CITY OF FAIRBURN,

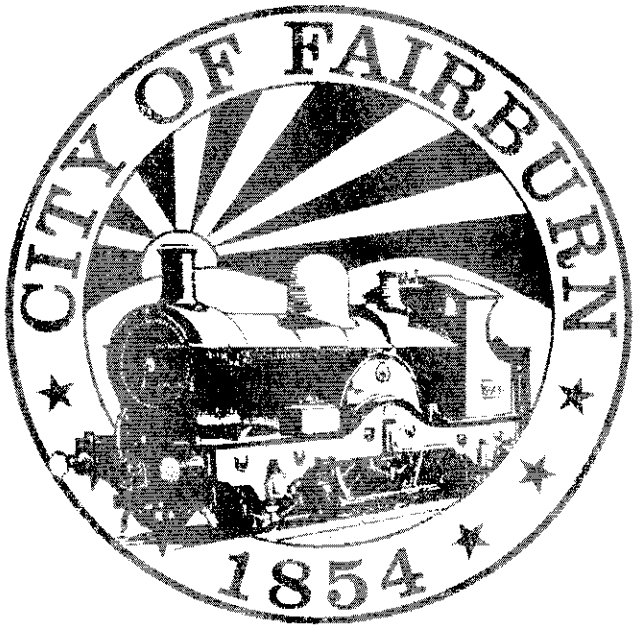
GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2009

CITY OF

FAIRBURN, GEORGIA



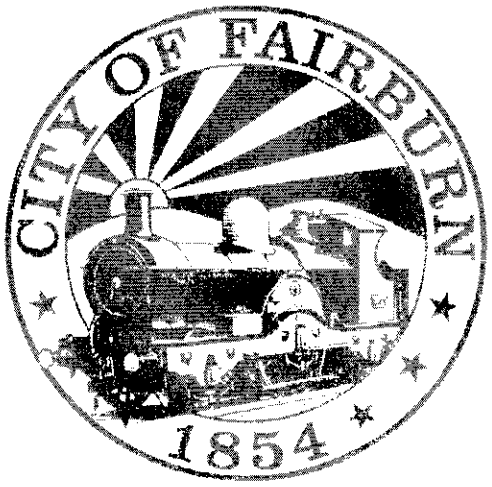
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FINANCIAL REPORT

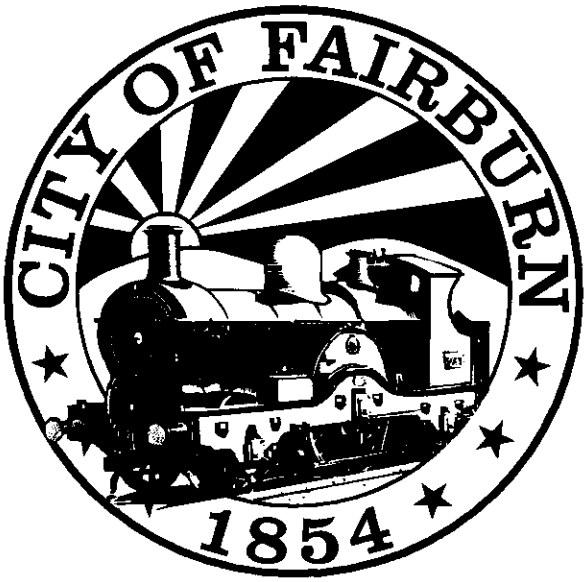
FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2009

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



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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

ORGANIZATION CHART

LISTING OF CITY OFFICIALS

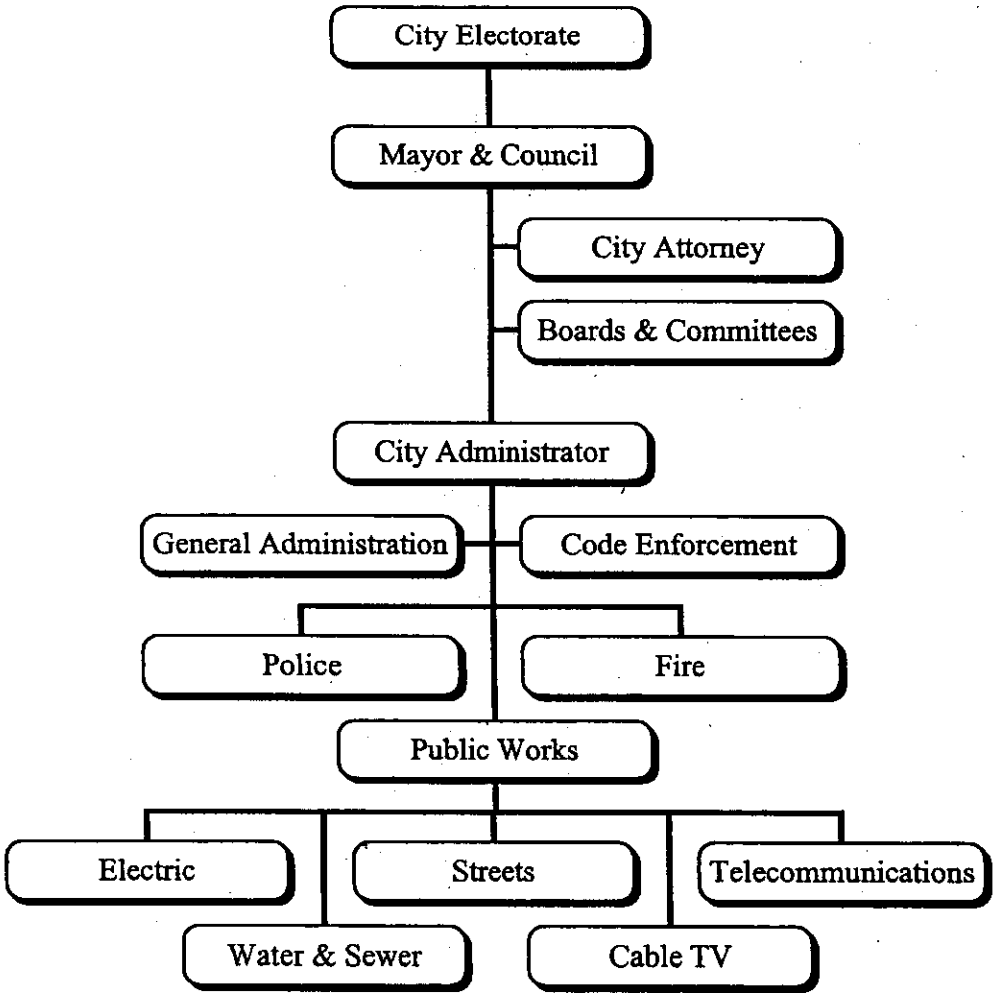
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CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING

LETTER OF TRANSMITTAL

CITY OF FAIRBURN, GEORGIA

ORGANIZATIONAL CHART



CITY OF FAIRBURN, GEORGIA

CITY OFFICIALS

2009

CITY COUNCIL
Mario Avery, Mayor
Scott Vaughn, Mayor Pro Tem
Ron Alderman
Doug Crawford
Alex Heath
Marian Johnson
Jean Barkley Russell

CITY ADMINISTRATOR
Jim Williams

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

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairburn

Georgia

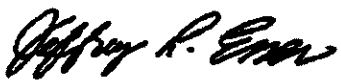
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

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 Mario Avery, 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, 2009, 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, and 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 14,813 as of September 30, 2009. That is a 180 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 2009

Each year the City tries to register at least one significant accomplishment. During 2009 the City finalized the first phase of the Education Campus in time for Georgia Military College to engage in its business in the new facilities for the entire year. The City also 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.

During 2009, 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.

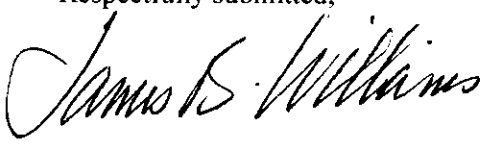
Awards. The Government Finance Officer's Association (GFOA) awarded a Certificate of Achievment for Excellence in Financial Reporting to the government for its comprehensive annual financial report for the fiscal year ended September 30, 2008. This was the twenty first consecutive year and the twenty - fourth 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 their assistance and cooperation this report would not have been possible.

Respectfully submitted,



James B. Williams
City Administrator

March 22, 2010



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 Mario Avery, Mayor
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, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2010, 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, 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 22, 2010

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, 2009. 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 $372,726,797 (net assets).

- The government's total net assets decreased by $2,684,013, primarily due to increased capital expenditures in the General Fund.

- As of the close of the current fiscal year, the City of Fairburn's governmental funds reported combined ending fund balances of $(200,837), a decrease of $126,324 in comparison with the prior year.

- At the end of the current fiscal year, unreserved fund balance for the General Fund was $(320,001).

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 - 58 of this report.

Government-Wide Financial Analysis

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

	September 30, 2009			September 30, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	$ 1,308,985	$ 9,099,252	$ 10,408,237	$ 858,043	$ 15,610,604	$ 16,468,647
Capital Assets - net	21,005,415	30,783,504	51,788,919	19,982,992	29,743,292	49,726,284
Total Assets	$ 22,314,400	$ 39,882,756	$ 62,197,156	$ 20,841,035	$ 45,353,896	$ 66,194,931
Current Liabilities	$ 1,438,572	$ 2,203,252	$ 3,641,824	$ 898,331	$ 2,272,895	$ 3,171,226
Noncurrent Liabilities	566,916	20,415,619	20,982,535	353,645	22,713,250	23,066,895
Total Liabilities	2,005,488	22,618,871	24,624,359	1,251,976	24,986,145	26,238,121
Total Net Assets	$ 20,308,912	$ 17,263,885	$ 37,572,797	$ 19,589,059	$ 20,367,751	$ 39,956,810
Invested in Capital Assets Net of Related Debt	$ 20,438,499	$ 9,337,062	$ 29,775,561	$ 19,629,347	$ 8,271,525	$ 27,900,872
Restricted	80,003	480,215	560,218	136,223	3,169,261	3,305,484
Unrestricted	(209,590)	7,446,608	7,237,018	(176,511)	8,926,965	8,750,454
Total Net Assets	$ 20,308,912	$ 17,263,885	$ 37,572,797	$ 19,589,059	$ 20,367,751	$ 39,956,810

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 $37,272,797 as of September 30, 2009.The City's net assets decreased by $2,684,013 for the fiscal year ended September,2009.This decrease was primarily due to increased expenditures 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 $480,215 restricted to construction and $80,003 restricted to cemetery. The remaining balance of unrestricted net assets of $5,794,102 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, 2009			September 30, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for Services	$ 1,604,707	$ 12,559,295	$ 14,164,002	$ 1,827,188	$ 12,552,333	$14,379,521
Community Development Grant	-	-	-	-	-	-

