City of Fairburn, Georgia

Comprehensive Annual Financial Report

For the Fiscal Year Ended
September 30, 2011



Prepared by

Department of Finance
56 Malone Street
Fairburn, Georgia 30213

CITY OF FAIRBURN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

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CITY OF FAIRBURN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION
(Unaudited)

City of Fairburn
56 Malone Street
Fairburn, GA 30213
770-964-2244 FAX - 770-969-3484

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 (the "City"), for the fiscal year ended September 30, 2011, 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 City. To the best of our knowledge and belief, the enclosed data is 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 of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report consists of management's representations concerning the finances of the City of Fairburn. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Fairburn has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Fairburn's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Fairburn's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organization 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 City, economic condition and outlook for the City, the major events of the fiscal year and other information including the audit and acknowledgements.

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 the 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 was originally 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 construction of the Atlanta and West Point Railroad in 1854. The City of Fairburn was incorporated February 17, 1854 and adopted its City Charter on August 3, 1925 (Georgia Statutes 1925).

It is believed that Fairburn was named for a township in the County of York, England by Williams McBride, the City's first postmaster, to honor his ancestral hometown. Fairburn was once the county seat for Campbell County, Georgia, starting in 1870 until the County was dissolved in 1931. A telephone system was installed in 1905 and the City received electric lights in 1911. Fairburn gained worldwide distinction in 1921 by erecting the first monument to World War I dead.

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, and parks operations and maintenance.

In addition, electric, water, sewer, and storm water services, educational complex rentals, and solid waste collection and disposal services are provided (the latter by contract) under an enterprise fund concept. User charges are set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt. The City's primary sources of General Fund revenue continue to come from ad valorem taxes, sales taxes, and franchise fees.

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 Mayor, while a part-time position, is the City's Chief Executive Officer. The City Administrator is a full-time position appointed by and serving at the pleasure of the City Council.

The City Council annually adopts a balanced budget and establishes an ad valorem 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

As a part of the metropolitan Atlanta area, Fairburn is positioned for significant economic growth with easy access to markets in the Northeast, South and Midwestern States by air, rail, or highway. The City of Fairburn is located ten miles south of Atlanta Hartsfield-Jackson International Airport, the world's busiest airport. A mainline operated by CSX provides access to their growing Fairburn intermodal yard. The community is bisected by Interstate 85 and is also in close proximity to the intersection of I-75, I-85, and I-20 in downtown Atlanta.

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, hosting an annual Developer's Day to showcase development opportunities in and around Fairburn. The Economic & Community Development Group of the Electric Cities of Georgia is also an important partner in marketing the City to developers and in helping to provide extensive support to existing utility customers.

Annual investments in infrastructure improvements have been made over the years to maintain a functional level of service capacity and reliability. As a member of the Municipal Electric Authority of Georgia (MEAG) (the "Authority"), Fairburn provides very competitive and dependable electric service. The City is also a member of the South Fulton Municipal Regional Water & Sewer Authority, along with Union City and Palmetto. The Authority is currently constructing a water reservoir and water treatment plant near the Chattahoochee River to the west of the City limits in rural Fulton County.

Rebounding from the impact of the recession, the City experienced renewed interest in commercial and industrial development beginning in late 2010, especially for retail space along the Highway 74 corridor and for distribution space in the Southcreek area of Bohannon Road and Oakley Industrial Boulevard. As evidence of this trend, the March 2-8 edition of the Atlanta Business Chronicle indicated that the two largest industrial leasing deals in metro Atlanta during 2011 occurred in Fairburn, Georgia.

Fairburn is also home to the Georgia Renaissance Festival, a re-creation of a 16th-Century European Country Faire. Located on 120 acres just minutes from downtown, the Festival attracts more than 150,000 weekend visitors from mid-April to early June.

Major Events in 2011

A general obligation bond for $10.415 million was overwhelmingly approved during the November, 2010 general election. The City used over $2 million of those funds to purchase the 140-acre Duncan Park from Fulton County in late 2011. Already home to a dazzling Astroturf football field provided by Fairburn's favorite son Eric Berry, the park will soon enjoy renovations to its indoor swimming pool and boast of a new playground, two new concession/restroom buildings, expanded parking, and three new picnic pavilions.

While the sagging metro-Atlanta economy and housing industry have reduced local revenues somewhat, the City continues to operate with a balanced budget without personnel layoffs or cuts in service levels. The City plans to continue to improve the quality of life of the community by maintaining strict spending controls.

Already home to manufacturing and warehousing facilities for household names such as US Foods, Toto, Owens-Corning, Smuckers, and Nestle-Purina, Fairburn welcomed Clorox, Electrolux, and Aaron Rents to town during early 2011.

In early 2010, downtown Fairburn, centered at the intersection of Highway 29 and Highway 92, suffered the loss of three commercial buildings and experienced severe damage to a fourth, the Amoss Pharmacy building. The now-vacant land and adjoining parking (valued at $280,000 at the time of donation) were donated to the City in late 2010. Renovation of Fairburn's landmark building was completed in early 2012, enabling the return of Oz Pizza. Design work is now underway to construct a park and stage on the site of the donated land.

The City's educational complex at the north end of town continues to grow, with Georgia Military Academy's (GMC) enrollment now over 800 and climbing, while Brenau University's nursing program is scheduled to open in January, 2014. Another classroom building for GMC is being designed, and a third school is looking to open a satellite location at the complex as well.

Financial Information

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles. In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal 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 statues require an annual audit by independent certified public accountants. The accounting firm of Mauldin & Jenkins, LLC was selected. The independent auditor's report on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2010. This was the twenty-third consecutive year and the twenty-sixth time that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting 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 Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

Tom Barber, CPA, MBA
City Administrator

April 20, 2012

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, 2010

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.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

City of Fairburn, Georgia
CITY OFFICIALS
SEPTEMBER 30, 2011

CITY COUNCIL
Mario Avery, Mayor
Elizabeth "Liz" Hurst, Mayor Pro Tem
Ron Alderman
Alex Heath
Marian Johnson
Jean Barkley Russell
Scott Vaughn

CITY ADMINISTRATOR
Tom Barber, CPA

CITY CLERK
Brenda James

FINANCE DIRECTOR
Vacant

CHIEF OF POLICE
Chip McCarthy

FIRE CHIEF
Jody Weller

CITY ENGINEER
Troy Besseche

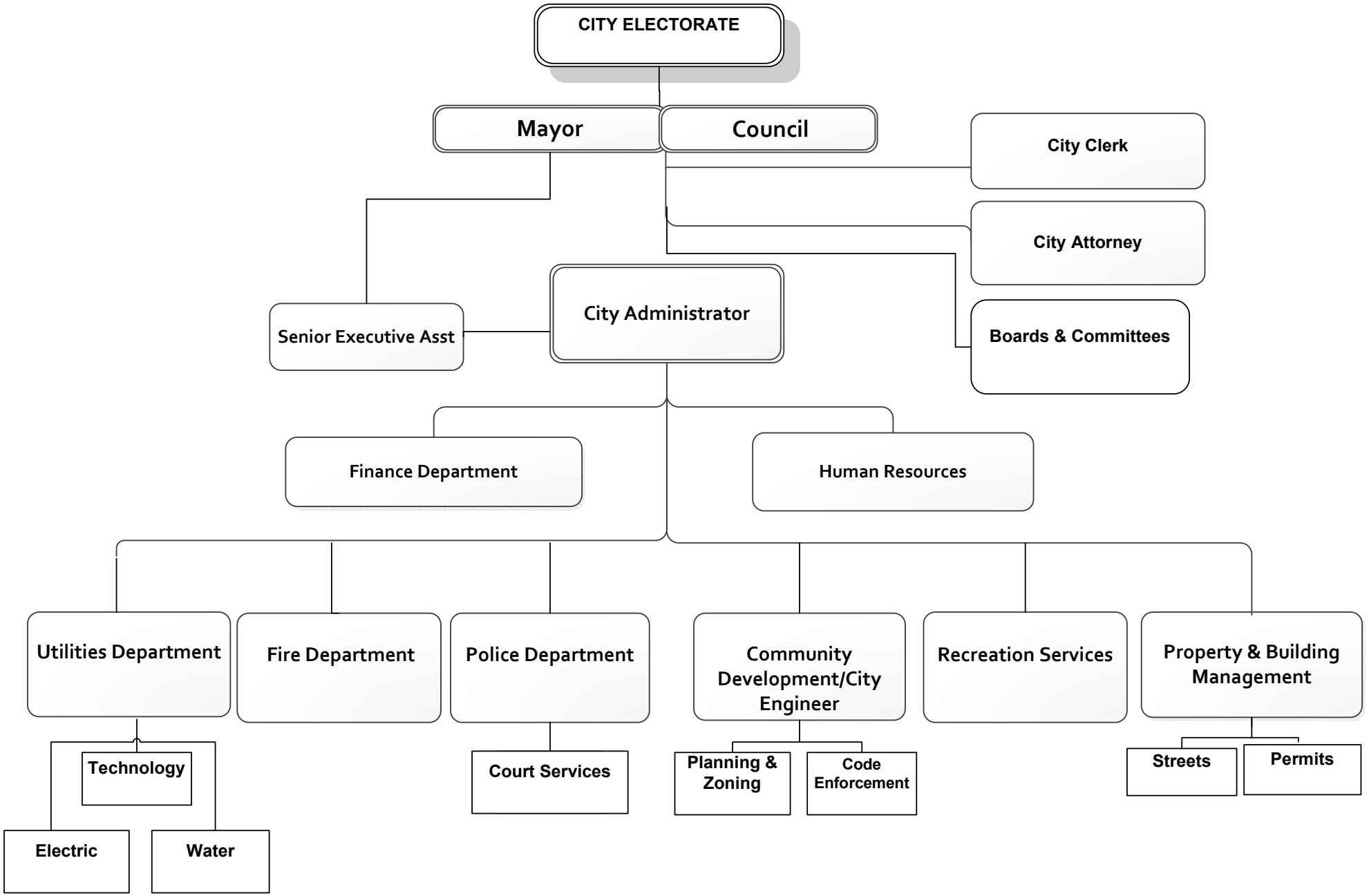
UTILITY DIRECTOR
Gene Fritz

BUILDING INSPECTOR
Harvey Stokes

CITY ATTORNEYS
Turner & Ross, LLC

City of Fairburn, Georgia

ORGANIZATIONAL CHART



FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of City Council
City of Fairburn, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Fairburn, Georgia** as of and for the fiscal year ended September 30, 2011, which collectively comprise the City of Fairburn, Georgia'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 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, effective October 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2012, 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 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress (on pages 3 through 11 and page 51, respectively) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 20, 2012

As management of the City of Fairburn (the "City"), 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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2011 are as follows:

•The assets of the City of Fairburn exceeded its liabilities at the close of the fiscal year by $37,548,593 (net assets). Of this amount, $1,983,434 is restricted and $4,784,932 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
•The City's total net assets decreased by $(142,524) from the prior fiscal year. Of total net assets, $30,780,227 is invested in capital assets, net of related debt as compared to $32,084,667 of the prior fiscal year.
•As of the close of fiscal year 2011, the City of Fairburn's governmental funds reported combined ending fund balances of $10,948,572, an increase of $10,242,381 from the prior fiscal year. The increase is primarily due to the issuance of $10,415,000 of general obligation bonds.
•At the end of the current fiscal year, total fund balance for the General Fund was $546,621, an increase of $455,010 over the prior fiscal year.
•The City issued $10,415,000 of general obligation bonds for the purpose of acquiring and upgrading park facilities, construction of an additional fire station as well as downtown enhancements.
•The City, through its Development Authority, refinanced $7,958,409 of the 2008 Education complex bonds and acquired $5,875,910 of additional financing to enlarge the facility.
•Transfers from the Enterprise Funds to the General Fund decreased from $3,689,629 in fiscal year 2010 to $2,865,000 in fiscal year 2011, a reduction of ($824,629).

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to those financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net assets and the statement of activities, which are described below.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. It is important to note that this statement consolidates the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and planning and development.

The business-type activities of the City include electric, water and sewer, educational complex, stormwater, and sanitation. The City's government-wide financial statements are presented on pages 12 and 13.

Reporting the City's Most Significant Funds

Unlike government-wide financial statements, the focus of fund financial statements is directed at specific activities of the City rather than the City as a whole. Except for the General Fund, a special revenue fund is established to satisfy managerial control over committed resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The City's fund financial statements are divided into two broad categories, namely, (1) governmental funds and (2) proprietary funds.

Governmental Funds

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a fiscal year, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the statement of revenues, expenditures, and changes in fund balances for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, because different accounting basis are used to prepare fund financial statements, there are often significant differences between the totals presented in these financial statements. For this reason, there is an analysis at the bottom of the balance sheet that reconciles the total fund balances to the amount of net assets presented in the governmental activities column on the statement of net assets. Also, on page 16, there is a reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental funds to the statement of activities.

The City presents in separate columns funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City's governmental fund financial statements are presented on pages 14 and 15.

Proprietary Funds

Proprietary fund financial statements consist of a statement of net assets, the statement of revenues, expenses, and changes in net assets and statement of cash flows, which are prepared on the accrual basis of accounting. For financial reporting purposes, proprietary funds are grouped into Enterprise Funds.

The City uses Enterprise Funds to account for business-type activities that typically charge fees to customers for the use of specific goods or services. Balances and activities accounted for in the City's Enterprise Funds are also reported in the business-type activities columns of the government-wide financial statements and used the same basis of accounting as the government-wide statements.

The City presents in separate columns Enterprise Funds that are most significant to the City (major enterprise funds) and all other Enterprise Funds are aggregated and reported in a single column. A statement of cash flows is presented at the fund financial statement level for proprietary funds.

