0.36	1	0	1
Potholes Repaired	n/a	n/a	n/a	n/a	n/a	n/a	30	32	38	44
Sanitation										
Refuse Collected (tons/day)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,772	3,416	3,094
Recyclables Collected (tons/day)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	192	181	135
Culture and Recreation										
Athletic Field Permits Issued	0	0	0	1	2	1	3	3	4	4
Community Center Admissions	0	0	0	0	0	0	0	0	0	1
Water										
New Connections										
Water Main Breaks	n/a	n/a	n/a	n/a	n/a	n/a	n/a	12	8	10
Average Daily Consumption (thousands of gallons)	n/a	n/a	n/a	n/a	593	649	675	851	875	776
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	**0	**0	**0	**0	**0	**0	**0	**0	**0	**0

13,786

n/a = not applicable or not available

* The Fire Department was created on April 1, 2006.

**Sewage is treated by the City of Atlanta

CITY OF FAIRBURN, GEORGIA

TABLE 18

CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years
(Years 1999-2002 are not available)

Function	2003	2004	2005	2006	2007	2008
Public Safety						
Fire						
Stations	1	1	1	1	2	2
Police						
Stations	1	1	1	1	1	1
Patrol Units	n/a	n/a	n/a	27	35	n/a
Highways and Streets						
Miles Paved	37.2	56.4	72.1	72.1	95.2	96.5
Miles Unpaved	6	6	1	2	2.6	2.6
Streetlights	613	644	660	660	694	694
Caution	6	1	1	1	4	2
Water						
Miles Water Mains	35	50	56	56	90.5	90.5
Fire Hydrants	301	350	717	717	667	900
Sewer						
Miles Storm	3.5	24	24.3	24.6	36	37.25
Miles Sanitary	44.5	51.5	61	65	68	69
Electric						
Miles of Line	52	59	61	61	79	79
Plant Capacity	12,400 KVA	12,400 KVA	12,400 KVA	12,400 KVA	12,400 KVA	12,400 KVA