	September 30, 2009			September 30, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Intergovernmental Revenues	424,049	-	424,049	154,562	-	154,562
Homeowners Tax Relief Grant	-	-	-	-	-	-
General Revenues:						
Property Taxes	2,831,173	-	2,831,173	2,268,758	-	2,268,758
Other Taxes	3,304,544	-	3,304,544	2,957,935	-	2,957,935
Other	49,027	87,501	136,528	83,930	416,809	500,739
Total Revenues	$ 8,213,500	$ 12,646,796	$ 20,860,296	$ 7,292,373	$ 12,969,142	$ 20,261,515
Expenses:						
Administrative Government	$ 2,781,469	-	$ 2,781,469	$ 2,681,018	$ -	$ 2,681,018
Public Safety	6,136,643	-	6,136,643	5,938,554	-	5,938,554
Streets. Parks and Recreation	2,255,422	-	2,255,422	2,100,286	-	2,100,286
Other	583,556	-	583,556	544,052	-	544,052
Electric	-	5,988,466	5,988,466	-	5,945,283	5,945,283
Water and Sewer	-	3,879,022	3,879,022	-	3,434,169	3,434,169
Educational Complex	-	666,067	666,067	-	110	110
Other Services	-	618,527	618,527	-	924,874	924,874
Total Expenses	$ 11,757,090	$ 11,152,082	$ 22,909,172	$ 11,263,910	$ 10,304,436	$ 21,568,346
Transfers	$ 4,598,580	$ (4,598,580)	-	$ 2,933,113	$ (2,933,113)	-
Increase in Net Assets	$ 1,054,990	$ (3,103,866)	$ (2,048,876)	$ (1,038,424)	$ (268,407)	$ (1,306,831)
Net Assets, October 1, 2008	$ 19,253,922	$ 20,367,751	$ 39,621,673	$ 20,627,483	$ 20,636,158	$ 41,263,641
Net Assets, September 30, 2009	$ 20,308,912	$ 17,263,885	$ 37,572,797	$ 19,589,059	$ 20,367,751	$ 39,956,810

Governmental activities: Governmental activities increased the City's net assets by $1,054,990.

Business-type activities: Business-type activities decreased the City of Fairburn's net assets by $3,103,866.

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 $(406,291) while total fund balance decreased by $66,205.

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 2.56% of that same amount.

At September 30, 2009, the governmental funds of City of Fairburn reported a combined find balance of $(200,837), a 169.5% decrease from last year. This decrease was primarily due to unanticipated increases in workers compensation and pension insurance premiums and an unusually high payroll accrual as compared to the prior fiscal 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 3.89% higher than the budgeted amounts primarily because franchise taxes were $478,234 more than anticipated offset partially by decreased revenues in local option sales taxes ($172,189),fines and forfeiture revenues ($74,066) Expenditures were lower than budgeted by 2.7%. The actual expenditures for a number of departments (Administration, Finance, Property Management, Court Services, Police, Fire, Streets, Inspection and Planning and Zoning) were all higher than budgeted due to unanticipated increases of Workers Compensation and Retirement insurance premiums ($205,000) and payroll accruals ($150,000). 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 $2,963,500 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 $3,601,263, a decrease of 51.73 % from the prior year. The decrease is mainly due to the decrease in debt service and the addition of the Series 2000 Bonds Refinancing loss which was added to the investment in Capital Assets, net of Related Debt. Unrestricted net assets of the Sanitation Fund at the end of the fiscal year amounted to $672,735. Unrestricted net assets of the Educational Complex Fund at the end of the fiscal year was $209,111.. The total increase in the proprietary funds net assets for the year is $3,103,866 or a 15.23% decrease from September 30, 2008. This was mainly due to the substantial transfer of funds ($4,313,867) to the General Fund.

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	$ 3,099,061	$ 4,014,640
Buildings and Improvements	1,889,077	19,243,001	21,132,078
System	-	7,985,984	7,985,984
Machinery, Equipment & Vehicles	2,707,678	415,350	3,123,028
Construction-In-Progress	-	14,240	7,246,481
Infrastructure	14,470,658	-	14,470,658
Total	$ 19,982,992	$ 30,757,636	$ 50,740,628

Long-term Debt. As of September 30, 2009, the City of Fairburn had long-term bonded debt outstanding in the amount of $22,172,423. Bonds Payable at September 30, 2009 are comprised of the following:

➢$12,135,000 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%.

> $9,236,166 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 decreased by $1,613,862 during the past fiscal year mainly primarily due to principal payments of $1,064,038 on their outstanding bond issues as well as their principle payments on their capital leases and "GEFA" loans.

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 $61,910,318.

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.

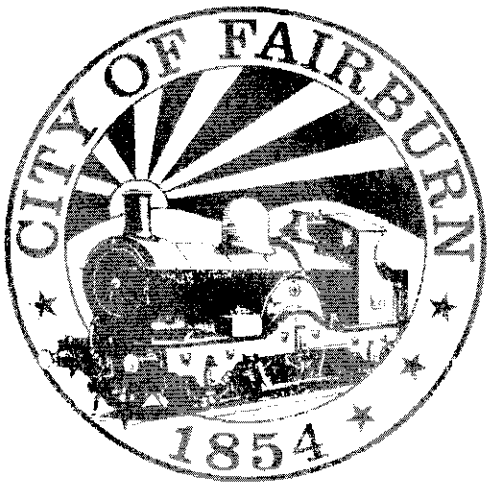
- ➪Growth in the tax base projected due to proximity of the City of Atlanta and the continued industrial and commercial development.

- ➪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, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Equivalents	$ 352,173	$ 4,994,619	$ 5,346,792
Receivables			
Services (Net of Allowance for Uncollectibility)	-	1,618,477	1,618,477
Property Taxes (Net)	229,243	-	229,243
Other Taxes	232,191	-	232,191
Other Entities	408,806	243,841	652,647
Other Receivables	282	-	282
Prepaid Items	86,290	34,515	120,805
Restricted Assets			
Cash-Project Fund	-	480,215	480,215
Cash-Debt Service	-	4,077	4,077
Cash-Sinking Fund	-	-	-
Cash-Other Restricted	-	396,662	396,662
Capital Assets			
Net of Accumulated Depreciation	19,034,021	27,644,335	46,678,356
Land and Improvements	1,971,394	3,099,061	5,070,455
Construction In Process	-	14,240	14,240
Unamortized Bond Costs	-	278,099	278,099
Unamortized Series 2000 Bonds Refinancing Loss	-	1,048,747	1,048,747
Total Assets	$ 22,314,400	$ 39,856,888	$ 62,171,288
LIABILITIES			
Accounts Payable	$ 299,354	$ 534,382	$ 833,736
Accrued Interest Payable	-	451	451
Accrued Vacation	571,903	-	571,903
Escrowed Funds	-	54,580	54,580
Bail Bonds Held	204,943	-	204,943
Payable From Restricted Assets	90,926	398,083	489,009
Other Current Payables	271,446	-	271,446
Noncurrent Liabilities			
Due Within One Year		1,292,588	1,292,588
Due in More Than One Year	566,916	20,312,919	20,879,835
Total Liabilities	$ 2,005,488	$ 22,593,003	$ 24,598,491
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	$ 20,438,499	$ 9,311,194	$ 29,749,693
Restricted for			
Cemetery	80,003	-	80,003
Construction	-	480,215	480,215
Unrestricted	(209,590)	7,472,476	7,262,886
Total Net Assets	$ 20,308,912	$ 17,263,885	$ 37,572,797

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF ACTIVITIES

Year Ended September 30, 2009

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:							
Mayor and Council	$ 189,349	$ -	$ -	$ -	$ (189,349)	$ -	$ (189,349)
Administration	639,339	429,370	217,720	-	7,751	-	7,751
City Clerk	236,893	-	-	-	(236,893)	-	(236,893)
Finance	367,882	-	-	-	(367,882)	-	(367,882)
Technology	109,048	-	-	-	(109,048)	-	(109,048)
Property Management	374,870	-	-	-	(374,870)	-	(374,870)
Court Services	279,684	-	-	-	(279,684)	-	(279,684)
Police	3,052,628	350,884	206,329	-	(2,495,415)	-	(2,495,415)
Fire	3,084,015	-	-	-	(3,084,015)	-	(3,084,015)
Public Works Administration	1,032,542	585,263	-	-	(447,279)	-	(447,279)
Streets	1,142,654	31,859	-	-	(1,110,795)	-	(1,110,795)
Recreation Program	80,226	7,650	-	-	(72,576)	-	(72,576)
Inspection and Inforcement	342,527	-	-	-	(342,527)	-	(342,527)
Planning and Zoning	241,877	99,671	-	-	(142,206)	-	(142,206)
Cemetery	59,925	-	-	-	(59,925)	-	(59,925)
E-911	486,230	100,010	-	-	(386,220)	-	(386,220)
Interest on Long-term Debt	37,401	-	-	-	(37,401)	-	(37,401)
Total Governmental Activities	11,757,090	1,604,707	424,049	-	(9,728,334)	-	(9,728,334)
Business activities:							
Electric	5,988,466	7,068,365	-	-	-	1,079,899	1,079,899
Water and Sewer Utilities	3,879,022	4,547,918	-	-	-	668,896	668,896
Educational Complex	666,067	255,948	-	-	-	(410,119)	(410,119)
Sanitation	618,527	687,064	-	-	-	68,537	68,537
Total Business-Type	11,152,082	12,559,295	-	-	-	1,407,213	1,407,213
Total Primary Government	$ 22,909,172	$ 14,164,002	$ 424,049	$ -	(9,728,334)	1,407,213	(8,321,121)
General Revenues:							
Property Tax					2,831,173	-	2,831,173
Sales Tax					1,287,811	-	1,287,811
Motor Vehicle Tax					168,930	-	168,930
Franchise Tax					1,053,234	-	1,053,234
Insurance Premium Tax					305,810	-	305,810
Beer, Wine and Liquor Tax					259,878	-	259,878
Hotel/Motel Tax					115,287	-	115,287
Other Taxes					113,594	-	113,594
Interest Income					49,027	87,501	136,528
Transfers					4,598,580	(4,598,580)	-
Total General Revenues and Transfers					10,783,324	(4,511,079)	6,272,245
Change in Net Assets					1,054,990	(3,103,866)	(2,048,876)
Net Assets Beginning					19,589,059	20,367,751	39,956,810
Prior Period Adjustment					(335,137)	-	(335,137)
Net Assets Beginning, Restated					19,253,922	20,367,751	39,621,673
Net Assets Ending					$ 20,308,912	$ 17,263,885	$ 37,572,797