The City's proprietary fund financial statements are presented on pages 18 - 20.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for the past two fiscal years are summarized as follows based on the information included in the government-wide financial statements (see pages 12 and 13):

City of Fairburn Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010 Restated	2011	2010 Restated
Current and other assets	$ 12,233,498	$ 1,639,012	$ 13,161,060	$ 6,984,966	$ 25,394,558	$ 8,623,978
Capital assets, net	14,423,283	14,509,879	36,436,970	37,644,347	50,860,253	52,154,226
Total assets	26,656,781	16,148,891	49,598,030	44,629,313	76,254,811	60,778,204
Other liabilities	987,956	799,320	1,519,503	1,782,991	2,507,459	2,582,311
Long-term liabilities	11,164,203	861,820	25,034,556	19,642,956	36,198,759	20,504,776
Total liabilities	12,152,159	1,661,140	26,554,059	21,425,947	38,706,218	23,087,087
Net assets:						
Invested in capital assets, net of related debt	13,449,772	14,043,159	17,330,455	18,041,508	30,780,227	32,084,667
Restricted	639,394	613,627	1,344,040	65,200	1,983,434	678,827
Unrestricted	415,456	(169,035)	4,369,476	5,096,658	4,784,932	4,927,623
Total net assets	$ 14,504,622	$ 14,487,751	$ 23,043,971	$ 23,203,366	$ 37,548,593	$ 37,691,117

Financial Position

The total net assets of the City decreased ($142,524) or 0.38%, from $37,691,117 to $37,548,593 as noted in the following table. Total current and other assets for the primary government increased by approximately $16.8 million as a result of the City issuing bonds and having unspent bond proceeds in the amount of approximately $15.6 million reported as cash and cash equivalents as of September 30, 2011.

Total long-term liabilities increased by approximately $15.7 million as result of the City issuing bonds during the current fiscal year.

City of Fairburn Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010 Restated	2011	2010 Restated
Revenues:						
Program revenues						
Charges for services	$ 1,129,351	$ 1,481,525	$ 14,241,961	$ 13,751,183	$ 15,371,312	$ 15,232,708
Operating grants and contributions	-	19,265	-	-	-	19,265
Capital grants and contributions	280,000	-	-	121,040	280,000	121,040
General revenues:						
Property taxes	4,060,431	2,853,789	-	-	4,060,431	2,853,789
Sales taxes	1,315,932	1,324,124	-	-	1,315,932	1,324,124
Franchise taxes	888,278	903,161	-	-	888,278	903,161
Other taxes	903,038	838,494	-	-	903,038	838,494
Other local revenue	285,274	139,915			285,274	139,915
Gain on sale of assets	2,634	-	694	264,841	3,328	264,841
Unrestricted investment earnings	94,642	34,694	9,838	27,686	104,480	62,380
Total revenues	8,959,580	7,594,967	14,252,493	14,164,750	23,212,073	21,759,717
Expenses:						
General government	1,763,115	2,022,054	-	-	1,763,115	2,022,054
Judicial	235,544	262,792	-	-	235,544	262,792
Public safety	6,127,643	6,758,087	-	-	6,127,643	6,758,087
Public works	1,726,760	1,747,445	-	-	1,726,760	1,747,445
Culture and recreation	228,225	270,198	-	-	228,225	270,198
Planning and development	327,158	433,145	-	-	327,158	433,145
Interest on long-term debt	299,264	25,411	-	-	299,264	25,411
Electric			6,346,545	6,080,267	6,346,545	6,080,267
Water & sewer	-	-	4,576,383	4,371,584	4,576,383	4,371,584
Education complex	-	-	593,658	685,977	593,658	685,977
Stormwater	-	-	571,291	549,079	571,291	549,079
Sanitation	-	-	559,011	580,516	559,011	580,516
Total expenses	10,707,709	11,519,132	12,646,888	12,267,423	23,354,597	23,786,555
Increase (decrease) in net assets before transfers	(1,748,129)	(3,924,165)	1,605,605	1,897,327	(142,524)	(2,026,838)
Transfers	1,765,000	3,689,629	(1,765,000)	(3,689,629)	-	-
Changes in net assets	16,871	(234,536)	(159,395)	(1,792,302)	(142,524)	(2,026,838)
Net assets, beginning of fiscal year, restated	14,487,751	14,722,287	23,203,366	24,995,668	37,691,117	39,717,955
Net assets, end of fiscal year	$ 14,504,622	$ 14,487,751	$ 23,043,971	$ 23,203,366	$ 37,548,593	$ 37,691,117

Governmental Activities

Net assets for governmental activities increased $16,871. Governmental revenues increased $1,364,613 or 18%. The most significant increase in governmental revenue was property taxes which increased $1,206,642 or 42% over the prior fiscal year as a result of the increase in the millage rate from 5 mills to 7.5 mills. The City also received a donation of property along West Broad Street valued at $280,000 which is reflected as a capital grant and contributions as noted in the above table.

Expenses for governmental activities decreased ($811,423) or 7%, primarily as a result of austerity measures taken by management. General government activities decreased ($258,939) or 13% as a result of austerity measures taken by management. Public safety expenses decreased ($630,444) or 9% as a result of delays in filling open positions in the fire and police departments. Also contributing to the decrease is the transfer of all E-911 emergency activities to Fulton County, effective April of 2011. Interest on long term debt increased from $25,411 to $299,264 as a result of the issuance of $10,415,000 of general obligation bonds.

As a result of improved operating results noted above, transfers from proprietary funds to governmental funds required to balance governmental fund balances decreased from $3,689,629 in fiscal year 2010 to $2,865,000 in fiscal year 2011, a reduction of $824,629, or 22%.

Business-Type Activities

Net assets for business type activities decreased ($159,395) from the prior fiscal year. The activities of each enterprise fund are discussed below.

Electric Fund Net income before transfers for the Electric Fund was $1,001,884 compared to $1,575,335 in the prior fiscal year, a decrease of $573,451 or 36%. Operating revenues decreased (305,154) or 4% as a result of normal fluctuations in demand. Electricity costs increased $290,404 or 6% as a result of environmental upgrade charges from the Municipal Electric Association of Georgia. Transfers to meet General Fund obligations for fiscal year 2011 were ($1,650,000) compared to ($2,056,803) in the prior fiscal year, a decrease of ($406,803) or 20%.

Water and Sewer Fund Net income before transfers for the Water and Sewer Fund was $662,902 compared to $556,332 in the prior fiscal year, an increase of $106,570 or 19%. Water revenues increased $715,153 or 16% as a result of increased water rates. Water and sewer operating expenses increased $107,606 or 3%, primarily as a result of increased water rates charged by the City of Atlanta. Transfers to meet General Fund obligations were ($850,000) compared to ($1,597,811) in fiscal year 2010, a decrease of ($747,811) or 47%.

Educational Complex Fund Net losses for the Educational Complex were ($97,217) in fiscal year 2011 compared to losses of ($250,594) in fiscal year 2010. Interest expense decreased ($114,295) as a result of the refinancing of revenue bonds on more favorable terms. Rental income increased from $435,173 in fiscal year 2010 to $488,679 in fiscal year 2011 as additional facilities were leased.

Stormwater Fund This Fund was created during fiscal year 2010 to properly segregate infrastructure utility charges in accordance with State statutes. Operating losses were ($104,110) in fiscal year 2011 as compared to ($100,525) in the prior fiscal year.

Sanitation Fund Net income before transfers for the Sanitation Fund was $142,146 compared to $116,779 in the prior fiscal year. Transfers to the General Fund in fiscal year 2011 were $365,000 compared to $35,015 in fiscal year 2010. Net assets of this fund decreased ($222,854) primarily as a result of the increase in transfers in fiscal year 2011.

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 Fund Balance

The City's combined fund balances as of the end of the current fiscal year for governmental funds, presented on page 14, were $10,948,572 compared to $706,191 in the prior fiscal year. This increase is primarily due to the issuance of $10,415,000 of general obligation bonds.

City of Fairburn Governmental Fund Balance

	2011	2010	$ Change
General Fund	$ 546,621	$ 91,611	$ 455,010
General Obligation Bond Capital Projects Fund	9,761,595	-	9,761,595
Other Governmental Funds	640,356	614,580	25,776
Total Governmental Fund Balance	$ 10,948,572	$ 706,191	$ 10,242,381

Other changes in governmental fund balances are reflected in the table below.

City of Fairbum Changes in Governmental Fund Balance

	2011	2010	$ Change	% Change
Revenues				
Property taxes	$ 4,133,950	$ 2,958,095	1,175,855	40%
Sales taxes	1,315,932	1,324,124	(8,192)	-1%
Franchise taxes	888,278	903,161	(14,883)	-2%
Other taxes	903,038	838,494	64,544	8%
Licenses and permits	542,189	480,241	61,948	13%
Intergovernmental	-	19,265	(19,265)	-100%
Fines and forfeitures	223,780	398,212	(174,432)	-44%
Charges for services	360,802	600,492	(239,690)	-40%
Interest revenue	94,642	34,694	59,948	173%
Other revenues	287,854	142,495	145,359	102%
Total revenues	$ 8,750,465	$ 7,699,273	$ 1,051,192	14%
Expenditures				
Current:				
General government	$ 1,724,112	$ 1,993,378	(269,266)	-14%
Judicial	235,544	262,792	(27,248)	-10%
Public safety	5,993,068	6,578,133	(585,065)	-9%
Public works	1,358,955	1,269,111	89,844	7%
Culture and recreation	165,690	209,493	(43,803)	-21%
Planning and development	327,158	433,145	(105,987)	-24%
Capital outlays	219,133	-	219,133	100%
Debt service:				
Bond issuance costs	409,485	-	409,485	100%
Principal	160,690	223,196	(62,506)	-28%
Interest	134,223	25,411	108,812	428%
Total expenditures	10,728,058	10,994,659	(266,601)	-2%
Excess (deficiency) of revenues over (under) expenditures	(1,977,593)	(3,295,386)	1,317,793	-40%
Other Financing Sources (Uses)				
Bonds issued	10,415,000	-	10,415,000	100%
Orginal bond premium	36,234	-	36,234	100%
Capital leases	-	123,000	(123,000)	-100%
Sale of capital assets	3,740	-	3,740	100%
Transfers in	3,232,866	3,743,142	(510,276)	-14%
Transfers out	(1,467,866)	(53,513)	(1,414,353)	2643%
Total other financing sources (uses)	12,219,974	3,812,629	8,407,345	

Deficiency of revenues under expenditures prior to other financing sources (uses) in the Governmental Funds for the current fiscal year was ($1,977,593) as compared to ($3,295,386) in the prior fiscal year, an increase of $1,317,793.

Overall governmental revenues increased $1,051,192 or 14%. The largest increase was in property taxes which increased $1,175,855 or 40% as a result of the increase in millage rates from 5 to 7.5.

Overall governmental expenditures decreased ($266,601) or 2%. The largest decrease was in public safety expenditures which decreased ($585,065) or 9% as a result of delays in filling open positions in the fire and police departments. General government expenditures decreased ($269,266) or 14% as a result of austerity measures put in place by management. Capital outlays (related to culture and recreation) expenditures increased $219,133 as a result of capital expenditures for upgrades to Duncan Park. During the current fiscal year, the City incurred bond issuance costs of $409,485 in relation to the issuance of the Series 2011 General Obligation Bonds.

General Fund Budgetary Highlights

The final amended budgets passed by the City Council anticipated revenues and transfers from the Enterprise Funds being sufficient to meet operations of the General Fund. Actual results were $454,057 better than budgeted.

A comparison of the final budgetary figures and the actual budgetary figures for revenues are located on page 17.

- General Fund revenues in total were ($638,351) less than budgeted. Property taxes were ($184,336) less than budgeted as certain property tax payers made payments after the availability period after fiscal year end. Franchise tax payments were ($176,722) less than budgeted as the budgets did not reflect the impact of national and local economic conditions on certain franchise payers. Fines and forfeitures were ($156,220) less than budgeted as a result of the inability to collect fines due to the current economic climate. Charges for services related to tipping fees for demolition waste were ($237,978) less than budgeted as a result of the decline in local construction.

- The actual expenditures of $9,662,704 were $1,016,013 less than budgeted as management reduced expenditures and delayed filling open positions to meet decreased revenue projections.

Capital Asset and Debt Administration

Capital Assets

The City has invested $50,860,253 in capital assets (net of depreciation). Capital assets held by the City at the end of the current and previous fiscal years are summarized as follows:

City of Fairburn, Captial Assets, net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 1,539,352	$ 1,259,352	$ 3,595,069	$ 3,595,069	$ 5,134,421	$ 4,854,421
Construction in progress	216,696	-	-	-	216,696	-
Buildings, grounds and improvements	1,694,504	1,813,199	18,295,394	18,834,327	19,989,898	20,647,526
Machinery and equipment	214,921	248,530	77,827	83,389	292,748	331,919
Infrastructure	8,550,179	8,880,736	14,298,247	14,920,306	22,848,426	23,801,042
Vehicles	2,207,631	2,308,062	170,433	211,256	2,378,064	2,519,318
	$ 14,423,283	$ 14,509,879	$ 36,436,970	$ 37,644,347	$ 50,860,253	$ 52,154,226

Capital assets have decreased as a result of depreciation charges which are greater than purchases of new assets. The detailed capital assets schedule is reported in Note 6 of the footnotes to the financial statements.

Long-term Debt

At the end of the current fiscal year, the City had long-term debt related to business-type activities of $26,058,573 and $10,721,030 of governmental activities. Bonds, notes, and capital leases outstanding as of the fiscal year ended September 30, 2011 are fully secured by the full faith and credit of the City. Business-type activities debt is secured by electric, water and sewer, and educational complex revenues while governmental debt is secured by general revenues.

During fiscal year 2011, the City issued General Obligation Bonds of $10,415,000 to be used for park acquisition and upgrades, construction of an additional fire station and downtown redevelopment activities. In addition, the City, through its Downtown Development Authority, refinanced $7,958,409 of the 2008 series Education complex bonds and acquired $5,875,910 of additional financing to enlarge the facility.

The debt position of the City is summarized below and is more fully analyzed in Note 8 of the footnotes to the financial statements.

City of Fairburn Outstanding Long-Term Liabilities

	2011	2010
Governmental Activities		
2011 General Obligation Bonds	$ 10,415,000	$ -
Capital Leases	306,030	466,720
Total	$ 10,721,030	$ 466,720
Business-type Activities		
Series 2008 Educational Complex Bonds	$ -	$ 8,702,250
Series 2011 Education Campus Bonds	15,280,000	-
Series 2006 Utility Bonds	10,755,000	11,500,000
GEFA Note Payable	17,361	39,468
Captial Leases	6,212	71,199
Total	$ 26,058,573	$ 20,312,917

Economic Factors and Next Fiscal Year's Budgets and Rates

The City of Fairburn, along with most other municipalities in South Fulton County, continues to experience reduced revenues as a result of the sluggish metro-Atlanta economy. As a result, service levels and revenue projections will be adjusted as economic conditions dictate. Property taxes for general operations are budgeted to increase from 7.5 mills to 8.1 mills. In addition, the City will levy an additional property tax of 1.83 mills for 2011 to cover the debt payments related to the 2011 general obligation bonds.

Electric rates are budgeted and approved by the Mayor and City Council to increase slightly in fiscal year 2012, with the power cost adjustment rising from 20 mills to 24.5 mills. Water and sewer rates are also budgeted and approved by the Mayor and City Council to increase slightly in fiscal year 2012 as new rate structures take effect on October 1, 2011.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department (770) 964-2244, City Hall, 56 Malone Street, Fairburn, Georgia 30213-1341.

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 10,778,679	$ 8,639,531	$ 19,418,210
Cash with fiscal agent (restricted assets)	-	720,000	720,000
Investments	107,148	915,967	1,023,115
Investments with fiscal agent (restricted assets)	-	68,748	68,748
Accounts receivable, net of allowances	-	2,129,938	2,129,938
Taxes receivable	266,498	-	266,498
Due from other governments	102,037	-	102,037
Inventory	24,546	-	24,546
Other receivables	245,920	61,000	306,920
Internal balances	196,244	(196,244)	-
Prepaid items	109,792	-	109,792
Deferred charges, unamortized balance	402,634	822,120	1,224,754
Capital assets:			
Non-depreciable	1,756,048	3,595,069	5,351,117
Depreciable, net of accumulated depreciation	12,667,235	32,841,901	45,509,136
Total assets	26,656,781	49,598,030	76,254,811
LIABILITIES			
Accounts payable	300,759	1,051,837	1,352,596
Funds held in escrow (due to others)	464,835	-	464,835
Accrued liabilities	52,825	8,455	61,280
Accrued interest payable	165,646	17,432	183,078
Unearned revenue	25	-	25
Customer deposits payable	1,350	441,779	443,129
Other liabilities	2,516	-	2,516
Compensated absences due within one fiscal year	339,612	36,048	375,660
Compensated absences due in more than one fiscal year	67,932	14,175	82,107
Capital leases due within one fiscal year	130,540	6,212	136,752
Capital leases due in more than one fiscal year	175,490	-	175,490
Bonds and notes payable due within one fiscal year	-	737,361	737,361
Bonds and notes payable due in more than one fiscal year	10,450,629	24,240,760	34,691,389
Total liabilities	12,152,159	26,554,059	38,706,218
NET ASSETS			
Invested in capital assets, net of related debt	13,449,772	17,330,455	30,780,227
Restricted for debt service	-	1,275,292	1,275,292
Restricted for law enforcement activites	203,173	-	203,173
Restricted for corpus of perpetual care cementery funds	10,000	-	10,000
Restricted for cemetery operating capital	76,174	-	76,174
Restricted by third party as letter of credit	-	68,748	68,748
Restricted for tourism	350,047	-	350,047
Unrestricted	415,456	4,369,476	4,784,932
Total net assets	$ 14,504,622	$ 23,043,971	$ 37,548,593

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities	Net (Expenses) Revenues and Changes in Net Assets: Business-type Activities	Net (Expenses) Revenues and Changes in Net Assets: Total
Primary government:						
Governmental activities:						
General government	$ 1,763,115	$ 542,189	$ -	$ (1,220,926)	$ -	$ (1,220,926)
Judicial	235,544	223,780	-	(11,764)	-	(11,764)
Public safety	6,127,643	36,360	-	(6,091,283)	-	(6,091,283)
Public works	1,726,760	327,022	280,000	(1,119,738)	-	(1,119,738)
Culture and recreation	228,225	-	-	(228,225)	-	(228,225)
Planning and development	327,158	-	-	(327,158)	-	(327,158)
Interest on long-term debt	299,264	-	-	(299,264)	-	(299,264)
Total governmental activities	10,707,709	1,129,351	280,000	(9,298,358)	-	(9,298,358)
Business-type activities:						
Electric	6,346,545	7,342,711	-	-	996,166	996,166
Water and sewer	4,576,383	5,237,593	-	-	661,210	661,210
Educational complex	593,658	493,319	-	-	(100,339)	(100,339)
Stormwater	571,291	467,181	-	-	(104,110)	(104,110)
Sanitation	559,011	701,157	-	-	142,146	142,146
Total business-type activities	12,646,888	14,241,961	-	-	1,595,073	1,595,073
Total primary government	$ 23,354,597	$ 15,371,312	$ 280,000	$ (9,298,358)	$ 1,595,073	$ (7,703,285)
General revenues:						
Property taxes				$ 4,060,431	$ -	$ 4,060,431
Franchise taxes				888,278	-	888,278
Insurance premium taxes				294,137	-	294,137
Sales and use taxes				1,315,932	-	1,315,932
Motor vehicle taxes				221,656	-	221,656
Beer, wine, and liquor taxes				234,805	-	234,805
Hotel/Motel taxes				118,499	-	118,499
Other taxes				33,941	-	33,941
Unrestricted investment earnings				94,642	9,838	104,480
Gain on sale of capital assets				2,634	694	3,328
Miscellaneous				285,274	-	285,274
Transfers				1,765,000	(1,765,000)	-
Total general revenues and transfers				9,315,229	(1,754,468)	7,560,761
Change in net assets				16,871	(159,395)	(142,524)
Net assets, beginning of fiscal year (restated)				14,487,751	23,203,366	37,691,117
Net assets, end of fiscal year				$ 14,504,622	$ 23,043,971	$ 37,548,593

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

CITY OF FAIRBURN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

ASSETS	General Fund	General Obligation Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 476,904	$ 9,765,304	$ 536,471	$ 10,778,679
Investments	21,186	-	85,962	107,148
Taxes receivable	236,239	-	30,259	266,498
Other receivables	245,920	-	-	245,920
Intergovernmental receivable	102,037	-	-	102,037
Due from other funds	196,244	-	-	196,244
Prepaid items	109,792	-	-	109,792
Inventory	24,546	-	-	24,546
Total assets	$ 1,412,868	$ 9,765,304	$ 652,692	$ 11,830,864
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 285,062	$ 3,709	$ 11,988	$ 300,759
Funds held in escrow (due to others)	464,835	-	-	464,835
Accrued liabilities	52,477	-	348	52,825
Deferred revenues	60,007	-	-	60,007
Customer deposits	1,350	-	-	1,350
Other liabilities	2,516	-	-	2,516
Total liabilities	866,247	3,709	12,336	882,292
FUND BALANCES				
Fund balances:				
Nonspendable for:				
Prepaid items	109,792	-	-	109,792
Inventory	24,546			24,546
Corpus of perpetual care cementery funds	-	-	10,000	10,000
Restricted for:				
Capital construction	-	9,761,595	-	9,761,595
Law enforcement			203,173	203,173
Cemetery operating capital	-	-	76,174	76,174
Tourism	-	-	350,047	350,047
Assigned for:				
Planning and development	-	-	962	962
Unassigned	412,283	-	-	412,283
Total fund balances	546,621	9,761,595	640,356	10,948,572
Total liabilities and fund balances	$ 1,412,868	$ 9,765,304	$ 652,692	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,423,283
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	59,982
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,927,215)
Net assets of governmental activities	$ 14,504,622

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	General Fund	General Obligation Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 7,122,699	$ -	$ 118,499	$ 7,241,198
Licenses and permits	542,189	-	-	542,189
Fines and forfeitures	223,780	-	-	223,780
Charges for services	327,022	-	33,780	360,802
Interest income	33,296	53,560	7,786	94,642
Miscellaneous revenue	287,854	-	-	287,854
Total revenues	8,536,840	53,560	160,065	8,750,465
Expenditures				
Current:				
General government	1,724,112	-	-	1,724,112
Judicial	235,544	-	-	235,544
Public safety	5,672,138	-	320,930	5,993,068
Public works	1,358,955	-	-	1,358,955
Culture and recreation	164,465	-	1,225	165,690
Planning and development	327,158	-	-	327,158
Capital outlay	-	219,133	-	219,133
Debt service:				
Principal retirements	160,690	-	-	160,690
Interest and fiscal charges	19,642	114,581	-	134,223
Bond issuance costs	-	409,485	-	409,485
Total expenditures	9,662,704	743,199	322,155	10,728,058
Deficiency of revenues under expenditures	(1,125,864)	(689,639)	(162,090)	(1,977,593)
Other financing sources (uses):				
Sale of capital assets	3,740	-	-	3,740
Bonds issued	-	10,415,000	-	10,415,000
Original bond premium	-	36,234	-	36,234
Transfers in	2,955,000	-	277,866	3,232,866
Transfers out	(1,377,866)	-	(90,000)	(1,467,866)
Total other financing sources (uses)	1,580,874	10,451,234	187,866	12,219,974
Net change in fund balances	455,010	9,761,595	25,776	10,242,381
Fund balances, beginning of fiscal year	91,611	-	614,580	706,191
Fund balances, end of fiscal year	$ 546,621	$ 9,761,595	$ 640,356	$ 10,948,572

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 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 10,242,381
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period - see footnote 2 for detail of amount.		(365,490)
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals and donations) is to increase net assets.		
Disposal of capital assets	(1,106)	
Donated capital assets from third party	280,000	278,894
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(73,519)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets - see footnote 2 for detail of amount.		(9,881,059)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	(12,444)	
Change in accrued interest payable	(165,646)	
Amortization of bond issuance costs	(6,851)	
Amortization of bond premium	605	(184,336)
Change in net assets - governmental activities		$ 16,871

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 BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 4,318,286	$ 4,318,286	$ 4,133,950	$ (184,336)
Sales taxes	1,300,000	1,300,000	1,315,932	15,932
Franchise taxes	1,065,000	1,065,000	888,278	(176,722)
Insurance premium taxes	305,000	305,000	294,137	(10,863)
Beer, liquor, and wine taxes	250,000	250,000	234,805	(15,195)
Motor vehicle taxes	181,905	181,905	221,656	39,751
Other taxes	52,000	52,000	33,941	(18,059)
Licenses and permits	563,500	563,500	542,189	(21,311)
Fines and forfeitures	380,000	380,000	223,780	(156,220)
Interest	15,000	15,000	33,296	18,296
Charges for services	565,000	565,000	327,022	(237,978)
Miscellaneous	179,500	179,500	287,854	108,354
Total revenues	9,175,191	9,175,191	8,536,840	(638,351)
Expenditures				
Current:				
General government:				
Mayor and council	378,000	378,000	349,253	28,747
Administration	104,700	104,700	104,503	197
City clerk	633,000	633,000	599,724	33,276
Finance	406,000	406,000	346,641	59,359
Technology	146,000	146,000	114,315	31,685
Property management	394,300	394,300	209,676	184,624
Total general government	2,062,000	2,062,000	1,724,112	337,888
Judicial:				
Municipal court	316,000	316,000	235,544	80,456
Total judicial	316,000	316,000	235,544	80,456
Public safety:				
Police	2,942,000	2,725,717	2,773,631	(47,914)
Fire	3,051,000	3,051,000	2,898,507	152,493
Total public safety	5,993,000	5,776,717	5,672,138	104,579
Public works:				
Public works administration	344,000	344,000	285,506	58,494
Highways and streets	1,214,500	1,214,500	1,073,449	141,051
Total public works	1,558,500	1,558,500	1,358,955	199,545
Culture and recreation:				
Recreation	114,000	114,000	164,465	(50,465)
Total culture and recreation	114,000	114,000	164,465	(50,465)
Planning and development:				
Protective inspection and enforcement	324,000	324,000	224,058	99,942
Planning and zoning	184,000	184,000	103,100	80,900
Total planning and development	508,000	508,000	327,158	180,842
Debt service:				
Principal	324,000	324,000	160,690	163,310
Interest	19,500	19,500	19,642	(142)
Total debt service	343,500	343,500	180,332	163,168
Total expenditures	10,895,000	10,678,717	9,662,704	1,016,013
Deficiency of revenues under expenditures	(1,719,809)	(1,503,526)	(1,125,864)	377,662
Other financing sources (uses)				
Sale of capital assets	7,309	7,309	3,740	(3,569)
Transfers in	663,500	2,865,000	2,955,000	90,000
Transfers out	-	(1,368,783)	(1,377,866)	(9,083)
Total other financing sources (uses)	670,809	1,503,526	1,580,874	77,348
Net change in fund balances	(1,049,000)	-	455,010	455,010
Fund balance, beginning of year	91,611	91,611	91,611	-
Fund balance, end of fiscal year	$ (957,389)	$ 91,611	$ 546,621	$ 455,010

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds					
ASSETS	Electric Fund	Water and Sewer Fund	Educational Complex Fund	Stormwater Fund	Nonmajor Sanitation Enterprise Fund	Total
CURRENT ASSETS						
Cash and cash equivalents	$ 1,600,302	$ 5,264	$ 6,437,019	$ 121,760	$ 475,186	$ 8,639,531
Cash with fiscal agent (restricted assets)	-	720,000	-	-	-	720,000
Investments	915,967	-	-	-	-	915,967
Investments with fiscal agent (restricted assets)	68,748	-	-	-	-	68,748
Accounts receivable, net of allowances	1,024,773	971,577	-	24,144	109,444	2,129,938
Other receivable	61,000	-	-	-	-	61,000
Due from other funds	160,000	-	-	307,774	-	467,774
Total current assets	3,830,790	1,696,841	6,437,019	453,678	584,630	13,002,958
CAPITAL ASSETS						
Non-depreciable	14,874	2,270,996	1,309,199	-	-	3,595,069
Depreciable, net of accumulated depreciation	4,659,363	13,876,693	8,951,770	5,354,075	-	32,841,901
	4,674,237	16,147,689	10,260,969	5,354,075	-	36,436,970
OTHER NONCURRENT ASSETS						
Deferred charges, unamortized balance	-	157,738	664,382	-	-	822,120
	-	157,738	664,382	-	-	822,120
Total noncurrent assets	4,674,237	16,305,427	10,925,351	5,354,075	-	37,259,090
Total assets	8,505,027	18,002,268	17,362,370	5,807,753	584,630	50,262,048
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	492,468	515,430	264	-	43,675	1,051,837
Accrued liabilities	5,640	2,815	-	-	-	8,455
Accrued interest payable	-	-	17,432	-	-	17,432
Customer deposits	319,263	109,476	9,583	-	3,457	441,779
Compensated absences payable	22,449	13,599	-	-	-	36,048
Due to other funds	-	467,774	-	196,244	-	664,018
Capital leases payable	6,212	-	-	-	-	6,212
Revenue bonds payable	-	720,000	-	-	-	720,000
Notes payable	-	17,361	-	-	-	17,361
Total current liabilities	846,032	1,846,455	27,279	196,244	47,132	2,963,142
NONCURRENT LIABILITIES						
Compensated absences payable	4,864	9,311	-	-	-	14,175
Revenue bonds payable	-	9,442,608	14,798,152	-	-	24,240,760
Total noncurrent liabilities	4,864	9,451,919	14,798,152	-	-	24,254,935
Total liabilities	850,896	11,298,374	14,825,431	196,244	47,132	27,218,077
NET ASSETS						
Invested in capital assets, net of related debt	4,668,025	5,967,720	1,340,635	5,354,075	-	17,330,455
Restricted for construction	-	-	-	-	-	-
Restricted for debt service	-	720,000	555,292	-	-	1,275,292
Restricted by third party as letter of credit	68,748	-	-	-	-	68,748
Unrestricted	2,917,358	16,174	641,012	257,434	537,498	4,369,476
Total net assets	$ 7,654,131	$ 6,703,894	$ 2,536,939	$ 5,611,509	$ 537,498	$ 23,043,971