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

CITY OF FAIRBURN, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2009

	General	Other	Total Governmental Funds
ASSETS			
Cash and Equivalents	$ 235,841	$ 116,332	$ 352,173
Receivables			
Property Taxes (Net)	229,243	-	229,243
Other Taxes	203,570	28,621	232,191
Due From Other Entities	408,516	290	408,806
Interest	-	282	282
Prepaid Items	86,290	-	86,290
Total Assets	$ 1,163,460	$ 145,525	$ 1,308,985
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	$ 299,354	$ -	$ 299,354
Accrued Vacations	571,903	-	571,903
Other Current Payables	245,085	26,361	271,446
Bail Bonds Held	204,943	-	204,943
Deferred Property Taxes	71,250	-	71,250
Escrowed Funds	76,993	-	76,993
Deposits Held	13,933	-	13,933
Total Liabilities	1,483,461	26,361	1,509,822
Fund Balance			
Reserved for			
Prepaid Items	86,290	-	86,290
Unreserved Reported in:			
General Fund	(406,291)	-	(406,291)
Special Revenue Fund	-	39,161	39,161
Permanent Fund	-	80,003	80,003
Total Fund Balance	(320,001)	119,164	(200,837)
Total Liabilities and Fund Balance	$ 1,163,460	$ 145,525	

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.	21,005,415
Deferred ad valorem taxes are not available to pay current-period expenditures and, therefore, are deferred in the funds.	71,250
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(566,916)
Net Assets of Governmental Activities	$ 20,308,912

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

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

Year Ended September 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Sales Tax	$ 1,287,811	$ -	$ 1,287,811
Property Tax	2,794,148	-	2,794,148
Motor Vehicle Tax	168,930	-	168,930
Franchise Tax	1,053,234	-	1,053,234
Insurance Premium Tax	305,810	-	305,810
Beer, Wine, Liquor Tax	259,878	-	259,878
Hotel/Motel Tax	-	115,287	115,287
Transfer Taxes	10,588	-	10,588
Intangible Taxes	37,746	-	37,746
Interest and Penalties	65,260	-	65,260
Total Taxes	5,983,405	115,287	6,098,692
Licenses, Permits, and Charges			
Business Licenses	429,370	-	429,370
Building Permits	30,183	-	30,183
Site Plan Inspections and Reviews	42,204	-	42,204
Other Building and Zoning Fees	10,140	-	10,140
Safeguard Disposal Fees	585,263	-	585,263
Enviro Transfer Fees	7,803	-	7,803
Miscellaneous Permits	9,341	-	9,341
Miscellaneous	31,859	-	31,859
Rent	7,650	-	7,650
Emergency 911	-	100,010	100,010
Total Licenses, Permits, and Charges	1,153,813	100,010	1,253,823
Intergovernmental Revenues			
Federal and State Grants	217,720	-	217,720
Federal and State Conficated Funds	206,329	-	206,329
Total Intergovernmental Revenues	424,049	-	424,049
Police Revenues			
Fines and Forfeitures	350,884	-	350,884
Other Revenue			
Interest on Investments	28,939	20,088	49,027
Total Revenues	$ 7,941,090	$ 235,385	$ 8,176,475

Continued on the next page.

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

Year Ended September 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Expenditures:			
Current:			
Mayor and Council	$ 189,349	$ -	$ 189,349
Administration	607,671	-	607,671
City Administrator	236,893	-	236,893
Finance	367,882	-	367,882
Technology	98,769	-	98,769
Property Management	331,419	-	331,419
Court Services	279,684	-	279,684
Police	2,922,108	-	2,922,108
Fire	2,953,546	-	2,953,546
Public Works Administration	373,259	-	373,259
Streets	1,132,053	-	1,132,053
Recreation Program	79,287	-	79,287
Inspection and Inforcement	342,527	-	342,527
Planning and Zoning	241,877	-	241,877
Cemetery Repair and Maintenance	-	59,925	59,925
E-911	-	486,230	486,230
Total Current Expenditures	10,156,324	546,155	10,702,479
Debt Service:			
Principal	264,866	31,863	296,729
Interest	35,202	2,199	37,401
Total Debt Service	300,068	34,062	334,130
Capital Outlay:			
Technology	17,641	-	17,641
Property Management	1,316,943	-	1,316,943
Police	86,526	-	86,526
Fire	618,523	-	618,523
Total Capital Outlay	2,039,633	-	2,039,633
Total Expenditures	12,496,025	580,217	13,076,242
Excess of Revenues Over Expenditures	(4,554,935)	(344,832)	(4,899,767)
Transfers and Issuance of Debt			
Transfers from Water & Sewer	3,232,287	400,000	3,632,287
Transfers from Electric	1,046,783	-	1,046,783
Transfers from Sanitation	34,797	-	34,797
Transfers to Educational Complex	-	(115,287)	(115,287)
Proceeds from Capital Leases	510,000	-	510,000
Total Transfers and Issuance of Debt	4,823,867	284,713	5,108,580
Excess Revenues Over Expenditures	268,932	(60,119)	208,813
Fund Balance at Beginning of Year	(253,796)	179,283	(74,513)
Prior Period Adjustment	(335,137)	-	(335,137)
Fund Balance at Beginning of Year Restated	(588,933)	179,283	(409,650)
Fund Balance - End of Year	$ (320,001)	$ 119,164	$ (200,837)

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, 2009

Net Change in Fund Balances - Total Government Funds:	$	208,813
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 ($2,039,633) were greater than depreciation ($1,017,210) in the period.		1,022,423
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		37,025
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.		(213,271)
Change in Net Assets of Governmental Activities.	$	1,054,990

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, 2009

	Budget			Variance Positive
	Original	Revised	Actual	(Negative)
Revenues:				
Property Tax	$ 2,760,000	$ 2,760,000	$ 2,794,148	$ 34,148
ExciseTaxes	3,278,500	3,278,500	3,189,257	(89,243)
Licenses and Permits	270,000	270,000	468,894	198,894
Charges for Services	520,000	520,000	653,060	133,060
Fines and Forfeitures	375,000	375,000	350,884	(24,116)
Intergovernmental Revenues	354,950	354,950	424,049	69,099
Interest on Investments	50,550	50,550	28,939	(21,611)
Other Local Revenue	35,000	35,000	31,859	(3,141)
Total Revenues	7,644,000	7,644,000	7,941,090	297,090
Expenditures:				
Mayor and Council	176,000	176,000	189,349	(13,349)
Administration	589,000	589,000	607,671	(18,671)
City Clerk	272,000	272,000	236,893	35,107
Finance	325,000	325,000	367,882	(42,882)
Technology	126,000	126,000	116,410	9,590
Property Management	517,999	1,574,896	1,648,362	(73,466)
Court Services	261,000	261,000	279,684	(18,684)
Police	3,148,000	3,148,000	3,162,640	(14,640)
Fire	2,856,000	3,472,170	3,688,794	(216,624)
Public Works Administration	390,000	390,000	373,259	16,741
Streets	1,028,000	1,153,000	1,161,390	(8,390)
Recreation Program	175,000	175,000	79,287	95,713
Inspection and Inforcement	294,000	294,000	342,527	(48,527)
Planning and Zoning	111,000	211,000	241,877	(30,877)
Total Expenditures	10,268,999	12,167,066	12,496,025	(328,959)
Excess (Deficiency) of Revenues over Expenditures Before Other Financing Sources (Uses)	(2,624,999)	(4,523,066)	(4,554,935)	(31,869)
Other Financing Sources (Uses)				
Transfers	590,000	4,395,000	4,313,867	81,133
Proceeds from Capital Leases	-	510,000	510,000	-
Total Other Financing Sources (Uses)	590,000	4,905,000	4,823,867	81,133
Excess (Deficiency) of Revenues over Expenditures After Other Financing Sources (Uses)	(2,034,999)	381,934	268,932	49,264
Fund Balance at Beginning of Year	(253,796)	(253,796)	(253,796)	-
Prior Period Adjustment	-	-	(335,137)	(335,137)
Fund Balance at Beginning of Year Restated	(253,796)	(253,796)	(588,933)	(335,137)
Fund Balance at End of Year	$ (2,288,795)	$ 128,138	$ (320,001)	$ (285,873)

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2009

	Business-Type Activities--Enterprise Funds				
	Electric	Water and Sewer	Educational Complex	Others	Total Enterprise Funds
ASSETS					
Current Assets:					
Cash and Equivalents	$ 2,741,356	$ 1,553,289	$ 123,804	$ 576,170	$ 4,994,619
Restricted Cash-Customer Deposits	300,219	96,443	-	-	396,662
Restricted Cash-Project Fund	-	-	480,215	-	480,215
Restricted Cash-Debt Service Fund	-	4,077	-	-	4,077
Accounts Receivable,Net of Bad Debt Allowance	830,019	690,473	-	97,985	1,618,477
Prepaid Items	-	34,515	-	-	34,515
Town of Tyrone Receivable-Current Portion	-	243,841	-	-	243,841
Total Current Assets	3,871,594	2,622,638	604,019	674,155	7,772,406
Noncurrent Assets:					
Bond Issuance Costs (Net of Amortization)	-	192,792	85,307	-	278,099
Series 2000 Bonds Refinancing Loss (Net of Amortization)	-	1,048,747	-	-	1,048,747
Capital Assets:					
Net of Accumulated Depreciation	4,419,809	14,100,439	9,118,233	5,854	27,644,335
Land	14,874	2,401,895	682,292	-	3,099,061
Construction in Process	-	14,240	-	-	14,240
Total Capital Assets	4,434,683	16,516,574	9,800,525	5,854	30,757,636
Total Noncurrent Assets	4,434,683	17,758,113	9,885,832	5,854	32,084,482
Total Assets	$ 8,306,277	$ 20,380,751	$ 10,489,851	$ 680,009	$ 39,856,888

Continued on the next page.

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2009

	Business-Type Activities--Enterprise Funds				
	Electric	Water and Sewer	Educational Complex	Others	Total Enterprise Funds
LIABILITIES					
Current Liabilities (Payable From Current Assets)					
Accounts Payable	$ 388,683	$ 45,456	$ -	$ -	$ 434,139
Accrued Expenses	38,669	25,231	-	-	63,900
Total Current Liabilities (Payable From Current Assets)	427,352	70,687	-	-	498,039
Current Liabilities (Payable From Restricted Assets)					
Sales Tax Payable	36,343	-	-	-	36,343
Escrowed Funds	52,580	2,000	-	-	54,580
Accrued Interest	184	267	-	-	451
Revenue Bonds Payable	-	635,000	533,914	-	1,168,914
Capital Leases Payable	91,416	11,284	-	-	102,700
GEFA Loans Payable	-	20,974	-	-	20,974
Customer Deposits	300,219	96,443	-	1,421	398,083
Total Current Liabilities (Payable From Restricted Assets)	480,742	765,968	533,914	1,421	1,782,045
Total Current Liabilities	908,094	836,655	533,914	1,421	2,280,084
Long-Term					
Capital Leases Payable	59,270	11,929	-	-	71,199
Revenue Bonds Payable	-	11,500,000	8,702,252	-	20,202,252
GEFA Loans Payable	-	39,468	-	-	39,468
Total Noncurrent Liabilities	59,270	11,551,397	8,702,252	-	20,312,919
Total Liabilities	$ 967,364	$ 12,388,052	$ 9,236,166	$ 1,421	$ 22,593,003
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	4,375,413	4,365,568	564,359	5,854	9,311,194
Restricted For Construction	-	-	480,215	-	480,215
Unrestricted	2,963,500	3,627,131	209,111	672,734	7,472,476
Total Net Assets	$ 7,338,913	$ 7,992,699	$ 1,253,685	$ 678,588	$ 17,263,885