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds					
	Electric Fund	Water and Sewer Fund	Educational Complex Fund	Stormwater Fund	Nonmajor Sanitation Enterprise Fund	Total
OPERATING REVENUES						
Charges for sales and services	$ 7,342,711	$ 5,237,593	$ 488,679	$ 467,181	$ 701,157	$ 14,237,321
Other income	-	-	4,640			4,640
Total operating revenues	7,342,711	5,237,593	493,319	467,181	701,157	14,241,961
OPERATING EXPENSES						
Cost of sales and services	5,307,612	2,090,294	-	260,277	-	7,658,183
General operating expenses	741,452	745,294	55,095	52,622	559,011	2,153,474
Depreciation and amortization	296,408	562,155	307,584	258,392	-	1,424,539
Total operating expenses	6,345,472	3,397,743	362,679	571,291	559,011	11,236,196
Operating income (loss)	997,239	1,839,850	130,640	(104,110)	142,146	3,005,765
NON-OPERATING REVENUES (EXPENSES)						
Interest income	5,718	998	3,122	-	-	9,838
Interest expense	(1,073)	(1,178,640)	(230,979)	-	-	(1,410,692)
Gain on disposition of capital assets	-	694	-	-	-	694
Total non-operating revenue (expenses)	4,645	(1,176,948)	(227,857)	-	-	(1,400,160)
Income (loss) before transfers	1,001,884	662,902	(97,217)	(104,110)	142,146	1,605,605
Transfers in	-	-	1,100,000	-	-	1,100,000
Transfers out	(1,650,000)	(850,000)	-	-	(365,000)	(2,865,000)
	(1,650,000)	(850,000)	1,100,000	-	(365,000)	(1,765,000)
Change in net assets	(648,116)	(187,098)	1,002,783	(104,110)	(222,854)	(159,395)
Net assets, beginning of fiscal year, restated	8,302,247	6,890,992	1,534,156	5,715,619	760,352	23,203,366
Net assets, end of fiscal year	$ 7,654,131	$ 6,703,894	$ 2,536,939	$ 5,611,509	$ 537,498	$ 23,043,971

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Electric Fund	Water and Sewer Fund	Educational Complex Fund	Stormwater Fund	Nonmajor Sanitation Enterprise Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	$ 7,215,195	$ 5,532,881	$ 204,319	$ 149,159	$ 687,601	$ 13,789,155
Payments to suppliers	(5,487,720)	(2,111,712)	(57,809)	(462,057)	(560,067)	(8,679,365)
Payments to employees	(548,253)	(236,583)	-	-	-	(784,836)
Net cash provided by (used in) operating activities	1,179,222	3,184,586	146,510	(312,898)	127,534	4,324,954
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers out to other funds	(1,650,000)	(850,000)	-	-	(365,000)	(2,865,000)
Transfers in from other funds	-	-	1,100,000	-	-	1,100,000
Advances to other funds	-	9,435	-	-	-	9,435
Net cash provided by (used in) non-capital financing activities	(1,650,000)	(840,565)	1,100,000	-	(365,000)	(1,755,565)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(16,125)	-	-	-	-	(16,125)
Proceeds from sale of capital assets	-	694	-	-	-	694
Principal payments on bonds	-	(745,000)	(863,920)	-	-	(1,608,920)
Principal payment to escrow agent on defeased bonds	-	-	(7,838,330)	-	-	(7,838,330)
Principal payments on notes payable	-	(22,177)	-	-	-	(22,177)
Principal payments on capital leases	(53,059)	(11,928)	-	-	-	(64,987)
Interest payments	(1,073)	(1,414,447)	(269,097)	-	-	(1,684,617)
Proceeds from bonds payable	-	-	14,798,153	-	-	14,798,153
Issuance cost payments	-	-	(664,382)	-	-	(664,382)
Net cash provided by (used in) capital and related financing activities	(70,257)	(2,192,858)	5,162,424	-	-	2,899,309
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	5,718	998	3,122	-	-	9,838
Purchases of investments	(100,272)	-	-	-	-	(100,272)
Net cash provided by (used in) investing activities	(94,554)	998	3,122	-	-	(90,434)
Net increase (decrease) in cash and cash equivalents	(635,589)	152,161	6,412,056	(312,898)	(237,466)	5,378,264
Cash and cash equivalents, beginning of fiscal year	2,235,891	573,103	24,963	434,658	712,652	3,981,267
Cash and cash equivalents, end of fiscal year	$ 1,600,302	$ 725,264	$ 6,437,019	$ 121,760	$ 475,186	$ 9,359,531
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	$ 997,239	$ 1,839,850	$ 130,640	$ (104,110)	$ 142,146	$ 3,005,765
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	296,408	562,155	307,584	258,392	-	1,424,539
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	32,484	(153,870)	11,000	(10,248)	(13,556)	(134,190)
Due from other funds	(160,000)	449,158	-	(307,774)	-	(18,616)
Prepaid items	8,296	-	-	-	-	8,296
Increase (decrease) in:						
Accounts payable	(14,698)	3,872	(2,714)	-	(1,705)	(15,245)
Accrued liabilities	2,183	1,312	-	-	-	3,495
Customer deposits	10,956	10,582	-	-	649	22,187
Compensated absences payable	6,354	3,753	-	-	-	10,107
Due to other funds	-	467,774	(300,000)	(149,158)	-	18,616
Net cash provided by (used in) operating activities	$ 1,179,222	$ 3,184,586	$ 146,510	$ (312,898)	$ 127,534	$ 4,324,954

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Fairburn, Georgia 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, water, and stormwater utilities, planning and zoning, and general administrative services.

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

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. Blended component units, although also legally separate entities, are in substance, part of the City's operations, and data from these units are combined with the data of the City of Fairburn.

Based upon criteria set forth by Governmental Accounting Standards Board (GASB) 14 "The Financial Reporting Entity," the accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The Development Authority (or Downtown Development Authority) of the City of Fairburn was created for the purpose of revitalizing and redeveloping the central business district of the City, developing and promoting for the public good and general welfare, trade, commerce, industry, and employment opportunities, and to promote the general welfare within the City of Fairburn. The Development Authority is composed of seven (7) members created and appointed by the City Council and Mayor. The Development Authority is reported in the City's financial statements as a blended component unit special revenue fund as it provides services exclusively to the City of Fairburn as a financing instrument. The blended component unit has a September 30th year-end. Financial information with regard to the Development Authority can be obtained directly from the City of Fairburn, City Hall, 56 Malone Street, Fairburn, Georgia 30213. Separate financial statements for the Development Authority are not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. (For the most part, the effect of interfund activity has been removed from the government-wide financial statements). Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The 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 or segment. 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 or segment, 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 considered program revenues are reported instead as general revenues.

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.

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, capital leases, and general obligation bonds are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, if the availability criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **General Obligation Bond Capital Projects Fund** accounts for the City's general obligation bond proceeds to be used for the acquisition and construction of major capital facilities.

Additionally, the City reports the following fund types within the nonmajor governmental funds:

The **special revenue funds** account for revenue sources that are legally restricted or committed to expenditures for specific purposes.

The **permanent fund** accounts for amounts received by the City which can only be used for a specific purpose. The principal of perpetual care cemetery funds are not available for expenditures based on legal or contractual requirements and must remain in trust and not be encroached upon. Only the income from such funds may be used for maintenance and upkeep of the Fairburn municipal cemetery.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The City reports the following major enterprise (or proprietary) funds:

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

The **Water and Sewer Fund** accounts for the activities of the City's water and sewer operations offered to its residents and businesses.

The **Educational Complex Fund** accounts for the activities of the City's educational complex operations offered to residents and businesses.

The **Stormwater Fund** accounts for the activities of the City's storm water operations.

The City reports the following nonmajor proprietary funds:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the 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 has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting

Annual appropriated budgets are adopted for all funds, except for the Cemetery Permanent Fund, which has its expenditures controlled by legal use restrictions imposed by a trust agreement. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are prepared by the City Administrator prior to September 1 for the fiscal year to commence October 1. The City Administrator is authorized to transfer between line items within the budget without the City Council's approval and expenditures may not exceed the legally adopted budget without the City Council's approval. The level of control does not allow expenditures to legally exceed budgeted appropriations at the department level. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

F. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other State; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"); (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the Federal depository insured amounts must be collateralized at 110%. The Georgia Fund 1 and Georgia Extended Asset Statement Investment Pool (GEAP) are not registered with the Securities and Exchange Commission (SEC) but operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. As of September 30, 2011, the City did not have any investments in GEAP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments (Continued)

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

G. Property Taxes Receivable

The tax digest for the calendar year is compiled by the Fulton County Tax Commissioner's Office and is presented to the City by the first of August. The City bills and collects its own property taxes. 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. 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. Delinquent property taxes for which the City has a property lien are shown as taxes receivable. Receivables are shown net of an allowance for uncollectible amounts when necessary.

H. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

I. Inventory and Prepaid Items

Inventory (if any) is valued at cost, using the first-in, first-out method. The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Prepaid items are accounted for using the consumption method. Payments made to vendors for services that will benefit periods beyond September 30, 2011, are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

K. Grants from Other Governments

Federal and State governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions, and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, or land easement or capital asset acquisitions, are recorded as capital contributions within the statement of revenues and expenses. For all funds, a grant receivable is recorded when the City has met all eligibility requirements.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two (2) years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure (e.g., roads, bridges, sidewalks, and similar items) prior to July 1, 2003 have not been reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Distribution system	50
Infrastructure	30
Buildings and improvements	15-40
Vehicles	10-20
Machinery and equipment	3-10
Computer equipment	3-5

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The City 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 (5) 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 from the City Administrator. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

N. Unearned Revenue/Deferred Revenue

Unearned/deferred revenues at the governmental fund level arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned/deferred revenue also arise in both the governmental fund level and government-wide level when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements.

In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned/deferred revenue is removed from the balance sheet and revenue is recognized.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as deferred charges.

Proprietary fund type loans payable are reported as liabilities at their outstanding value. Loan issuance costs are reported as deferred charges and amortized over the term of the loan using the effective interest method.

In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources and bond issuance costs as expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity and Net Assets

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council. Only the City Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has expressly delegated to the City administrator the authority to assign funds for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. It is the City's intent to build and maintain an unassigned fund balance in the General Fund equal to between twenty and thirty percent (20-30%) of operating budget, or an amount equal to 3 to 4 months' operating expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity and Net Assets (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the previous section. All other net assets are reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Restrictions on the government-wide statement of net assets represent amounts segregated to meet debt covenants and State laws.

Q. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

R. Interfund Transactions

Interfund services provided and used in the fund financial statements are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $10,927,215 difference are as follows:

Bonds payable	$	(10,415,000)
Capital leases payable		(306,030)
Compensated absences		(407,544)
Accrued interest payable		(165,646)
Unamortized premium on bonds		(35,629)
Bond issuance cost		402,634
Net adjustment to reduce *fund balance - total governmental funds to arrive at net assets - governmental activities*	$	(10,927,215)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period". The details of this $365,490 difference are as follows:

Capital outlay	$	494,969
Depreciation expense		(860,459)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(365,490)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $9,881,059 difference are as follows:

Issuance of general obligation bonds	$ (10,415,000)
plus unamortized bond premium	(36,234)
Principal payment on capital lease	160,690
Bond issuance costs (unamortized)	409,485
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (9,881,059)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

Prior to September 1 of each fiscal year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information of the prior fiscal year, current fiscal year estimates, and requested appropriations for the next fiscal year.

Before September 30, the proposed budget is presented to the City Council for review. City Council holds public hearings and may add to, subtract from or change appropriations. The budget is then approved by an affirmative vote of a majority of the City's council.

Expenditures may not legally exceed budgeted appropriations at the department level (e.g. administration). For the fiscal year ended September 30, 2011, the following departments, and funds, had excesses of actual expenditures over appropriations:

Confiscated Asset Fund department:	
Public safety	$ 6,812
Hotel/Motel Fund departments:	
Transfers out	90,000
General Fund departments:	
Police (public safety)	47,914
Recreation (culture and recreation)	50,465
Interest (debt service)	142
Transfers out	9,083

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

As of September 30, 2011, the City had the following investments:

Investment	Maturities/Weighted Average Maturity	Fair Value
Certificates of deposit	January 5, 2012 - June 17, 2012	$ 175,895
Municipal Competitive Trust - intermediate	1.86	129,340
Municipal Competitive Trust - short-term	0.29	786,628
Total		$ 1,091,863

Below is a reconciliation of cash and cash equivalents and investments to the Statement of Net Assets.

As reported in the Statement of Net Assets	
Primary government	
Cash and cash equivalents	$ 19,418,210
Investments	1,023,115
Cash with fiscal agent	720,000
Investments with fiscal agent	68,748
	$ 21,230,073
Cash deposited with financial institutions	$ 20,303,992
Cash deposited with Georgia Fund 1	10,113
Municipal Competitive Trust - intermediate	129,340
Municipal Competitive Trust - short term	786,628
	$ 21,230,073

Interest rate risk. The City has a no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other States; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

The local government investment pool, "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 and is regulated by the Office of the State Treasurer. The Georgia Fund 1 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. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share. The regulatory oversight agency for Georgia Fund 1 is the Office of the State Treasurer. As of September 30, 2011, the City's investment in Georgia Fund 1 was rated AAAm by Standard & Poor's and has a weighted average to maturity of 58 days. Funds included in this Pool are not required to be collateralized. The City has reported the Georgia Fund 1 as cash equivalents as noted in the previous table.

The credit rating for the Municipal Competitive Trust ("MCT") funds for both intermediate and short-term investment securities is AAA.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statues, and City policy, require all deposits and investments (other than Federal or State government instruments) to be collateralized at 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2011, the City had no bank balances that were exposed to custodial credit risk.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The tax bills are levied on October 1 and are mailed by October 31 to the taxpayers. The billings are considered due upon receipt by the taxpayer; however, the actual due date is December 31. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes are recorded as receivables and deferred revenues when levied. Revenues are recognized when available (received within 60 days of fiscal year-end).

Receivables at September 30, 2011, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Electric Enterprise Fund	Water & Sewer Enterprise Fund	Stormwater Enterprise Fund	Other Nonmajor Funds
Receivables:					
Taxes	$ 353,308	$ -	$ -	$ -	$ 30,259
Accounts	-	1,049,773	991,577	24,144	111,944
Other	245,920	61,000	-	-	-
Intergovernmental	102,037	-	-	-	-
Less allowance for uncollectible receivables	(117,069)	(25,000)	(20,000)	-	(2,500)
Net total receivable	$ 584,196	$ 1,085,773	$ 971,577	$ 24,144	$ 139,703

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2011, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,259,352	$ 280,000	$ -	$ 1,539,352
Construction in process	-	216,696	-	216,696
Total	1,259,352	496,696	-	1,756,048
Capital assets, being depreciated:				
Buildings and improvements	3,353,087	-	-	3,353,087
Infrastructure	17,194,152	102,037	-	17,296,189
Machinery and equipment	732,732	-	-	732,732
Vehicles	4,264,828	176,236	(91,011)	4,350,053
Total	25,544,799	278,273	(91,011)	25,732,061
Less accumulated depreciation for:				
Buildings and improvements	(1,539,888)	(118,695)	-	(1,658,583)
Infrastructure	(8,313,416)	(432,594)	-	(8,746,010)
Machinery and equipment	(484,202)	(33,609)	-	(517,811)
Vehicles	(1,956,766)	(275,561)	89,905	(2,142,422)
Total	(12,294,272)	(860,459)	89,905	(13,064,826)
Total capital assets, being depreciated, net	13,250,527	(582,186)	(1,106)	12,667,235
Governmental activities capital assets, net	$ 14,509,879	$ (85,490)	$ (1,106)	$ 14,423,283

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 3,595,069	$ -	$ -	$ 3,595,069
Total	3,595,069	-	-	3,595,069
Capital assets, being depreciated:				
Distribution system	14,745,134	-	-	14,745,134
Infrastructure	11,118,135	-	-	11,118,135
Buildings and improvements	21,374,774	-	-	21,374,774
Machinery and equipment	904,703	16,125	-	920,828
Vehicles	634,419	-	(15,000)	619,419
Total	48,777,165	16,125	(15,000)	48,778,290
Less accumulated depreciation for:				
Distribution system	(5,437,842)	(363,667)	-	(5,801,509)
Infrastructure	(5,505,121)	(258,392)	-	(5,763,513)
Buildings and improvements	(2,540,447)	(538,933)	-	(3,079,380)
Machinery and equipment	(821,314)	(21,687)	-	(843,001)
Vehicles	(423,163)	(40,823)	15,000	(448,986)
Total	(14,727,887)	(1,223,502)	15,000	(15,936,389)
Total capital assets, being depreciated, net	34,049,278	(1,207,377)	-	32,841,901
Business-type activities capital assets, net	$ 37,644,347	$ (1,207,377)	$ -	$ 36,436,970

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	$	33,610
Public safety		275,561
Public works		432,594
Culture and recreation		118,694
Total depreciation expense - governmental activities	$	860,459
Business-type activities:		
Water and sewer	$	426,874
Electric		296,408
Education complex		241,828
Stormwater		258,392
Total depreciation expense - business-type activities	$	1,223,502

NOTE 7. OPERATING LEASES

The City is the lessor of space at the Educational Complex. Each of the lease agreements have terms extending beyond the end of the next fiscal year. As of the fiscal year then ended September 30, 2011, the City received $488,679 in lease revenue derived from current lease agreements with third parties.

Lease revenues from these tenants in future fiscal years are as follows:

Fiscal Year Ending		Total Revenues
2012	$	489,298
2013		489,298
2014		489,298
2015		478,298
2016		390,631
2017-2018		474,596
Total Future Lease Revenues	$	2,811,419

NOTE 8. LONG-TERM DEBT

Primary Government

Long-term liability activity for the fiscal year ended September 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Governmental activities:					
Series 2011 General Obligation Bonds	$ -	$ 10,415,000	$ -	$ 10,415,000	$ -
Unamortized bond premium	-	36,234	(605)	35,629	-
Capital leases	466,720	-	(160,690)	306,030	130,540
Compensated absences	395,100	341,686	(329,242)	407,544	399,612
Governmental activities:					
Long-term liabilities	$ 861,820	$ 10,792,920	$ (490,537)	$ 11,164,203	$ 530,152

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Business-type activities:					
Series 2006 Revenue Refunding Bonds	$ 11,500,000	$ -	$ (745,000)	$ 10,755,000	$ 720,000
Series 2008 Educational Complex Bonds	8,702,250	-	(8,702,250)	-	-
Series 2011 Educational Complex Bonds	-	15,280,000	-	15,280,000	-
Less unamortized original discount	-	(305,268)	-	(305,268)	-
Less unamortized loss on refunding	(710,148)	(176,580)	117,756	(768,972)	-
	19,492,102	14,798,152	(9,329,494)	24,960,760	720,000
GEFA note payable	39,538	-	(22,177)	17,361	17,361
Capital leases	71,199	-	(64,987)	6,212	6,212
Compensated absences	40,117	40,601	(30,495)	50,223	36,048
Business-type activities:					
Long-term liabilities	$ 19,642,956	$ 14,838,753	$ (9,447,153)	$ 25,034,556	$ 779,621

For governmental funds, compensated absences and capital leases are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund and the Electric Fund while capital leases are liquidated by the Electric Fund.

General Obligation Bonds – Governmental activities. On March 9, 2011, the City of Fairburn issued $10,415,000 in General Obligation Bonds, Series 2011 with interest rates ranging from 3% to 5.75%. The purpose of which is to pay the cost of (a) acquiring, constructing and furnishing a fire station, certain City recreation facilities and downtown renewal projects, (b) constructing and installing certain road rebuilding projects, and (c) other projects of the City as may be determined in accordance with O.C.G.A. 36-824.2 (collectively, the "Projects"). Interest on the Bonds is payable semiannually on June 1 and December 1 of each fiscal year, commencing on June 1, 2011. These bonds mature on December 1, 2031.

NOTE 8. LONG-TERM DEBT (CONTINUED)

The general obligation bonds currently outstanding mature as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30,			
2012	$ -	$ 496,938	$ 496,938
2013	395,000	491,013	886,013
2014	400,000	479,087	879,087
2015	405,000	467,012	872,012
2016	410,000	454,788	864,788
2017-2021	2,215,000	2,050,550	4,265,550
2022-2026	2,635,000	1,514,200	4,149,200
2027-2031	3,220,000	690,000	3,910,000
2032	735,000	21,131	756,131
Total	$ 10,415,000	$ 6,664,719	$ 17,079,719

Capital Leases. The City has entered into lease agreements as lessee for financing the acquisition of various public safety and public works vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. As of September 30, 2011, the City had vehicles with a net book value of $513,275 and $28,648, respectively, under capital leases as reported in its governmental activities and business-type activities.

The City's total capital lease debt service requirements to maturity are as follows:

	Governmental Activities
Fiscal Year Ending September 30,	
2012	$ 143,624
2013	143,624
2014	26,899
2015	13,450
Total minimum lease payments	327,597
Less amount representing interest	21,567
Present value of future minimum lease payments	$ 306,030

	Business-type Activities
Fiscal Year Ending September 30,	
2012	$ 6,299
Total minimum lease payments	6,299
Less amount representing interest	87
Present value of future minimum lease payments	$ 6,212

NOTE 8. LONG-TERM DEBT (CONTINUED)

Revenue Refunding Bonds – Business-type activities. The City issued $13,145,000 of Series 2006 bonds bearing an interest rate of 4.101% payable each April 1 and October 1 beginning 2007 through until 2020. The proceeds from the bonds were used to refund Series 2000 Combined Utility Refunding Revenue Bonds. The proceeds of the refunded Series 2000 Bonds were used to acquire the contractual right to use Camp Creek Water Reclamation Facility from Fulton County and to also make infrastructure improvements to the City's existing sewerage collection system which is held as collateral.

On September 20, 2011, the Downtown Development Authority, as a blended component unit of the City of Fairburn, issued $15,280,000 of Series 2011 Educational Revenue Bonds bearing interest rates ranging from 2% to 4.75% payable July 1 and January 1 beginning 2012 with the bonds maturing on July 1, 2033. The 2011 bonds were issued for the purpose of refunding the Series 2008 Educational Bonds and financing the additional acquisition, construction, and installation on the education campus with parking and related facility. The refunding portion of this transaction resulted in a negative debt service savings of $1,986,680 and the negative net present value cash-flow savings was determined to be $839,726.

Defeased bonds occur when refunded bonds for which the payment of principal and interest has been assured through the structuring of a portfolio of government securities, the principal and interest on which will be sufficient to pay debt service on the refunded outstanding bonds. When a bond is defeased, the claim on the revenues of the issuer is usually eliminated and the liability, nor the assets set aside in escrow to pay the liability, are no longer reported on the statement of net assets. The balance of the defeased Series 2008 bonds as of September 30, 2011 is $7,958,409.

The Development Authority is responsible for promoting industrial and commercial development within the City of Fairburn. 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 2011 Educational Complex revenue bonds issued by the Downtown Development Authority.

NOTE 8. LONG-TERM DEBT (CONTINUED)

Revenue bonds (Series 2006 and 2011) currently outstanding mature as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30,			
2012	$ 720,000	$ 961,835	$ 1,681,835
2013	805,000	1,035,004	1,840,004
2014	1,260,000	999,940	2,259,940
2015	1,355,000	954,188	2,309,188
2016	1,465,000	904,756	2,369,756
2017-2021	8,810,000	3,594,040	12,404,040
2022-2026	3,680,000	2,379,388	6,059,388
2027-2031	5,275,000	1,421,200	6,696,200
2032-2033	2,665,000	191,900	2,856,900
Total	$ 26,035,000	$ 12,442,251	$ 38,477,251

Other Long-Term Debt:

Business-type activities – Notes Payable. The City entered into a loan agreement with the Georgia Environmental Finance Authority ("GEFA") for the purpose of constructing and acquiring building and equipment. This GEFA note is recorded in the City's Water & Sewer Fund. Principal and interest payments are due quarterly with the final payment being on June 1, 2012. The outstanding balance of this GEFA note payable at September 30, 2011 is $17,361.

The following is a schedule of future principal and interest payments due on the note payable:

	Principal	Interest	Total
Fiscal Year Ending September 30,			
2012	$ 17,361	$ 462	$ 17,823
Total	$ 17,361	$ 462	$ 17,823

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2011, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Stormwater Fund	$ 196,244
Stormwater Fund	Water and Sewer Fund	307,774
Electric Fund	Water and Sewer Fund	160,000
		$ 664,018

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Water & Sewer Fund	$ 850,000
General Fund	Electric Fund	1,650,000
General Fund	Nonmajor enterprise fund	365,000
Education Complex Fund	General Fund	1,100,000
General Fund	Nonmajor governmental funds	90,000
Nonmajor governmental funds	General Fund	277,866
		$ 4,332,866

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) pay the General Fund a franchise fee amounting to 5% of each Enterprise Funds' annual operating revenue.

NOTE 10. PENSION PLANS

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Fairburn Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

NOTE 10. PENSION PLANS (CONTINUED)

Plan Description (Continued)

As provided by State law, benefit provisions for participants in GMEBS are established, and may be amended by the respective employers. As authorized by the City Council, the Plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All full-time employees and City officials are eligible to participate in the Plan. Benefits vest after five years of service. City employees may retire on reaching the age of 60 or 65, (55 for police or firefighters). Early retirement is possible on reaching the age of 50 or 55, depending on the classification of the employee. 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.

At January 1, 2011, the date of the most recent actuarial valuation, there were 215 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	32
Terminated vested participants not yet receiving benefits	39
Active employees - vested	58
Active employees - nonvested	86
Total	215

Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets State minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to the recommended contribution described below. The actuarially determined contribution rates based on actuarial valuations done on January 1, 2011 and January 1, 2010 were respectively, 9.75% and 10.10% of covered payroll. The actuarial valuation performed as of January 1, 2011 was prepared for the City's fiscal year beginning October 1, 2011 (fiscal year 2012).

NOTE 10. PENSION PLANS (CONTINUED)

Funding Policy (Continued)

For fiscal year ended September 30, 2011, the City's recommended contribution was $604,270. Actual contributions totaled $604,270. The recommended contribution was determined as part of the January 1, 2010 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include an 7.75% rate of return on investments and projected salary increases of 3.5% based on age and years of service. Both rates included an inflation component of 3.5%. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is over 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for Plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this plan year. The actuarial value of the Plan 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 following is the most recent schedule of funding progress:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
1/1/2011	$ 7,830,403	$ 8,300,993	$ 470,590	94.33 %	$ 5,661,124	8.31 %

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of Plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations for fiscal year 2011 are based on the substantive plan in effect as of January 1, 2010.

NOTE 10. PENSION PLANS (CONTINUED)

Funding Policy (Continued)

Fiscal Year Ended September 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
2011	$ 604,270	$ 604,270	100.0 %	$ -
2010	776,617	776,617	100.0	-
2009	303,004	303,004	100.0	-

NOTE 11. DEFERRED COMPENSATION PLAN

The City of Fairburn, Georgia offers its employees an Internal Revenue Code Section 457 Plan (the "Plan") which is a deferred compensation plan that qualifies as a defined contribution pension plan. The Plan is administered by a third party administrator, ICMA. The City has no fiduciary relationship with the trust. Accordingly, the Plan assets are not reported in the City's financial statements. Plan provisions and contribution requirements are established and may be amended by the City's Mayor and Council. At September 30, 2011, there were 67 plan members, in the respective plans.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The City contributions to the Plan are a match of the employee contributions made. The Plan allows employees to increase, decrease, stop, and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the fiscal year ended September 30, 2011 were $224,345 while total employer contributions for the same fiscal year were $219,076.

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid on the City's behalf by Fulton County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

NOTE 13. RELATED ORGANIZATIONS

The City's governing body is responsible for appointing a majority of the board members of the City of Fairburn Housing Authority. However, the City has no further accountability for this organization.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

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

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

Settled claims have not exceeded the coverage in the past three fiscal years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the past three fiscal years.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies:

The City has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Agreements with the Municipal Electric Authority of Georgia:

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit, unless any such profits insure to the benefit of the public.