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, 2009

	Business-Type Activities--Enterprise Funds				Total Enterprise Funds
	Electric	Water and Sewer	Educational Complex	Others	
Operating Revenues:					
Charges for Services	$ 7,026,242	$ 4,524,054	$ 255,948	$ 654,443	$ 12,460,687
Miscellaneous	42,123	23,864	-	32,621	98,608
Total Operating Revenues	7,068,365	4,547,918	255,948	687,064	12,559,295
Operating Expenses:					
Cost of Goods Sold	4,739,514	900,356	-	-	5,639,870
Personnel Services	566,899	305,696	-	-	872,595
Administrative Expenses	210,792	393,417	22,686	32,742	659,637
Depreciation Expense	183,728	434,255	233,801	2,744	854,528
Other Operating Expenses	280,997	654,215	34,929	583,041	1,553,182
Total Operating Expenses	5,981,930	2,687,939	291,416	618,527	9,579,812
Operating Income	1,086,435	1,859,979	(35,468)	68,537	2,979,483
Nonoperating Revenues (Expenses):					
Interest on Investments	20,364	41,748	3,173	715	66,000
Interest on Notes Receivable	-	21,501	-	-	21,501
Capital Lease Interest	(6,536)	(1,197)	-	-	(7,733)
Interest on Bonds	-	(1,082,677)	(368,558)	-	(1,451,235)
Amortization-Cost of Issuance	-	(17,526)	(6,093)	-	(23,619)
Amortization-Refinancing Loss	-	(85,904)	-	-	(85,904)
GEFA Interest	-	(3,779)	-	-	(3,779)
Total Nonoperating Revenues (Expenses)	13,828	(1,127,834)	(371,478)	715	(1,484,769)
Income Before Transfers	1,100,263	732,145	(406,946)	69,252	1,494,714
Transfers:					
Transfer From (To) General Fund	(1,047,206)	(3,232,287)	-	(34,374)	(4,313,867)
Transfer From (To) E-911 Fund	-	(400,000)	-	-	(400,000)
Transfer From (To) Hotel-Motel Fund	-	-	115,287	-	115,287
Transfer From (To) Educational Complex Fund	-	(620,000)	620,000	-	-
Total Transfers	(1,047,206)	(4,252,287)	735,287	(34,374)	(4,598,580)
Net Income	53,057	(3,520,142)	328,341	34,878	(3,103,866)
Net Assets - Beginning of Year	7,285,856	11,512,841	925,344	643,710	20,367,751
Net Assets - End of Year	$ 7,338,913	$ 7,992,699	$ 1,253,685	$ 678,588	$ 17,263,885

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended September 30, 2009

	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	$ 7,038,429	$ 4,771,881	$ -	$ 704,401	$ 12,514,711
Receipts from Customer Deposits (net)	3,111	11,034	-	(1,767)	12,378
Payments to Suppliers	(5,319,687)	(1,949,211)	(1,299,198)	(615,783)	(9,183,879)
Payments to Employees	(544,259)	(305,784)	-	-	(850,043)
Net Cash Provided by (Used in) Operating Activities	1,177,594	2,527,920	(1,299,198)	86,851	2,493,167
Cash Flows from Non-Capital and Related Financing Activities:					
Transfers In (out)	(1,047,206)	(4,252,287)	735,287	(34,374)	(4,598,580)
Net Cash Flows from Non-Capital and Related Financing Activities:	(1,047,206)	(4,252,287)	735,287	(34,374)	(4,598,580)
Cash Flows from Capital and Related Financing Activities:					
Rental Income Received	-	-	255,948	-	255,948
Principal (Paid) on Loans	-	(550,000)	(514,037)	-	(1,064,037)
Additions to Property, Plant and Equipment	(203,358)	(247,252)	(1,449,444)	(4,422)	(1,904,476)
Interest Paid on Long-term Debt	-	(1,091,432)	(368,558)	-	(1,459,990)
Net Cash Flows from Capital and Related Financing Activities	(203,358)	(1,888,684)	(2,076,091)	(4,422)	(4,172,555)
Cash Flows From Investing Activities:					
Interest on Investments and Interest Bearing Accounts	20,364	63,249	3,173	715	87,501
Net Cash From Investing Activities	20,364	63,249	3,173	715	87,501
Net Increase (Decrease) in Cash	(52,606)	(3,549,802)	(2,636,829)	48,770	(6,190,467)
Cash at Beginning of Year	3,094,181	5,203,611	3,240,848	527,400	12,066,040
Cash at End of Year	$ 3,041,575	$ 1,653,809	$ 604,019	$ 576,170	$ 5,875,573
Classified As:					
Current Assets	2,741,356	1,553,289	123,804	576,170	4,994,619
Restricted Assets	$ 300,219	$ 100,520	$ 480,215	$ -	$ 880,954
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	$ 1,086,435	$ 1,859,979	$ (291,416)	$ 68,537	$ 2,723,535
Adjustments Not Affecting Cash:					
Depreciation	183,728	434,255	233,801	2,744	854,528
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(29,936)	111,404	-	17,337	98,805
(Increase) Decrease in Other Receivables	-	112,559	-	-	-
Increase (Decrease) in Accounts Payable	(41,362)	(22,197)	(1,241,583)	-	(1,305,142)
Increase (Decrease) in Capital Leases Payable	(47,022)	20,974	-	-	(26,048)
Increase (Decrease) in Accrued Liabilities	22,640	(88)	-	-	22,552
Increase (Decrease) in Utility Deposits	3,111	11,034	-	(1,767)	12,378
Total Adjustments	91,159	667,941	(1,007,782)	18,314	(230,368)
Net Cash Provided by (Used in) Operating Activities	$ 1,177,594	$ 2,527,920	$ (1,299,198)	$ 86,851	$ 2,493,167

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

CITY OF FAIRBURN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2009

(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.

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, and Sanitation) 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, 2009, there were seven expenditure amendments totaling $1,956,867 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, 2009 indicating the tax year:

2009	$ 176,709
2008	20,174
2007	7,098
2006	5,989
2005/Prior	19,273
Total	$ 229,243

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, 2009 and 2008:

Bank Balances	2009 Total	2008 Total
Cash and Cash Equivalents	$ 6,142,746	$ 12,215,633
Cash Equivalents - C.D.'s	85,000	85,000
Total Combined Deposits	$ 6,227,746	$ 12,300,633

Deposits. The City's deposits at year-end were a carrying amount of $6,142,746 and a bank balance of $2,022,615. Of the bank balance, $1,133,717 was covered by Federal Depository Insurance and $888,898 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, 2009.

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, 2009, the total amount invested with the Georgia Local Government Investment Pool was $4,715,620.

"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, and sanitation (garbage) 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, 2009, the following allowances and receivable balances existed:

Fund	Receivable	Allowance	Net
Electric	$ 856,405	$ 26,386	$ 830,019
Water & Sewer	705,131	14,658	690,473
Sanitation	99,935	1,950	97,985
Total	$ 1,661,471	$ 42,994	$ 1,618,477

(7) Georgia Environmental Facility Authority (GEFA) Liabilities

At September 30, 2009 the City's GEFA liabilities were composed of the following loans located in the Water and Sewer Fund:

	Balance as of 9/30/08	Payments 10/1/08 - 9/30/09	Balance as of 9/30/09	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.	80,340	19,898	60,442	20,974
Long Term Portion of GEFA Loans	$ 80,340	$ 19,898	$ 60,442	$ 20,974

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 Balance
2010	20,974	2,792	25,776	39,468
2011	22,107	1,657	25,775	17,361
2012	17,361	462	19,835	-
Totals	60,442	4,911	71,386	

(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 fiscal year 2008.

(9) Capital Assets

A. Governmental activities as of September 30, 2009:

Asset Class	Balance 10/01/08	Increases	Decreases	Balance 9/30/09
Capital assets not being depreciated: Land	$ 915,579	$ 1,055,815	$ -	$ 1,971,394
Capital assets being depreciated:				
Building	3,117,409	261,128	-	3,378,537
Machinery, Equipment & Vehicles	4,402,602	722,690	-	5,125,292
Infrastructure	26,774,927	-	-	26,774,927
Total capital assets being depreciated	34,294,938	983,818	-	35,278,756
Less accumulated depreciation for:				
Buildings	(1,228,332)	(83,789)	-	(1,312,121)
Machinery, Equipment & Vehicles	(1,694,924)	(297,846)	-	(1,992,770)
Infrastructure	(12,304,269)	(635,575)	-	(12,939,844)
Total accumulated depreciation	(15,227,525)	(1,017,210)	-	(16,244,735)
Total capital assets being depreciated, net	$ 19,067,413	$ (33,392)	-	$ 19,034,021
Government activities capital assets, net	$ 19,982,992	$ 1,022,423	$-	$ 21,005,415

B Business-type activities as of September 30, 2009:

Asset Class	Balance 10/01/08	Increases	Decreases	Balance 9/30/09
Capital assets not being depreciated: Land	$ 3,755,171	$ -	$ 656,110	$ 3,099,061
Construction -In - Progress	7,246,481	14,240	7,246,481	14,240
Total Capital Assets not depreciated	11,001,652	14,240	7,902,591	3,113,301
Capital assets being depreciated:				
Buildings	11,701,657	9,352,034	-	21,053,691
Machinery, Equipment & Vehicles	2,320,786	114,372	-	2,435,158

Asset Class	Balance 10/01/08	Increases	Decreases	Balance 9/30/09
Distribution system	10,921,676	290,816	-	11,212,492
Total capital assets being depreciated	24,944,119	9,757,222	-	34,701,341
Less accumulated depreciation for:				
Buildings	(1,251,047)	(558,099)	-	(1,809,146)
Machinery, Equipment & Vehicles	(1,948,016)	(71,793)	-	(2,019,809)
Distribution system	(3,003,416)	(224,635)	-	(3,228,051)
Total accumulated depreciation	(6,202,479)	(854,527)	-	(7,057,006)
Total capital assets being depreciated, net	18,741,640	8,902,695	-	27,644,335
Business type activities capital assets, net	$ 29,743,292	$ 8,916,935	-	$ 30,757,636

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

Government activities:	
Administration	$ 31,668
Technology	10,279
Property Management	43,451
Police	130,520
Fire	130,469
Public Works	659,283
Streets	10,601
Recreation	939
Total depreciation expense-governmental activities	$ 1,017,210
Business-type activities:	
Electric	$ 183,728
Water and Sewer	434,255
Sanitation	2,744
Educational Complex	233,801
Total depreciation expense-business-type activities	$ 854,528

(10) Transfers

A summary of Interfund transfers by fund type for the fiscal year ended September 30, 2009 is as follows:

Transfer To:	Transfer From: General	Electric	W & S	Sanitation	Motel/Hotel
General Fund	-	$ 1,047,206	$ 3,232,287	$ 34,374	-
E-911 Fund	-	-	400,000	-	-
Electric Fund	-	-	-	-	-
Water & Sewer Fund	-	-	-	-	-
Educational Complex	-	-	620,000	-	115,287
Total	$ -	$ 1,047,206	$ 4,252,287	$ 34,374	$ 115,287

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, E-911 Fund's and Educational Complex Fund's cash equivalent 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 2009, the City's annual pension cost of $776,617 for the FEPP was equal to the City's recommended and actual contributions. The required contribution was determined as part of the January 1, 2009 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
2007	210,313	100%
2008	303,004	100%
2009	776,617	100%

Schedule of Funding Progress. The information presented below is based on the January 1, 2009, January 1, 2008 and March 1, 2007 actuarial valuations.

	2009	2008	2007
Actuarial Value of Assets	$ 5,088,515	$ 6,259,245	$ 5,748,018
Actuarial Accrued Liability	8,071,665	5,546,221	4,676,371
Funded Ratio	63.0%	112.9%	122.9%

Total Unfunded Actuarial Liability (Funding Excess)	2,983,150	(713,024)	(1,071,647)
Annual Covered Payroll	5,223,804	4,725,634	2,807,404
Ratio of Unfunded (Excess) to Annual Covered Payroll	57.1%	-15.1%	-38.2%

The City's Governmental activities liability for compensated absences increased $68,619 in the fiscal year ended September 30, 2009 to $328,076 under the prior fiscal year while the City's Business activities decreased $3,418 to $27, 138. It is estimated that the amount of compensated absences to be taken within the one year of the date of the statement of net assets will be $247,000.

Compensated Absences	Balance 10/01/08	Increases	Decreases	Balance 9/30/09
Government Activities	$259,457	$224,560	$155,941	$328,076
Business Type Activities	30,556	23,625	27,043	27,038

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, 2009 amounted to $238,859, a decrease of $16,305 over the prior year. The City's contribution in the Deferred Contribution Program for the fiscal year ending September 30, 2009 amounted to $250,414.

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, 2009:

	Series 2006 Bonds
Bonds Payable October 1, 2008	$ (12,685,000)
Bonds Issued	-
Bonds Retired	550,000
Bonds Payable September 30, 2009	$ (12,135,000)

Bonds Payable at September 30, 2009 are comprised of the following:

➢ $12,135,000 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
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

FYE	Water & Sewer Fund		
Sept. 30	Principal	Interest	Total
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	$12,135,000	$3,380,352	$15,515,352

The long term debt for Combined Utility Revenue Bonds was reduced by $550,000 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 its bond indebtedness to $9,750,202.

	Series 2008 Bond
Bonds Payable October 1, 2008	$ 9,750,202
Bonds Issued	-
Bonds Retired	(514,036)
Bonds Payable September 30, 2008	$9,236,166

Bonds payable at September 30, 2009 are comprised of the following:

9,750,202 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
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
2023	433,006	8,292	441,298
Totals	9,236,166	2,678,873	11,915,039

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 the fiscal year 2009 the City entered into a lease agreement with Oshkosh Capital for financing the acquisition of a fire truck for the Fire Department. 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:
During the fiscal year 2009 the City entered into a lease agreement for financing an excavator for the Electric Fund and a F350 Crew Cab for the Water and Sewer Fund. 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	$ 1,760,868	$ 362,735
Less: Accumulated Depreciation	(520,250)	(117,920)
Net:	$ 1,240,618	$ 244,815

The future minimum lease obligations and the present net value of these minimum lease payments as of September 30, 2009, were as follows:

	Governmental Type			Business Type		
FYE	Principal	Interest	Total	Principal	Interest	Total
Sept. 30, 2010	$211,494	$24,580	$236,074	$102,700	$5,314	$108,014
Sept. 30, 2011	137,365	15,673	153,038	64,989	1,492	66,480
Sept. 30, 2012	106,541	10,919	117,460	6,211	87	6,298
Sept 30, 2013	111,517	5,208	116,725	-	-	-
Total	$566,917	$56,380	$623,297	$173,899	$6,893	$180,792

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

	Governmental Type	Business Type
Balance September 30, 2008	353,645	197,709
Increases During Year	510,000	70,150
Decreases During Year	(296,728)	(93,960)
Balance September 30, 2009	566,917	173,899
Due Within One Year	211,494	102,700

(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, 2009 are $115,287. 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-There were two items requiring Prior Period Adjustments, namely (1) a payment made to Fulton County Government ($259,769) for grant proceeds received by the City in past years for which they were not entitled and (2) an expenditure for GMA workers compensation premium ($75,368) which was not properly charged to the prior fiscal year. In the case of item (1), the City, according to the grant's purpose, built an incubator structure designed to be used as a means of attracting new businesses to operate in the area. Subsequent to this, the City converted the incubator to office space which is now being used to house Court Services, Inspection Activities and Planning & Zoning. During Fiscal Year 2009, a Fulton County audit was conducted which revealed that the conversion of the incubator to City office space did not adhere to the requirements of the grant and therefore the City was billed for the $259,769 originally received by the City.

(17) Deficit Fund Balances

The General Fund had a Deficit Fund Balance of ($320,001) and the E-911 Fund had a Deficit Fund Balance of ($7,426).

(18) 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.

(19) 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

(20) 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 along with the other two municipalities involved. At January 1, 2009 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
2009	150,000	1,997,315	2,147,315
2010	200,000	1,992,815	2,192,815
2011	300,000	1,986,815	2,286,815
2012	400,000	1,976,915	2,376,915
2013	500,000	1,962,515	2,462,515
2014	530,000	1,944,015	2,474,015
2015	750,000	1,923,875	2,673,875
2016	800,000	1,893,875	2,693,875
2017	1,000,000	1,861,875	2,861,875
2018	1,150,000	1,820,625	2,970,625
2019	1,250,000	1,771,750	3,021,750
2020	1,500,000	1,706,125	3,206,125
2021	1,600,000	1,627,375	3,227,375
2022	1,700,000	1,543,375	3,243,375
2023	1,800,000	1,454,125	3,254,125
2024	2,000,000	1,373,125	3,373,125
2025	2,100,000	1,278,125	3,378,125
2026	2,200,000	1,178,375	3,378,375
2027	2,450,000	1,073,875	3,523,875
2028	2,500,000	957,500	3,457,500
2029	2,900,000	832,500	3,732,500
2030	3,000,000	687,500	3,687,500
2031	3,250,000	537,500	3,787,500
2032	3,500,000	375,000	3,875,000
2033	4,000,000	200,000	4,200,000
Totals	$ 41,530,000	$ 35,956,890	$ 77,486,890

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, 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:

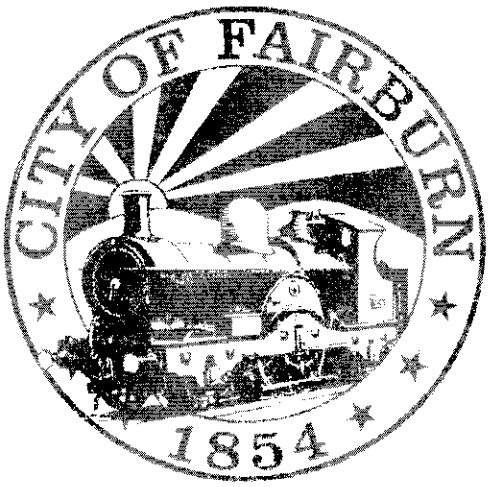
Development Authority of Fairburn
City of Fairburn City Hall
56 Malone Street
Fairburn, Georgia 30213

(21) Other Significant Commitments

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

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

www.meagpower.org



CITY OF FAIRBURN, GEORGIA

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF FAIRBURN, GEORGIA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2009

	Special Revenue			Permanent	Total Non-Major Governmental Funds
	E-911	Hotel/Motel	Total	Cemetery	
ASSETS					
Cash and Equivalents	$ 15,386	$ 21,225	$ 36,611	$ 79,721	$ 116,332
Receivables					
Taxes	3,259	25,362	28,621	-	28,621
Due From Other Entities	290	-	290	-	290
Interest	-	-	-	282	282
Total Assets	$ 18,935	$ 46,587	$ 65,522	$ 80,003	$ 145,525
LIABILITIES AND FUND BALANCE					
Liabilities:					
Current Payables	-	-	-	-	-
Accrued Salaries and Vacation Leave	26,361	-	26,361	-	26,361
Total Liabilities	26,361	-	26,361	-	26,361
Fund Balance					
Unreserved	(7,426)	46,587	39,161	80,003	119,164
Total Fund Balance	(7,426)	46,587	39,161	80,003	119,164
Total Liabilities and Fund Balance	$ 18,935	$ 46,587	$ 65,522	$ 80,003	$ 145,525

CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

Year Ended September 30, 2009

	Special Revenue			Permanent	
	E-911	Hotel/Motel	Total	Cemetery	Total Non-Major Funds
Revenues:					
Emergency 911	$ 100,010	$ -	$ 100,010	$ -	$ 100,010
Hotel/Motel Tax	-	115,287	115,287	-	115,287
Earnings from Investments	16,383	-	16,383	3,705	20,088
Total Revenues	116,393	115,287	231,680	3,705	235,385
Expenditures:					
Current:					
Salaries and Wages	328,953	-	328,953	-	328,953
Health Insurance	45,508	-	45,508	-	45,508
Payroll Taxes	27,027	-	27,027	-	27,027
Retirement	27,924	-	27,924	-	27,924
Repairs and Maintenance	-	-	-	59,925	59,925
Contracted Services	11,720	-	11,720	-	11,720
Network Charges	7,275	-	7,275	-	7,275
Equipment Rental	3,935	-	3,935	-	3,935
Repair and Maintenance	2,511	-	2,511	-	2,511
Smalll Equipment	2,208	-	2,208	-	2,208
Office Supplies	831	-	831	-	831
Telephone	27,471	-	27,471	-	27,471
Miscellaneous	867	-	867	-	867
Debt Service:					
Principal	31,863	-	31,863	-	31,863
Interest	2,199	-	2,199	-	2,199
Total Expenditures	520,292	-	520,292	59,925	580,217
Excess Revenues Over Expenditures Before Other Financing Sources (Uses)	(403,899)	115,287	(288,612)	(56,220)	(344,832)
Other Financing Sources (Uses)					
Transfers from Water & Sewer Fund	400,000	-	400,000	-	400,000
Transfers (to) Educational Complex	-	(115,287)	(115,287)	-	(115,287)
Total Other Financing Sources (Uses)	400,000	(115,287)	284,713	-	284,713
Excess Revenues Over Expenditures	(3,899)	-	(3,899)	(56,220)	(60,119)
Fund Balance - Beginning of Year	(3,527)	46,587	43,060	136,223	179,283
Fund Balance - End of Year	$ (7,426)	$ 46,587	$ 39,161	$ 80,003	$ 119,164