As of September 30, 2011, the City is an electric utility participant in MEAG and obligated to purchase, all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the MEAG. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to $4,990,912 during fiscal year 2011.

At September 30, 2011, the outstanding debt of MEAG was approximately $5.84 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $49.9 million at September 30, 2011.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with the Municipal Electric Authority of Georgia (Continued)

During fiscal year 2009, MEAG and MEAG's bond holders authorized the usage of Municipal Competitive Trust ("MCT") funds. The original intended use of the MCT funds were to reduce MEAG's costs and thus charge individual participants, such as the City of Fairburn, less in power on a monthly basis. The MCT funds were only to be used in response to remedy potential deregulation in the State of Georgia. Since deregulation has not occurred in the State of Georgia, MEAG and MEAG's bond holders authorized the usage of the MCT funds as if deregulation had actually occurred. As a result, the City will receive a credit reduction in its monthly purchased power invoice; effectively reducing the City's cost. The projected benefits of this reduction over the next seven (7) years as of September 30, 2011 are $2,479,460.

NOTE 16. HOTEL/MOTEL LODGING TAX

The City imposed a 3% tax on gross hotel occupancy revenues for the purpose of promoting tourism, conventions, and trade shows. For the fiscal year ended September 30, 2011, $118,499 of hotel/motel tax was collected and $90,000 was expended during the current fiscal year-end (as transfers to the General Fund for reimbursement of allowable expenditures).

NOTE 17. JOINTLY GOVERNED ORGANIZATION

On March 13, 2001, the City of Fairburn, the City of Union City, and the City of Palmetto created by joint resolutions pursuant to the authority of the General Assembly of the State of Georgia, the South Fulton Municipal Regional Water and Sewer Authority (the "Water and Sewer Authority"). The Water and Sewer Authority was created to provide alternative water and sewer resources for the Cities of Fairburn, Union City, and Palmetto. The Water and Sewer Authority is governed by a board of seven (7) directors, three of whom are the chief elected official of each member city, three (3) of whom are appointed one (1) each by each of the member cities, and one (1) 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 Water and Sewer Authority issues revenue bonds to finance the construction of reservoir. Once completed, the member Cities will purchase water from the Water and Sewer Authority.

NOTE 17. JOINTLY GOVERNED ORGANIZATION (CONTINUED)

The City does not provide financial support to the Water and Sewer Authority, but has contractually obligated itself to use its full taxing power to guarantee the repayment of approximately 34.72% of the principal and interest on the Water and Sewer Authority's Series 2007 Variable Rate Revenue Bonds if the Water and Sewer Authority's resources can not cover the debt service. During the fiscal year ended September 30, 2011, the City agreed to pay the Water and Sewer Authority $735,460 (reported as interest expense) for the City's proportionate share of the principal and interest on the Water and Sewer Authority's bonds from revenues of the City's Water and Sewer Fund. As of December 31, 2010 (from the most recent available audited financial statements), the Water and Sewer Authority's debt service requirements on the Series 2007 Variable Rate Revenue Bonds were as follows using the synthetic interest rate of 3.835%:

	Principal	Interest	Total
Fiscal Year Ending December 31,			
2012	$ 480,000	$ 1,524,604	$ 2,004,604
2013	585,000	1,506,196	2,091,196
2014	615,000	1,483,762	2,098,762
2015	840,000	1,460,176	2,300,176
2016	890,000	1,427,962	2,317,962
2017-2021	6,880,000	6,496,682	13,376,682
2022-2026	9,705,000	4,946,958	14,651,958
2027-2031	13,290,000	2,835,216	16,125,216
2032-2033	6,845,000	373,529	7,218,529
Total	$ 40,130,000	$ 22,055,085	$ 62,185,085

Separate financial statements for the Water and Sewer Authority can be obtained at the following address: South Fulton Municipal Regional Water and Sewer Authority, P.O. Box 855, Fairburn, Georgia 30213.

NOTE 18. PRIOR PERIOD ADJUSTMENTS

Water and Sewer Fund: The City has determined that a restatement of beginning net assets of the Water and Sewer Fund is necessary to report amounts paid in the current fiscal year for services rendered but should have been recorded as a liability at September 30, 2010. The restatement is described below.

Net Assets September 30, 2010, as previously reported	$ 7,231,743
Adjustment for accrued liabilities for proper recording in the correct period.	(340,751)
Net Assets September 30, 2010, as restated	$ 6,890,992

NOTE 18. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

Business-type Activities: As a result of the restatement above pertaining to the Water and Sewer Fund, the affect of this adjustment on beginning net assets of business-type activities as of September 30, 2011 is summarized below

Net Assets September 30, 2010, as previously reported	$ 23,544,117
Adjustment for accrued liabilities for proper recording in the correct period.	(340,751)
Net Assets September 30, 2010, as restated	$ 23,203,366

NOTE 19. SUBSEQUENT EVENT

During October 2011, the City of Fairburn purchased Duncan Park. The Park was purchased for a sum of $2.1 million out of the General Obligation Bonds Capital Project Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FAIRBURN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
1/1/11	$ 7,830,403	$ 8,300,993	$ 470,590	94.3%	$ 5,661,124	8.3%
1/1/10	6,828,413	7,636,085	807,672	89.4%	5,833,192	13.8%
1/1/09	5,088,515	8,071,665	2,983,150	63.0%	5,223,804	57.1%
1/1/08	6,259,245	5,546,221	(713,024)	112.9%	4,725,634	-15.1%
1/1/07	5,748,018	4,676,371	(1,071,647)	122.9%	2,807,404	-38.2%
1/1/06	5,292,756	4,643,194	(649,562)	114.0%	2,519,680	-25.8%
1/1/05	4,961,102	4,424,728	(536,374)	112.1%	2,407,106	-22.3%

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the financial statements.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF FAIRBURN, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services and capital projects

Confiscated Assets Fund – To account for the City's share of excess funds received from confiscated capital and equipment. These monies must be used for police related expenditures and are restricted by Federal law.

E-911 Fund – To account for the collection of surcharge fees and the operation of the Emergency 911 system within the City. These funds are restricted by State law. E-911 operations and collection of all fees have been transferred to Fulton County as the City has decided to cease all E-911 operations during fiscal year 2011.

Hotel/Motel Tax Fund – To account for the 3% lodging tax levied in the City. Funds are restricted by State law.

PERMANENT FUND

Cemetery Fund – To account for monies received by the City which can only be used for a specific purpose. The principal of perpetual care cemetery funds are not available for expenditures based on legal or contractual requirements and must remain in trust and not be encroached upon (reported as nonspendable). Only the income from such funds may be used for maintenance and upkeep of the Fairburn municipal cemetery.

CITY OF FAIRBURN, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

ASSETS	Special Revenue Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	E-911 Fund	Hotel/Motel Tax Fund	Development Authority Fund	Cemetery Fund	
Cash and cash equivalents	$ 203,173	$ 12,336	$ 319,788	$ -	$ 1,174	$ 536,471
Investments	-	-	-	962	85,000	85,962
Taxes receivable	-	-	30,259	-	-	30,259
Total assets	$ 203,173	$ 12,336	$ 350,047	$ 962	$ 86,174	$ 652,692
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ 11,988	$ -	$ -	$ -	$ 11,988
Accrued liabilities	-	348	-	-	-	348
Total liabilities	-	12,336	-	-	-	12,336
FUND BALANCES						
Nonspendable for:						
Corpus of perpetual care cementery funds	-	-	-	-	10,000	10,000
Restricted for:						
Law enforcement	203,173	-	-	-	-	203,173
Cemetery operating capital	-	-	-	-	76,174	76,174
Tourism	-	-	350,047	-	-	350,047
Assigned for:						
Planning and development	-	-	-	962	-	962
Total fund balances	203,173	-	350,047	962	86,174	640,356
Total liabilities and fund balances	$ 203,173	$ 12,336	$ 350,047	$ 962	$ 86,174	$ 652,692

CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue Funds				Permanent Fund	Total
	Confiscated Assets Fund	E-911 Fund	Hotel/Motel Tax Fund	Development Authority Fund	Cemetery Fund	Nonmajor Governmental Funds
REVENUES						
Taxes	$ -	$ -	$ 118,499	$ -	$ -	$ 118,499
Charges for services	-	33,780	-	-	-	33,780
Interest	816	4,759	-	9	2,202	7,786
Total revenues	816	38,539	118,499	9	2,202	160,065
EXPENDITURES						
Current						
Public safety	6,812	314,118	-	-	-	320,930
Culture and recreation	-	-	-	-	1,225	1,225
Total expenditures	6,812	314,118	-	-	1,225	322,155
Excess (deficiency) of revenues over (under) expenditures	(5,996)	(275,579)	118,499	9	977	(162,090)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	268,431	-	-	9,435	277,866
Transfers out	-	-	(90,000)	-	-	(90,000)
Total other financing sources (uses)	-	268,431	(90,000)	-	9,435	187,866
Net change in fund balances	(5,996)	(7,148)	28,499	9	10,412	25,776
FUND BALANCES, beginning of fiscal year	209,169	7,148	321,548	953	75,762	614,580
FUND BALANCES, end of fiscal year	$ 203,173	$ -	$ 350,047	$ 962	$ 86,174	$ 640,356

CITY OF FAIRBURN, GEORGIA
CONFISCATED ASSETS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines & forfeitures	$ 24,000	$ 24,000	$ -	$ (24,000)
Interest	-	-	816	816
Total revenues	24,000	24,000	816	(23,184)
EXPENDITURES				
Public safety	-	-	6,812	(6,812)
Net change in fund balances	24,000	24,000	(5,996)	(29,996)
FUND BALANCES, beginning of fiscal year	209,169	209,169	209,169	-
FUND BALANCES, end of fiscal year	$ 233,169	$ 233,169	$ 203,173	$ (29,996)

CITY OF FAIRBURN, GEORGIA
E-911 FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 105,000	$ 33,500	$ 33,780	$ 280
Interest	10,000	4,750	4,759	9
Total revenues	115,000	38,250	38,539	289
EXPENDITURES				
Current:				
Public safety	535,000	314,181	314,118	63
Total expenditures	535,000	314,181	314,118	63
Deficiency of revenues under expenditures	(420,000)	(275,931)	275,579	352
OTHER FINANCING SOURCES				
Transfers in	-	268,783	268,431	(352)
Net change in fund balances	(420,000)	(7,148)	(7,148)	-
FUND BALANCES, beginning of fiscal year	7,148	7,148	7,148	-
FUND BALANCES (DEFICITS), end of fiscal year	$ (412,852)	$ -	$ -	$ -

CITY OF FAIRBURN, GEORGIA
HOTEL/MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 90,000	$ 90,000	$ 118,499	$ 28,499
Total revenues	90,000	90,000	118,499	28,499
OTHER FINANCING SOURCES				
Transfers out	-	-	(90,000)	(90,000)
Net change in fund balances	90,000	90,000	28,499	(61,501)
FUND BALANCES, beginning of fiscal year	321,548	321,548	321,548	-
FUND BALANCES, end of fiscal year	$ 411,548	$ 411,548	$ 350,047	$ (61,501)

CITY OF FAIRBURN, GEORGIA
GENERAL OBLIGATION BOND CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ -	$ 53,560	$ 53,560	$ -
Total revenues	-	53,560	53,560	-
EXPENDITURES				
Capital outlays	-	219,133	219,133	-
Bond issuance costs	-	410,231	409,485	746
Debt service - interest	-	114,581	114,581	-
Total expenditures	-	743,945	743,199	746
Deficiency of revenues under expenditures	-	(690,385)	(689,639)	746
OTHER FINANCING SOURCES				
Bonds issued	-	10,415,000	10,415,000	-
Original bond premium		36,234	36,234	-
Total other financings sources	-	10,451,234	10,451,234	-
Net change in fund balances	-	9,760,849	9,761,595	746
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ -	$ 9,760,849	$ 9,761,595	$ 746

STATISTICAL SECTION

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

Page

Financial Trends **58**

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

Revenue Capacity **63**

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

Debt Capacity **67**

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

Demographic and Economic Information **72**

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

Operating Information **75**

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant fiscal year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that fiscal year.

CITY OF FAIRBURN, GEORGIA

NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities								
Invested in capital assets, net of related debt	**$ 13,449,772**	$ 14,043,159	$ 20,438,499	$ 19,629,347	$ 20,213,262	$ 17,532,641	$ 17,305,906	$ 17,940,787
Restricted	**639,394**	613,627	80,003	136,223	127,299	127,299	-	-
Unrestricted	**415,456**	(169,035)	(209,590)	(176,511)	286,922	137,417	1,187,909	1,242,927
Total governmental activities net assets	**$ 14,504,622**	$ 14,487,751	$ 20,308,912	$ 19,589,059	$ 20,627,483	$ 17,797,357	$ 18,493,815	$ 19,183,714
Business-type activities								
Invested in capital assets, net of related debt	**$ 17,330,455**	$ 18,041,508	$ 9,311,194	$ 8,271,525	$ 8,102,036	$ 8,429,576	$ 7,383,343	$ 2,903,275
Restricted	**1,344,040**	65,200	480,215	3,169,261	521,835	3,175,590	3,047,898	5,059,990
Unrestricted	**4,369,476**	5,096,658	7,472,476	8,926,965	10,791,732	9,680,088	7,123,433	3,988,854
Total business-type activities net assets	**$ 23,043,971**	$ 23,203,366	$ 17,263,885	$ 20,367,751	$ 19,415,603	$ 21,285,254	$ 17,554,674	$ 11,952,119
Primary government								
Invested in capital assets, net of related debt	**$ 30,780,227**	$ 32,084,667	$ 29,749,693	$ 27,900,872	$ 28,315,298	$ 25,962,217	$ 24,689,249	$ 20,844,062
Restricted	**1,983,434**	678,827	560,218	3,305,484	649,134	3,302,889	3,047,898	5,059,990
Unrestricted	**4,784,932**	4,927,623	7,262,886	8,750,454	11,078,654	9,817,505	8,311,342	5,231,781
Total primary government net assets	**$ 37,548,593**	$ 37,691,117	$ 37,572,797	$ 39,956,810	$ 40,043,086	$ 39,082,611	$ 36,048,489	$ 31,135,833

Note: The 2010 column has not been restated for prior period adjustments made and discussed in footnote 18 to the footnotes of the financial statements.