CITY OF FAIRBURN, GEORGIA

NON-MAJOR GOVERNMENTAL FUND

E-911 FUND

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

Year Ended September 30, 2009

	Budget			Variance Positive
	Original	Revised	Actual	(Negative)
Revenues:				
Emergency 911	$ 132,000	$ 132,000	$ 100,010	$ (31,990)
Interest on Investments	16,500	16,500	16,383	(117)
Total Revenues	148,500	148,500	116,393	(32,107)
Expenditures:				
Salary and Benefits	407,000	407,000	429,412	(22,412)
Purchased Contracted Services	60,000	60,000	11,720	48,280
Capital Outlay	3,500	3,500	-	3,500
Other Expenses	18,000	18,000	45,098	(27,098)
Debt Service	34,000	34,000	34,062	(62)
Total Expenditures	522,500	522,500	520,292	2,208
Excess (Deficiency) of Revenues over Expenditures Before Other Financing Sources (Uses)	(374,000)	(374,000)	(403,899)	(29,899)
Other Financing Sources (Uses)				
Transfers	350,000	350,000	400,000	50,000
Total Other Financing Sources (Uses)	350,000	350,000	400,000	50,000
Excess (Deficiency) of Revenues over Expenditures After Other Financing Sources (Uses)	(24,000)	(24,000)	(3,899)	20,101
Fund Balance at Beginning of Year	(3,527)	(3,527)	(3,527)	-
Fund Balance at End of Year	$ (27,527)	$ (27,527)	$ (7,426)	$ 20,101

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, 2009

	Budget			Variance Positive
	Original	Revised	Actual	(Negative)
Revenues:				
Hotel/Motel Taxes	$ 110,000	$ 110,000	$ 115,287	$ 5,287
Total Revenues	110,000	110,000	115,287	5,287
Excess (Deficiency) of Revenues over Expenditures Before Other Financing Sources (Uses)	110,000	110,000	115,287	5,287
Other Financing Sources (Uses)				
Transfers to Educational Complex	-	-	(115,287)	(115,287)
Total Other Financing Sources (Uses)	-	-	(115,287)	(115,287)
Excess (Deficiency) of Revenues over Expenditures After Other Financing Sources (Uses)	110,000	110,000	-	(110,000)
Fund Balance at Beginning of Year	46,587	46,587	46,587	-
Fund Balance at End of Year	$ 156,587	$ 156,587	$ 46,587	$ (110,000)

CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF NET ASSETS

NON-MAJOR PROPRIETARY FUNDS

September 30, 2009

	Sanitation	Total Non-Major Enterprise Funds
ASSETS		
Current Assets		
Cash and Equivalents	$ 576,170	$ 576,170
Accounts Receivable,net of Bad Debt Allowance	97,985	97,985
Total Current Assets	674,155	674,155
Property, Plant and Equipment		
Net of Accumulated Depreciation	5,854	5,854
Total Assets	$ 680,009	$ 680,009
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	1,421	1,421
Total Current Liabilities (Payable From Restricted Assets)	1,421	1,421
Noncurrent Liabilities		
Notes Payable - Water and Sewer	-	-
Notes Payable - Electric Fund	-	-
Total Noncurrent Liabilities	-	-
Total Liabilities	$ 1,421	$ 1,421
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ 5,854	$ 5,854
Unrestricted	672,734	672,734
Total Net Assets	$ 678,588	$ 678,588

CITY OF FAIRBURN, GEORGIA

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

NON-MAJOR PROPRIETARY FUNDS

September 30, 2009

	Sanitation	Total Non-Major Enterprise Funds
Operating Revenues:		
Charges for Services	$ 654,443	$ 654,443
Miscellaneous	32,621	32,621
Total Operating Revenues	687,064	687,064
Operating Expenses:		
Administrative Expenses	32,742	32,742
Depreciation Expense	2,744	2,744
Other Operating Expenses	583,041	583,041
Total Operating Expenses	618,527	618,527
Operating Income	68,537	68,537
Nonoperating Revenues (Expenses):		
Interest on Investments	715	715
Total Nonoperating Revenues (Expenses)	715	715
Income (Loss) Before Transfers	69,252	69,252
Transfers:		
To General Fund	(34,374)	(34,374)
Total Transfers	(34,374)	(34,374)
Net Income (Loss)	34,878	34,878
Net Assets - Beginning of Year	643,710	643,710
Net Assets - End of Year	$ 678,588	$ 678,588

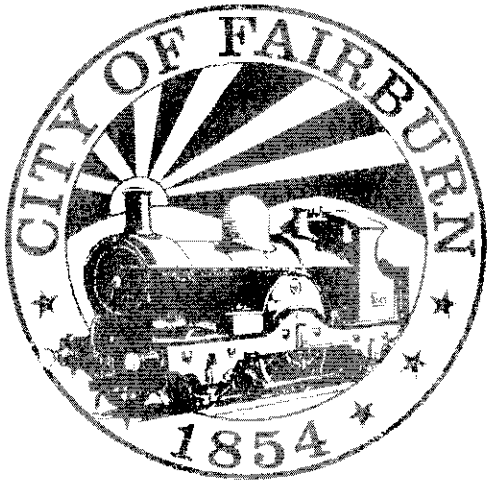
CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF CASH FLOWS

NON-MAJOR PROPRIETARY FUNDS

Year Ended September 30, 2009

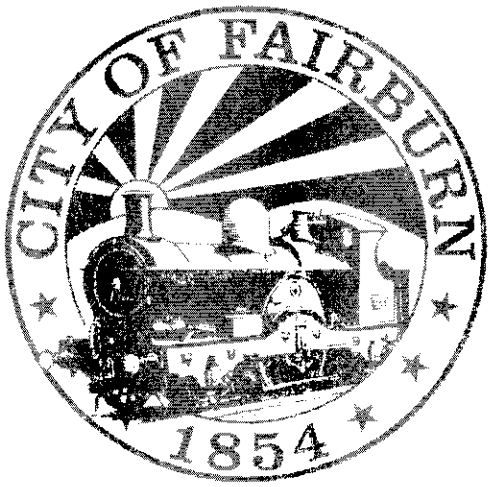
	Sanitation	Total Non-Major Enterprise Funds
Increase (Decrease) in Cash:		
Cash Provided by (Used in) Operating Activities:		
Receipts from Customers	$ 704,401	$ 704,401
Receipts from Customer Deposits (net)	(1,767)	(1,767)
Payments to Suppliers	(615,783)	(615,783)
Net Cash Provided by (Used in) Operating Activities	86,851	86,851
Cash Flows from Non-Capital and Related Financing Activities:		
Transfers In	(34,374)	(34,374)
Net Cash Flows from Non-Capital and Related Financing Activities:	(34,374)	(34,374)
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Long Term Debt	-	-
Interest Paid on Long-term Debt	-	-
Capital Asset Purchases	(4,422)	(4,422)
Net Cash Flows from Capital and Related Financing Activities	(4,422)	(4,422)
Cash Flows From Investing Activities:		
Interest on Investments	715	715
Net Cash From Investing Activities	715	715
Net Increase (Decrease) in Cash	48,770	48,770
Cash at Beginning of Year	527,400	527,400
Cash at End of Year	$ 576,170	$ 576,170
Classified As:		
Current Assets	$ 527,400	$ 576,170
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating Income (Loss)	$ 68,537	$ 68,537
Adjustments Not Affecting Cash:		
Depreciation	2,744	2,744
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	17,337	17,337
Increase (Decrease) in Accounts Payable	-	-
Increase (Decrease) in Utility Deposits	(1,767)	(1,767)
Total Adjustments	18,314	18,314
Net Cash Provided by (Used in) Operating Activities	$ 86,851	$ 86,851



CITY OF FAIRBURN, GEORGIA

STATISTICAL SECTION

Statistical table differ from financial statements because they usually cover more than two fiscal years and may contain non- accounting data. These schedules reflect financial trends of the City with social and economic data.



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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	2009
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	$ 20,438,499
Restricted	-	-	127,299	127,299	136,223	80,003
Unrestricted	1,242,927	1,187,909	137,417	286,922	(176,511)	(209,590)
Total Governmental Activities Net Assets	19,183,714	18,493,815	17,797,357	20,627,483	19,589,059	20,308,912
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	9,311,194
Restricted	5,059,990	3,047,898	3,175,590	521,835	3,169,261	480,215
Unrestricted	3,988,854	7,123,433	9,680,088	10,791,732	8,926,965	7,472,476
Total Business-Type Activities Net Assets	11,952,119	17,554,674	21,285,254	19,415,603	20,367,751	17,263,885
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	29,749,693
Restricted	5,059,990	3,047,898	3,302,889	649,134	3,305,484	560,218
Unrestricted	5,231,781	8,311,342	9,817,505	11,078,654	8,750,454	7,262,886
Total Primary Government Net Assets	$ 31,135,833	$ 36,048,489	$ 39,082,611	$ 40,043,086	$ 39,956,810	$ 37,572,797

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	2009
Expenses						
Governmental Activities						
* Mayor and Council	$ -	$ -	$ -	$ -	$ -	$ 189,349
Administrative	1,552,885	1,269,561	2,352,410	2,587,866	2,681,018	639,339
* City Clerk	-	-	-	-	-	236,893
* Finance	-	-	-	-	-	367,882
* Technology	-	-	-	-	-	109,048
* Property Management	-	-	-	-	-	374,870
* Court Services	-	-	-	-	-	279,684
Police	1,988,406	2,439,393	2,395,473	2,869,371	3,011,769	3,052,628
Fire	250,151	306,633	1,284,637	2,172,502	2,926,785	3,084,015
* Public Works Administration	-	-	-	-	-	1,032,542
Streets, Parks, and Recreation	1,300,695	2,438,641	1,980,719	1,959,353	2,100,286	-
* Streets	-	-	-	-	-	1,142,654
* Recreation	-	-	-	-	-	80,226
* Inspection and Enforcement	-	-	-	-	-	342,527
* Planning and Zoning	-	-	-	-	-	241,877
* Cemetery	-	-	-	-	-	59,925
E-911	-	84,715	419,432	469,741	493,496	486,230
Other	24,886	-	-	-	24,066	-
Interest on Long-term Debt	-	3,814	16,718	28,876	26,490	37,401
Total Governmental Activities Expenses	$ 5,117,023	$ 6,542,757	$ 8,449,389	$ 10,087,709	$ 11,263,910	11,757,090
Business-Type Activities						
Electric	$ 3,949,239	$ 3,683,462	$ 5,169,600	$ 5,305,917	$ 5,945,283	$ 5,988,466
Water and Sewer Utilities	1,515,607	1,414,945	2,609,979	3,139,049	3,434,169	3,879,022
Cable TV	1,780,601	1,806,071	1,958,708	654,148	-	-
Other Business Activities	824,577	-	-	-	-	-
Educational Complex	-	-	-	-	110	666,067
Sanitation	-	448,268	737,006	689,203	766,875	618,527
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	$ 11,152,082
Primary Government						
Total Primary Government Expenses	$ 13,187,047	$ 14,054,530	$ 19,113,213	$ 20,061,913	$ 21,568,346	$ 22,909,172
Program Revenues						
Governmental Activities						
Fines & Forfeitures	$ 207,427	$ 196,496	$ 307,137	$ 430,046	$ 443,927	$ 350,884
Safeguard Disposal Fees	94,979	382,547	405,226	600,156	510,801	585,263
Business Licenses	240,958	223,411	265,945	397,050	462,172	429,370
Bulding Parmits	298,302	264,824	353,697	315,803	101,832	30,183
Site Plan Inspections	732,164	615,223	532,381	288,649	115,300	42,204
Miscellaneous Programs	293,519	273,800	207,467	245,279	155,934	166,803
Operating Grants	111,840	123,386	223,606	95,897	191,784	424,049
Total Governmental Activities Program Revenues	$ 1,979,189	$ 2,079,687	$ 2,295,459	$ 2,372,880	$ 1,981,750	$ 2,028,756
Business-Type Activities						
Charges for Services	$ 10,309,484	$ 13,080,048	$ 15,844,099	$ 13,840,371	$ 12,552,333	$ 12,559,295
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	$ 12,559,295
Total Primary Government Program Revenues	$ 12,288,673	$ 15,645,348	$ 18,139,558	$ 16,213,251	$ 14,534,083	$ 14,588,051

* These items were combined in another group in prior years.

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	2009
Net (Expense) Revenue						
Governmental Activities	$ (3,137,834)	$ (4,463,070)	$ (6,153,930)	$ (7,714,829)	$ (9,282,160)	$ (9,728,334)
Business-Type Activities	2,239,460	6,053,888	5,180,275	3,866,167	2,247,897	1,407,213
Total Primary Government Net (Expense)	$ (898,374)	$ 1,590,818	$ (973,655)	$ (3,848,662)	$ (7,034,263)	$ (8,321,121)
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	2,831,173
Sales	1,178,336	1,251,042	1,443,222	1,442,080	1,440,218	1,287,811
Other Taxes	740,048	841,303	908,676	1,075,173	1,517,717	1,951,473
Other Local Revenue	45,983	-	-	-	34,703	65,260
Unrestricted Investment Earnings	30,480	62,030	87,406	79,327	49,227	49,027
Loss on Disposition of Capital Assets	-	-	(2,680)	-	-	-
Transfers	588,479	642,570	1,871,602	6,603,693	2,933,113	4,598,580
Total Governmental Activities	$ 3,475,212	$ 3,773,171	$ 5,457,472	$ 10,544,955	$ 8,243,736	$ 10,783,324
Business-Type Activities						
Unrestricted Investment Income	$ 171,331	$ 191,237	$ 421,907	$ 575,362	$ 416,809	$ 87,501
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)	(4,598,580)
Total Business-Type Activities	(417,148)	(451,333)	(1,449,695)	(5,735,818)	(2,516,304)	(4,511,079)
Total Primary Government	$ 3,058,064	$ 3,321,838	$ 4,007,777	$ 4,809,137	$ 5,727,432	$ 6,272,245
Change in Net Assets						
Governmental Activities	$ 337,378	$ (689,899)	$ (696,458)	$ 2,830,126	$ (1,038,424)	$ 1,054,990
Total Business-Type Activities	1,822,312	5,602,555	3,730,580	(1,869,651)	(268,407)	(3,103,866)
Total Primary Government	$ 2,159,690	$ 4,912,656	$ 3,034,122	$ 960,475	$ (1,306,831)	$ (2,048,876)

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	2009
General Fund						
Reserved	$ 100,972	$ 95,945	$ 90,016	$ 41,364	$ 157,421	86,290
Unreserved	959,091	876,408	16,127	168,052	(411,217)	(406,291)
Total General Fund	1,060,063	972,353	106,143	209,416	(253,796)	(320,001)
All Other Governmental Funds						
Reserved	-	-	-	-	-	-
Unreserved, Reported in:						
Special Revenue Fund	61,636	72,448	(613)	36,764	136,223	39,161
Permanent Fund	119,160	123,137	127,299	131,590	199,089	80,003
Total All Other Governmental Funds	$ 180,796	$ 195,585	$ 126,686	$ 168,354	$ 335,312	119,164

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	2009
Revenues:						
Taxes	$ 2,789,995	$ 3,222,685	$ 3,730,537	$ 3,857,279	$ 5,224,467	$ 6,098,692
Licenses and Permits	1,466,992	1,026,028	988,998	1,119,998	741,349	542,957
Charges for Services	192,930	510,366	509,773	726,939	704,273	710,866
Fines, Forfeitures, and Penalties	225,634	245,822	344,302	430,046	383,499	350,884
Intergovernmental Revenue	111,840	123,386	223,606	95,897	191,784	424,049
Investment Earnings	30,480	62,030	87,406	79,417	49,227	49,027
Other Local Revenue	45,983	-	-	-	-	-
Total All Governmental Funds	$ 4,863,854	$ 5,190,317	$ 5,884,622	$ 6,309,576	$ 7,294,599	$ 8,176,475
Expenditures						
Current						
Mayor and Council	-	-	-	-	-	189,349
Administrative	1,516,720	1,245,816	2,321,998	2,542,027	2,621,842	607,671
City Clerk	-	-	-	-	-	236,893
Finance	-	-	-	-	-	367,882
Technology	-	-	-	-	-	98,769
Property Management	-	-	-	-	-	331,419
Court Services	-	-	-	-	-	279,684
Police	1,916,482	2,261,715	2,304,762	2,743,735	2,888,250	2,922,108
Fire	216,235	277,254	1,234,578	2,069,862	2,797,746	2,953,546
Streets, Parks, and Recreation	636,433	1,787,888	1,326,532	1,303,932	1,434,246	-
Public Works Administration	-	-	-	-	-	373,259
Streets	-	-	-	-	-	1,132,053
Recreation	-	-	-	-	-	79,287
Inspection and Enforcement	-	-	-	-	-	342,527
Planning and Zoning	-	-	-	-	-	241,877
Cemetery	-	-	-	-	-	59,925
E-911	-	84,715	401,833	469,741	463,548	486,230
Other	24,886	-	-	-	24,066	-
Debt Service						
Principal	-	66,984	195,168	267,780	306,564	296,729
Interest, Fees, and Bond Issue Costs	-	3,814	16,718	28,876	26,490	37,401
Capital Outlay	390,383	557,271	1,275,708	3,527,156	731,026	2,039,633
Total Expenditures	4,701,139	6,285,457	9,077,297	12,953,109	11,293,778	13,076,242
Excess (deficit) of Revenues Over Revenues	$ 162,715	$ (1,095,140)	$ (3,192,675)	$ (6,643,533)	$ (3,999,179)	$ (4,899,767)
Other Financing Sources (Uses)						
Issuance of Debt	-	379,649	385,964	184,781	241,958	510,000
Transfers in	588,479	642,570	1,871,602	6,603,693	3,778,243	4,713,867
Transfers (out)	-	-	-	-	(473,305)	(115,287)
Total Other Financing Sources (Uses)	588,479	1,022,219	2,257,566	6,788,474	3,546,896	5,108,580
Net Change in Fund Balance	751,194	(72,921)	(935,109)	144,941	(452,283)	208,813
Fund Balance Beginning	489,665	1,240,859	1,167,938	232,829	377,770	(74,513)
Prior Period Adjustment	-	-	-	-	-	(335,137)
Fund Balance ending	$ 1,240,859	$ 1,167,938	$ 232,829	$ 377,770	$ (74,513)	$ (200,837)
Ratio of Debt Service Expenditures to Non-Capital Expenditures	-	1.83%	3.38%	3.79%	3.79%	3.81%

CITY OF FAIRBURN, GEORGIA

TABLE 5

GENERAL GOVERNMENT TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(Years 2000-2003 are not available)

Fiscal Year	Property Tax	Sales Tax	Occupation Tax	Insurance Premium Tax	Hotel/Motel Tax	Other Tax	Total
2009	$ 2,831,173	$ 1,287,811	$ 429,370	$ 305,810	$ 115,287	$ 1,595,636	$ 6,565,087
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

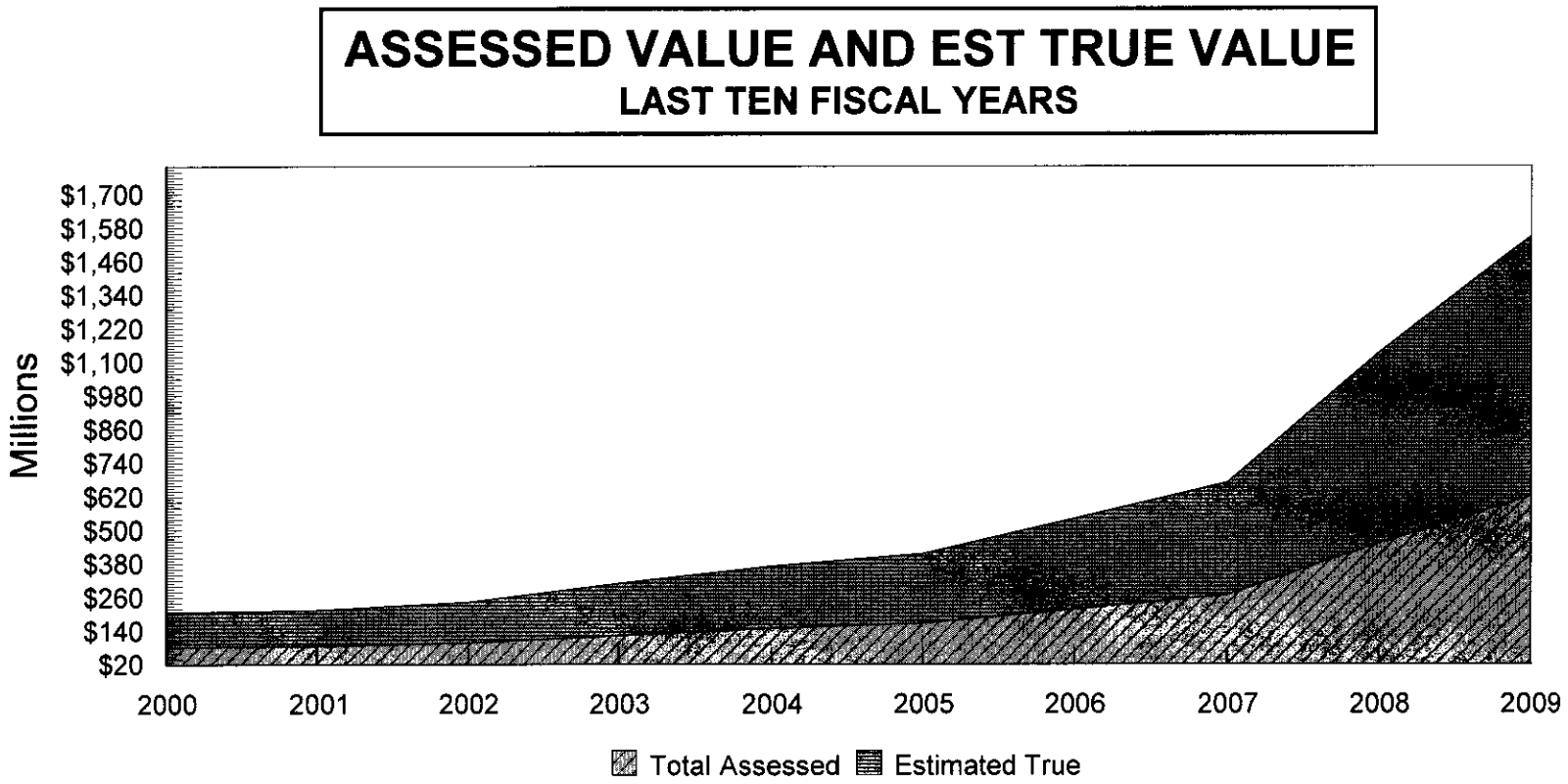
CITY OF FAIRBURN, GEORGIA

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
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%
2009	472,645,760	1,181,614,400	136,133,597	340,333,993	10,325,819	25,814,548	619,105,176	1,547,762,940	40%	36.63%