CITY OF FAIRBURN, GEORGIA

CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	2011	2010	2009	2008 **(1)**	2007	2006 **(1)**	2005	2004
Expenses								
Governmental activities:								
General government	**$ 1,763,115**	$ 2,022,054	$ 1,917,381	$ 2,391,830	$ 2,332,672	$ 2,158,655	$ 1,269,561	$ 1,552,885
Judicial	**235,544**	262,792	279,684	289,188	255,194	196,435	-	-
Public safety	**6,127,643**	6,758,087	6,622,873	6,432,050	5,511,614	4,099,542	2,830,741	2,238,557
Public works	**1,726,760**	1,747,445	2,175,196	1,670,873	1,433,380	1,263,662	1,757,463	1,300,695
Planning and development	**327,158**	433,145	584,404	405,233	525,973	717,057	616,633	-
Culture and recreation	**228,225**	270,198	80,226	24,180	-	-	64,545	
Other	**-**	-	59,925	24,066	-	-	-	24,886
Interest on long-term debt	**299,264**	25,411	37,401	26,490	28,876	16,718	3,814	-
Total governmental activities expenses	**10,707,709**	11,519,132	11,757,090	11,263,910	10,087,709	8,452,069	6,542,757	5,117,023
Business-type activities:								
Electric	**6,346,545**	6,080,267	5,988,466	5,945,283	5,305,917	5,169,600	3,683,462	3,949,239
Water and Sewer	**4,576,383**	4,371,584	3,879,022	3,434,169	3,139,049	2,609,979	1,414,945	1,515,607
Educational Complex	**593,658**	685,977	666,067	110	-	-	-	-
Stormwater	**571,291**	549,079 (3)	-	-	-	-	-	-
Sanitation	**559,011**	580,516	618,527	766,875	689,203	737,006	448,268	824,577
Cable TV	**-**	-	-	-	654,148 (2)	1,958,708	1,806,071	1,780,601
Telecom	**-**	-	-	157,999 (2)	185,887	188,531	159,027	-
Total business-type activities expenses	**12,646,888**	12,267,423	11,152,082	10,304,436	9,974,204	10,663,824	7,511,773	8,070,024
Total primary government expenses	**$ 23,354,597**	$ 23,786,555	$ 22,909,172	$ 21,568,346	$ 20,061,913	$ 19,115,893	$ 14,054,530	$ 13,187,047
Program Revenues								
Governmental activities:								
Charges for services	**$ 1,129,351**	$ 1,481,525	$ 1,604,707	$ 1,827,188	$ 2,276,983	$ 2,071,853	$ 1,956,301	$ 1,867,349
Operating grants and contributions	**-**	19,265	424,049	154,562	95,897	223,606	123,386	111,840
Capital grants and contributions	**280,000**	-	-	-	-	-	-	-
Total governmental activities program revenues	**1,409,351**	1,500,790	2,028,756	1,981,750	2,372,880	2,295,459	2,079,687	1,979,189
Business-type activities:								
Charges for services	**14,241,961**	13,751,183	12,559,295	12,552,333	13,840,371	15,844,099	13,080,048	10,309,484
Capital grants and contributions	**-**	121,040	-	-	-	-	485,613	-
Total business-type activities program revenues	**14,241,961**	13,872,223	12,559,295	12,552,333	13,840,371	15,844,099	13,565,661	10,309,484
Total primary government program revenues	**$ 15,651,312**	$ 15,373,013	$ 14,588,051	$ 14,534,083	$ 16,213,251	$ 18,139,558	$ 15,645,348	$ 12,288,673

(Continued)

CITY OF FAIRBURN, GEORGIA

CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	2011	2010	2009	2008 (1)	2007	2006 (1)	2005	2004
Net (expense)/revenue								
Governmental activities	**$ (9,298,358)**	$ (10,018,342)	$ (9,728,334)	$ (9,282,160)	$ (7,714,829)	$ (6,156,610)	$ (4,463,070)	$ (3,137,834)
Business-type activities	**1,595,073**	1,604,800	1,407,213	2,247,897	3,866,167	5,180,275	6,053,888	2,239,460
Total primary government net (expense) revenue	**$ (7,703,285)**	$ (8,413,542)	$ (8,321,121)	$ (7,034,263)	$ (3,848,662)	$ (976,335)	$ 1,590,818	$ (898,374)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes	**$ 4,060,431**	$ 2,853,789	$ 2,831,173	$ 2,268,758	$ 1,344,682	$ 1,149,246	$ 976,226	$ 891,886
Sales and use taxes	**1,315,932**	1,324,124	1,287,811	1,440,218	1,442,080	1,443,222	1,251,042	1,178,336
Other taxes	**1,791,316**	1,741,655	1,951,473	1,517,717	1,075,173	908,676	841,303	740,048
Miscellaneous revenue	**287,908**	139,915	65,260	34,703	-	-	-	45,983
Unrestricted investment earnings	**94,642**	34,694	49,027	49,227	79,327	87,406	62,030	30,480
Transfers	**1,765,000**	3,689,629	4,598,580	2,933,113	6,603,693	1,871,602	642,570	588,479
Total governmental activities	**9,315,229**	9,783,806	10,783,324	8,243,736	10,544,955	5,460,152	3,773,171	3,475,212
Business-type activities:								
Unrestricted investment earnings	**9,838**	27,686	87,501	416,809	575,362	421,907	191,237	171,331
Rental Income	**-**	-	-	-	326,613	-	-	-
Loss of Refinancing Revenue Bonds	**-**	-	-	-	(1,288,562)	-	-	-
Sale of Sewer Contractual Rights	**-**	-	-	-	492,436	-	-	-
Gain on Sale of Assets	**694**	264,841	-	-	762,026	-	-	-
Transfers	**(1,765,000)**	(3,689,629)	(4,598,580)	(2,933,113)	(6,603,693)	(1,871,602)	(642,570)	(588,479)
Total business-type activities	**(1,754,468)**	(3,397,102)	(4,511,079)	(2,516,304)	(5,735,818)	(1,449,695)	(451,333)	(417,148)
Total primary government	**$ 7,560,761**	$ 6,386,704	$ 6,272,245	$ 5,727,432	$ 4,809,137	$ 4,010,457	$ 3,321,838	$ 3,058,064
Change in Net Assets								
Governmental activities	**$ 16,871**	$ (234,536)	$ 1,054,990	$ (1,038,424)	$ 2,830,126	$ (696,458)	$ (689,899)	$ 337,378
Business-type activities	**(159,395)**	(1,792,302)	(3,103,866)	(268,407)	(1,869,651)	3,730,580	5,602,555	1,822,312
Total primary government	**$ (142,524)**	$ (2,026,838)	$ (2,048,876)	$ (1,306,831)	$ 960,475	$ 3,034,122	$ 4,912,656	$ 2,159,690

Note: The 2010 column has not been restated for prior period adjustments made and discussed in footnote 18 to the footnotes of the financial statements.

(1) The allocation of charges for services to the various functions was changed in 2006 and again in 2008 to more accurately reflect the nature of the City's activities.

(2) During 2007 and 2008, the City eliminated the Cable TV and telecom services, respectively.

(2) During 2010, the City has created the Stormwater Enterprise Fund which was previously recorded in the Water & Sewer Fund

CITY OF FAIRBURN, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(modified accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005	2004
General Fund								
Reserved	**$ -**	$ 19,610	$ 86,290	$ 157,421	$ 41,364	$ 90,016	$ 95,945	$ 100,972
Unreserved	**-**	72,001	(406,291)	(411,217)	168,052	16,127	876,408	959,091
Nonspendable	**134,338**	-	-	-	-	-	-	-
Unassigned	**412,283**	-	-	-	-	-	-	-
Total General Fund	**$ 546,621**	$ 91,611	$ (320,001)	$ (253,796)	$ 209,416	$ 106,143	$ 972,353	$ 1,060,063
All other governmental funds								
Reserved, Cemetery Fund	**$ -**	$ 75,762	$ 8,003	$ 199,089	$ 131,590	$ 127,299	$ 123,137	$ 119,160
Unreserved, reported in:								
Special revenue funds	**-**	538,818	39,161	136,223	36,764	(613)	72,448	61,636
Nonspendable	**10,000**	-	-	-	-	-	-	-
Restricted	**10,390,989**	-	-	-	-	-	-	-
Assigned	**962**	-	-	-	-	-	-	-
Unassigned	**-**	-	-	-	-	-	-	-
Total all other governmental funds	**$ 10,401,951**	$ 614,580	$ 47,164	$ 335,312	$ 168,354	$ 126,686	$ 195,585	$ 180,796

Note: For 2011, the City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This new standard changed the overall definitions and classifications of governmental fund balances.

CITY OF FAIBURN, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(modified accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005	2004
Revenues								
Taxes	**$ 7,241,198**	$ 6,023,874	$ 6,098,692	$ 5,224,467	$ 3,857,279	$ 3,730,537	$ 3,222,685	$ 2,789,995
Licenses and permits	**542,189**	480,241	542,957	741,349	1,119,998	988,998	1,026,028	1,466,992
Intergovernmental	**-**	19,265	424,049	191,784	95,897	223,606	123,386	111,840
Fines and forfeitures	**223,780**	398,212	350,884	383,499	430,046	344,302	245,822	225,634
Charges for services	**360,802**	600,492	710,866	704,273	726,939	509,773	510,366	192,930
Interest income	**94,642**	34,694	49,027	49,227	79,417	87,406	62,030	30,480
Miscellaneous	**287,854**	142,495	-	-	-	-	-	45,983
Total revenues	**8,750,465**	7,699,273	8,176,475	7,294,599	6,309,576	5,884,622	5,190,317	4,863,854
Expenditures								
General government	**1,724,112**	1,993,378	3,166,567	2,749,487	4,059,794	2,248,378	1,370,300	1,663,634
Judicial	**235,544**	262,792	279,684	289,188	255,194	196,435	-	-
Public safety	**5,993,068**	6,578,133	7,066,933	6,359,138	6,483,466	5,004,641	2,999,239	2,136,655
Public works	**1,358,955**	1,269,111	1,505,312	1,109,432	1,332,026	634,783	1,163,942	875,964
Planning and development	**327,158**	433,145	584,404	405,233	525,973	717,057	616,633	-
Culture and recreation	**165,690**	209,493	79,287	24,180	-	64,117	64,545	-
Other	**-**	-	59,925	24,066	-	-	-	24,886
Capital outlay	**219,133**	-	-	-	-	-	-	-
Debt service								
Principal	**160,690**	223,196	296,729	306,564	267,780	195,168	66,984	-
Interest	**134,223**	25,411	37,401	26,490	28,876	16,718	3,814	-
Bond issuance costs	**409,485**	-	-	-	-	-	-	-
Total expenditures	**10,728,058**	10,994,659	13,076,242	11,293,778	12,953,109	9,077,297	6,285,457	4,701,139
Excess of revenues over (under) expenditures	**(1,977,593)**	(3,295,386)	(4,899,767)	(3,999,179)	(6,643,533)	(3,192,675)	(1,095,140)	162,715
Other financing sources (uses)								
Bonds issued	**10,415,000**	**-**	510,000	241,958	184,781	385,964	379,649	-
Original bond premium	**36,234**							
Capital leases	**-**	123,000	-	-	-	-	-	-
Sale of capital assets	**3,740**							
Transfers in	**3,232,866**	3,743,142	4,713,867	3,778,243	6,603,693	1,871,602	642,570	588,479
Transfers out	**(1,467,866)**	(53,513)	(115,287)	(473,305)	-	-	-	-
Total other financing sources (uses)	**12,219,974**	3,812,629	5,108,580	3,546,896	6,788,474	2,257,566	1,022,219	588,479
Net change in fund balances	**$ 10,242,381**	$ 517,243	$ 208,813	$ (452,283)	$ 144,941	$ (935,109)	$ (72,921)	$ 751,194
Debt service as a percentage of noncapital expenditures	7.75%	2.35%	3.12%	3.26%	3.25%	2.79%	1.25%	0.00%

CITY OF FAIRBURN, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Motor Vehicle Tax	Franchise Tax	Insurance Premium Tax	Beer, Wine and Liquor Tax	Hotel Motel Tax	Other Taxes	Total
2004	$ 891,886	$ 1,178,336	$ 113,662	$ 130,891	$ 234,707	$ 192,501	$ 853	$ 67,434	$ 2,810,270
2005	976,226	1,251,042	136,708	134,912	255,048	210,422	848	103,365	3,068,571
2006	1,149,246	1,443,222	137,854	154,693	273,706	238,092	524	103,807	3,501,144
2007	1,344,682	1,442,080	137,477	225,448	286,313	246,653	46,587	132,695	3,861,935
2008	2,266,758	1,440,218	160,970	596,064	298,656	254,959	97,371	109,697	5,224,693
2009	2,831,173	1,287,811	168,930	1,053,234	305,810	259,878	115,287	113,594	6,135,717
2010	2,853,789	1,324,124	180,995	903,161	302,941	240,762	86,369	27,427	5,919,568
2011	**4,060,431**	**1,315,932**	**221,656**	**888,278**	**294,137**	**234,805**	**118,499**	**33,941**	**7,167,679**

CITY OF FAIRBURN, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
- ALL TAXABLE PROPERTY
LAST TEN YEARS
(accrual basis of accounting)

Year	Real Property		Personal Property		Public Utility		Total Property		Ratio of Total Assessed to Total Estimated Actual Value	Percent Increase in Estimated Actual Value Over Prior Year
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value		
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	309,018,881	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	371,903,479	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	415,763,044	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	424,182,960	565,101,955	52,602,070	131,505,175	5,328,691	13,321,728	482,113,721	# 709,928,858	40%	31.22%
2008	480,625,730	998,615,500	178,761,030	446,902,575	8,338,020	20,845,050	667,724,780	# 1,466,363,125	40%	106.55%
2009	469,416,680	1,181,614,400	203,254,900	508,137,250	9,888,331	24,720,828	682,559,911	1,714,472,478	40%	16.92%
2010	410,862,770	1,048,830,675	186,820,120	467,050,300	13,732,050	34,330,125	611,414,940	# 1,550,211,100	40%	-9.58%
2011	**386,726,700**	**966,816,750**	**189,290,310**	**473,225,775**	**13,732,050**	**34,330,125**	**589,749,060**	**# 1,474,372,650**	**40%**	**-4.89%**

Source: City of Fairburn Finance Department

(1) Property values increased from 2006 to 2007 due to annexation activities and reassessment of property values by Fulton County

(2) Personal property values increased from 2007 to 2008 due to annexation activities which included several large industrial companies.