CITY OF FAIRBURN, GEORGIA

TABLE 7

PRINCIPAL REVENUE PAYERS

Current Year and Nine Years Previous

Taxpayer	September 30, 2009 Taxable Valuation	Rank	Percentage of Total Taxable Valuation	September 30, 2000 Taxable Valuation	Rank	Percentage of Total Taxable Valuation
MD Hodges Enterprises	$ 27,680,640	1	4.47%	$		0.00%
Ralston Purina	14,643,000	2	2.37%			0.00%
Excel Logistics	12,851,730	3	2.08%			0.00%
Development Auth Fulton County	11,716,560	4	1.89%			0.00%
Owens Corning	11,407,876	5	1.84%			0.00%
BellSouth	9,251,724	6	1.49%			0.00%
U. S/ Food	7,523,820	7	1.22%			0.00%
USF Propco II	7,280,030	8	1.18%			0.00%
Porex	7,181,710	9	1.16%			0.00%
AJT Acquisitions	7,048,000	10	1.14%			0.00%
Porex Inc.				5,934,200	1	6.61%
South Creek Distributor				2,282,720	2	2.54%
B & K Marketing, Inc.				967,920	3	1.08%
Carolina Builders Co.				827,550	4	0.92%
Fairburn Health Care				782,460	5	0.87%
Newnan Trading Corp.				637,300	6	0.71%
CCA Electronics Inc.				567,310	7	0.63%
Fairburn Banking				533,170	8	0.59%
Estex Manufacturing				497,030	9	0.55%
Strack Family LLC				416,360	10	0.46%
Others	502,520,086		81.17%	76,349,536		85.03%
Total TaxbleValuation	619,105,176			89,795,556		

CITY OF FAIRBURN, GEORGIA

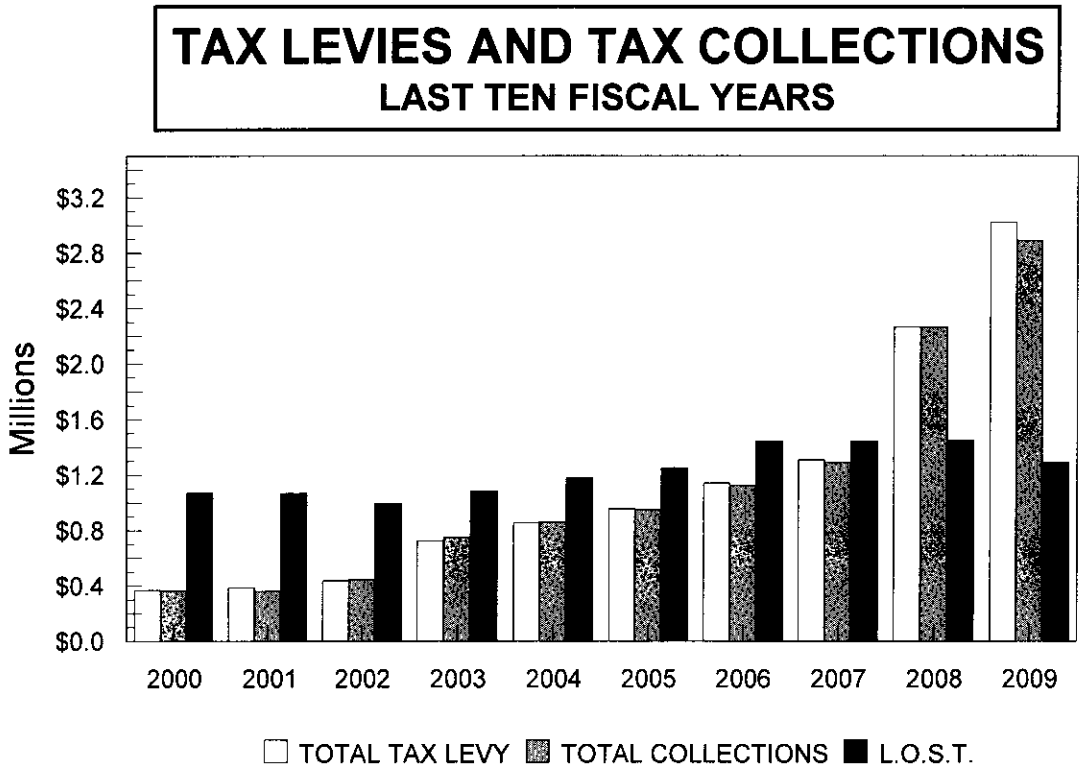
TABLE 8

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
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
2009	3,022,619	2,845,910	94.15%	44,541	2,890,451	229,243	7.58%	1,287,811

Direct millage rate for City property tax is .005%



CITY OF FAIRBURN, GEORGIA

TABLE 9

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years
(Years 2000-2005 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: Revenue Bond: 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
2009	$ 566,916	$ 12,135,000	$ -	$ 9,236,166	$ 173,899	$ 22,111,981	7.12%	$ 20,952

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
2009	none	none	none	none	none

CITY OF FAIRBURN, GEORGIA

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS

TABLE 11

Last Ten Fiscal Years

Year	Net General Obligation Bonded Debt Outstanding: Direct Total City	Net General Obligation Bonded Debt Outstanding: Overlapping Total County	Net General Obligation Bonded Debt Outstanding: Percentage Of County Debt Applicable To City	Total	Fulton Cty Assessed Value	City Assessed Value
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
2009	-	1,760,000	100.00%	1,760,000	62,579,937,000	619,105,175

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
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
2009	619,105,175	10.00%	61,910,518	-	61,910,518

(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 2000-2006 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
2009	4,547,918	2,253,684	2,294,234	550,000	508,934	1,058,934	2.17

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)
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%
2009	14,813	310,361,976	20,952	36.1	12	9306	10.01%

(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 Four Years Previous (Earliest Avaiable)

	2009			2005		
Employer	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
U. S. Food Services	695	1	11.83%	756	1	19.65%
Owens Corning	388	2	6.60%	-	-	-
Nestle Purina	310	3	5.27%	-	-	-
Strack, Inc.	300	4	5.10%	300	3	7.80%
Porex Corporation	259	5	4.41%	272	4	7.07%
Adesa Atlanta LLC	200	6	3.40%	180	5	4.68%
Reynolds , Inc.	200	7	3.40%	750	2	19.50%
Prism Pointe Technology	150	8	2.55%	-	-	-
Estex Manufacturing	121	9	2.06%	100	7	2.60%
Fairburn Healthcare	108	10	1.84%	98	8	2.55%
Kingswere Furniture LLC	-	-	-	75	9	1.95%
Newnan Trading Company, Inc.	-	-	-	100	6	2.60%
Georgia Renaissance Vendors	-	-	-	64	10	1.66%
Total	2,731		46.47%	2,695		70.05%
Total for City	5,877		100.00%	3,847		100.00%

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 2000-2005 are not available)

Function	2006	2007	2008	2009
Administrative	28	27	28	35
Police	35	41	35	31
Fire	28	41	28	47
Streets, Parks, and Recreation	11	11	11	13
E-911	9	10	9	10
Electric	5	7	5	9
Water and Sewer	4	4	4	5
Cable	2	2	2	-
	122	143	122	150

n/a = not available

CITY OF FAIRBURN, GEORGIA

OPERATING INDICATORS

TABLE 17

Last Ten Fiscal Years

FUNCTION	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Physical Arrests	n/a	n/a	n/a	n/a	n/a	n/a	699	700	779	614
Parking Violations	50	50	50	50	145	145	145	145	145	33
Traffic Violations	3,246	3,064	2,985	2,463	1,866	2,429	3,169	2,810	2,519	1,136
Fire										
Number of Calls Answered	n/a	n/a	n/a	n/a	n/a	n/a	*922	1,739	1,707	1,786
Inspections	n/a	n/a	n/a	n/a	n/a	n/a	-	36	510	420
Highways and Streets										
Street Resurfacing (miles)	n/a	n/a	0.7	0.57	0.44	0.36	1	-	1	0.25
Potholes Repaired	n/a	n/a	n/a	n/a	n/a	30	32	38	44	48
Sanitation										
Refuse Collected (tons/day)	n/a	n/a	n/a	n/a	n/a	n/a	2,772	3,416	3,094	5,806
Recyclables Collected (tons/day)	n/a	n/a	n/a	n/a	n/a	n/a	192	181	135	243
Culture and Recreation										
Athletic Field Permits Issued	-	-	1	2	1	3	3	4	4	4
Community Center Admissions	-	-	-	-	-	-	-	-	1	1
Water										
New Connections										
Water Main Breaks	n/a	n/a	n/a	n/a	n/a	n/a	12	8	10	6
Average Daily Consumption (thousands of gallons)	n/a	n/a	n/a	593	649	675	851	875	776	791
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	**	**	**	**	**	**	**	**	**	**

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 2000-2002 are not available)

Function	2003	2004	2005	2006	2007	2008	2009
Public Safety							
Fire							
Stations	1	1	1	1	2	2	2
Police							
Stations	1	1	1	1	1	1	1
Patrol Units	n/a	n/a	n/a	27	35	n/a	40
Highways and Streets							
Miles Paved	37.2	56.4	72.1	72.1	95.2	96.5	96.5
Miles Unpaved	6	6	1	2	2.6	2.6	2.6
Streetlights	613	644	660	660	694	694	695
Caution	6	1	1	1	4	2	2
Water							
Miles Water Mains	35	50	56	56	90.5	90.5	90.5
Fire Hydrants	301	350	717	717	667	900	900
Sewer							
Miles Storm	3.5	24	24.3	24.6	36	37.25	37.25
Miles Sanitary	44.5	51.5	61	65	68	69	69
Electric							
Miles of Line	52	59	61	61	79	79	79
Plant Capacity	12,400 KVA	12,400 KVA	12,400 KVA	12,400 KVA	12,400 KVA	12,400 KVA	12,400 KVA