(3) Assessed values have dropped from 2009 to 2010 due to the decline in the value of residential real properties.

CITY OF FAIRBURN, GEORGIA

PRINCIPAL PROPERTY TAX PAYERS
CURRENT AND TEN YEARS AGO

	2011			2001		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Nestle Purina Petcare Company	$ 27,809,936	1	4.72%	$ -		-
Development Authority of Fulton Co	18,100,528	2	3.07%	-		-
Navistar, Inc.	13,192,952	3	2.24%	-		-
CSX Transportation	12,833,340	4	2.18%	-		-
Toto, USA	12,501,040	5	2.12%	-		-
Owens Corning	10,849,092	6	1.84%	-		-
Playtex Manufacturing Inc	10,714,984	7	1.82%	-		-
M.D. Hodges Enterprises	9,319,480	8	1.58%	-		-
DCT Southcreek Eagles Landing	9,319,440	9	1.58%	-		-
US Foods	9,054,864	10	1.54%	-		-
Porex Inc	-		-	6,085,331	1	6.26%
Ambercreek LLC	-		-	2,062,040	2	2.12%
Fairburn Town / Country Club	-		-	1,666,120	3	1.71%
B&K Marketing	-		-	946,200	4	0.97%
Newnan Trading Corp	-		-	886,990	5	0.91%
Fairburn Health Care	-		-	781,970	6	0.80%
Carolina Builders Company	-		-	673,000	7	0.69%
Estex Manufacturing	-		-	539,060	8	0.55%
Fairburn Banking	-		-	491,700	9	0.51%
Strack Family LLC	-		-	437,360	10	0.45%
Others	456,053,404		77.33%	82,635,562		85.01%
Totals	$ 589,749,060		100.00%	$ 97,205,333		100.00%

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal 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	Millage Rates	Local Option Sales Tax Collected
2002	385,696	345,477	89.57%	38,351	383,828	1,868	0.48%	4.50	1,066,859
2003	437,424	400,391	91.53%	34,080	434,471	2,953	0.68%	6.00	994,259
2004	725,054	696,028	96.00%	24,464	720,492	4,562	0.63%	6.00	1,082,707
2005	855,378	836,682	97.81%	13,996	850,678	4,700	0.55%	5.75	1,178,336
2006	956,255	919,386	96.14%	32,424	951,810	4,445	0.46%	5.45	1,251,042
2007	1,141,681	1,097,286	96.11%	15,968	1,113,254	28,427	2.49%	5.00	1,443,222
2008	1,309,390	1,257,805	96.06%	42,202	1,300,007	9,383	0.72%	5.00	1,442,080
2009	2,266,532	2,202,345	97.17%	40,807	2,243,152	23,380	1.03%	5.00	1,449,755
2010	2,966,005	2,814,985	94.91%	119,364	2,934,349	31,656	1.07%	5.00	1,287,811
2011	**4,074,329**	**3,933,168**	**96.54%**	**-**	**3,933,168**	**141,161**	**3.46%**	**7.50**	**1,315,932**

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA

RATIO OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS

	Governmental Activities		Business-type Activities							
Fiscal Year	General Obligation Bonds	Capital Leases	Water & Sewer	Cable TV	Educational Complex	Notes Payable	Capital Leases	Total Primary Government	Percent of Personal Income	Per Capita
2006	$ -	$ 501,250	$ 14,065,000	$ 2,840,000	$ -	$131,212	$ 128,024	$ 17,665,486	9.19%	1,738
2007	-	418,251	13,145,000	-	-	99,217	100,002	13,762,470	6.81%	1,287
2008	-	353,645	12,685,000	-	9,750,202	80,340	197,709	23,066,896	11.14%	2,104
2009	-	566,916	12,135,000	-	9,236,166	60,442	173,899	22,172,423	9.34%	1,956
2010	-	466,720	11,500,000	-	8,702,250	39,538	71,199	20,779,707	8.09%	1,833
2011	**10,415,000**	**306,030**	**10,755,000**	**-**	**15,280,000**	**17,361**	**6,212**	**36,779,603**	**13.44%**	**3,187**

CITY OF FAIRBURN, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2011

Governmental Unit	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Fairburn (1)	Amount Applicable to City of Fairburn
Fulton County			
Building Authority of Fulton County	$ 27,765,124	1.04%	$ 288,202
Fulton County Library Bonds	167,469,098	1.04%	1,738,329
Fulton-DeKalb Hospital Authority	185,430,000	1.04%	1,924,763
City of Atlanta/Fulton County			
Recreation Authority Arena Series 2010	124,515,000	1.04%	1,292,466
Zoo Series 2007	19,105,000	1.04%	198,310
Fulton County School District	149,760,000	1.04%	1,554,509
	674,044,222		6,996,579
City of Fairburn, Ga			
2011 General Obligation Bonds	10,415,000	100.00%	10,415,000
Capital leases	306,030	100.00%	306,030
Total direct and overlapping debt	$ 684,765,252		$ 17,717,609

Source: Assessed value data used to estimate applicable percentages provided by the various Tax Assessors and the Georgia Department of Revenue Property Tax Division.

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

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

CITY OF FAIRBURN, GEORGIA

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Year	Assessed Value	Percent	Debt Limit	Amount Applicable (1)	Legal Debt Margin
2002	97,205,333	10%	9,720,533	-	9,720,533
2003	123,607,552	10%	12,360,755	-	12,360,755
2004	148,761,391	10%	14,876,139	-	14,876,139
2005	166,305,217	10%	16,630,522	-	16,630,522
2006	216,408,403	10%	21,640,840	-	21,640,840
2007	482,113,721	10%	48,211,372	-	48,211,372
2008	667,724,780	10%	66,772,478	-	66,772,478
2009	682,559,911	10%	68,255,991	-	68,255,991
2010	611,414,940	10%	61,141,494	-	61,141,494
2011	589,749,060	10%	58,974,906	10,415,000	48,559,906

(1) The City of Fairburn has had no general obligation bonds outstanding during the previous nine (9) fiscal years.

CITY OF FAIRBURN, GEORGIA

PLEDGED REVENUE BOND COVERAGE - WATER & SEWER FUND & ELECTRIC FUND
COMBINED UTILITY REFUNDING REVENUE BONDS - SERIES 2006
LAST FIVE FISCAL YEARS

Fiscal Year	Operating Revenue	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest (1)	Total	Coverage
2007	$ 12,079,266	$ 6,963,278	$ 5,115,988	$ 355,000	$ 777,934	$ 1,132,934	4.52
2008	11,677,764	7,408,224	4,269,540	460,000	529,644	989,644	4.31
2009	11,616,283	8,051,886	3,564,397	550,000	508,934	1,058,934	3.37
2010	12,170,305	8,163,511	4,006,794	635,000	471,615	1,106,615	3.62
2011	12,580,304	8,884,652	3,695,652	745,000	441,062	1,186,062	3.12

Note: Operating revenue and direct operating expenses includes both Water & Sewer and Electric Operatings

(1) Interest expense does not include interest payments to the South Fulton Municipal Regional Water and Sewer Authority - Joint Governed Organization

(2) Direct operating expenses includes cost of sales and services and general operating expenses and excludes depreciation and amortization expenses

CITY OF FAIRBURN, GEORGIA

PLEDGED REVENUE BOND COVERAGE - EDUCATIONAL COMPLEX FUND
EDUCATIONAL COMPLEX REVENUE BONDS - SERIES 2011 AND 2008
SEPTEMBER 30, 2011

Fiscal Year	Operating Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2009	$ 255,948	$ 291,419	$ (35,471)	$ 514,038	$ 368,558	$ 882,596	(0.04)
2010	435,173	79,324	355,849	533,916	345,274	879,190	0.40
2011	493,319	55,095	438,224	863,920	329,176	1,193,096	0.37

(1) Direct operating expenses excludes depreciation and amortization expenses

CITY OF FAIRBURN, GEORGIA

DEMOGRPAHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (2)	Median Age (2)	Median Education Level in Years of Formal Schooling (2)	School Enrollment (4)	Unemployment Rate (3)
2002	7,843	148,217,014	18,898	33.3	12	-	4.30
2003	8,820	166,680,360	18,898	33.3	12	-	4.80
2004	9,069	171,385,962	18,898	33.3	12	-	4.60
2005	9,318	176,091,564	18,898	33.3	12	-	4.50
2006	10,167	192,135,966	18,898	33.3	12	-	4.40
2007	10,693	202,076,314	18,898	33.3	12	-	4.20
2008	10,961	207,140,978	18,898	33.3	12	-	9.30
2009	11,335	237,490,920	20,952	36.1	12	-	10.01
2010	11,335	256,873,770	22,662	32.1	12	4,971	10.30
2011	11,542	273,660,820	23,710	32.7	12	5,042	9.30

(1) Source: City Count; 2010 U.S. Census not available in time for publication of this report

(2) Source: U.S. Census

(3) Source: Georgia Department of Labor

(4) Includes: Creekside High School; Bear Creek Middle School; Campbell Elementary School; Evelyn C. West Elementary School and Landmark Christian School. Information prior to Fiscal Year 2010 is not readily available.

CITY OF FAIRBURN, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND SIX FISCAL YEARS PRIOR (Earliest Available)

	2011		2005	
Employer	Number of Employees	Rank	Number of Employees	Rank
U.S. Food Services	795	1	756	1
Owens Corning	388	2		
Nestle Purina Petcare Co.	310	3		
Porex Corporation	256	4	272	4
Excel Logistics	249	5		
Reynolds, Inc.	210	6	750	2
LTI Flexible Products	158	7		
Adesa Atlanta LLC	133	8	180	5
Fairburn Healthcare	108	9	98	8
Prism Pointe Technologies	69	10		
Strack, Inc.			300	3
Newnan Trading Company, Inc.			100	6
Estex Manufacturing			100	7
Kingswere Furniture LLC			75	9
Georgia Renaissance Vendors			64	10

CITY OF FAIRBURN, GEORGIA

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYESS BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS

Function	2006	2007	2008	2009	2010	2011
Administrative	28	27	28	35	26	26
Police	35	41	35	31	33	36
Fire	28	41	28	47	44	43
Streets, Parks and Recreation	11	11	11	13	15	13
E-911	9	10	9	10	8	2
Electric	5	7	5	9	8	9
Water and Sewer	4	4	4	5	4	6
Cable	2	2	2	-	-	-
	122	143	122	150	138	135

CITY OF FAIRBURN, GEORGIA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Physical Arrests	n/a	n/a	n/a	n/a	699	700	779	614	514	605
Traffic Violations	2,985	2,463	1,866	2,429	3,169	2,810	2,519	1,136	1,725	2,081
Fire										
Number of Calls Answered	n/a	n/a	n/a	n/a	922	1,739	1,707	1,786	1,655	1,855
Inspections	n/a	n/a	n/a	n/a	-	36	510	420	258	573
Highways and Streets										
Streets Resurfaced (miles)	0.70	0.57	0.44	0.36	1.00	-	1.00	0.45	0.44	1.00
Potholes Repaired	n/a	n/a	n/a	30	32	38	44	48	79	66
Sanitation										
Refuse Collected (tons/day)	n/a	n/a	n/a	n/a	2,772	3,416	3,094	5,806	4,310	3,567
Recyclables Collected (tons/day)	n/a	n/a	n/a	n/a	192	181	135	243	145	119
Water										
Water Mains (miles)	n/a	35.0	50.0	56.0	56.0	90.5	90.5	91.5	91.6	91.6
Fire Hydrants	301	301	350	717	717	767	900	900	900	900
Water Main Breaks	n/a	n/a	n/a	n/a	12	8	10	6	8	20
Average Daily Consumption (thousands of gallons)	n/a	593	649	675	851	875	776	791	835	778
Wastewater and Sewer										
Stormwater system (miles)	n/a	3.50	24.00	24.30	24.60	36.00	37.25	37.25	37.25	37.98
Sanitary system (miles)	n/a	44.50	51.50	61.00	65.00	68.00	69.00	69.00	69.00	69.00
Average Daily Sewage Treatment (thousands of gallons)	**	**	**	**	**	**	**	**	**	**
Public Safety										
Fire Stations	1	1	1	1	1	2	2	2	2	2
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	n/a	n/a	n/a	n/a	27	35	35	40	40	41
Highways and Streets										
Miles Paved	n/a	37.2	56.4	72.1	72.1	95.2	96.5	96.5	96.5	96.5
Miles Unpaved	n/a	6.0	6.0	1.0	2.0	2.6	2.6	2.6	3.0	3.0
Street Lights	n/a	613	644	660	660	694	694	695	695	695
Caution Lights	n/a	6	1	1	1	4	2	2	1	1
Electric										
Lines (miles)	n/a	52	59	61	61	79	79	79	79	79
Plant Capacity (KVA)	n/a	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400

n/a - Information is not readily available.

* The Fire Department was created on April 1, 2006

** Sewage is treated by Fulton County.

CITY OF FAIRBURN, GEORGIA

CAPITAL ASSETS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Water										
Water Mains (miles)	35	35	50	56	56	90.5	90.5	91.5	91.6	91.6
Fire Hydrants	301	301	350	717	717	767	900	900	900	900
Water Main Breaks	n/a	n/a	n/a	n/a	12	8	10	6	8	20
Wastewater and Sewer										
Stormwater system (miles)	n/a	3.5	24	24.3	24.6	36	37.25	37.25	37.25	37.98
Sanitary system (miles)	n/a	44.5	51.5	61	65	68	69	69	69	69
Public Safety										
Fire Stations	1	1	1	1	1	2	2	2	2	2
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	n/a	n/a	n/a	n/a	27	35	35	40	40	41
Highways and Streets										
Miles Paved	n/a	37.2	56.4	72.1	72.1	95.2	96.5	96.5	96.5	96.5
Miles Unpaved	n/a	6	6	1	2	2.6	2.6	2.6	3	3
Street Lights	n/a	613	644	660	660	694	694	695	695	695
Caution Lights	n/a	6	1	1	1	4	2	2	1	1
Electric										
Lines (miles)	n/a	52	59	61	61	79	79	79	79	79
Number of substations	1	1	1	1	1	1	1	2	2	2
Number of service connections	n/a	n/a	2,506	2,718	2,961	2,980	2,969	2,966	2,928	2,865
Culture and recreation										
Parks acreage	2	2	2	2	2	2	2	2	2	2
Parks	1	1	1	1	1	1	1	1	1	1
Community centers	0	0	0	0	0	1	1	1	1	1

n/a - Information not available.