City of Fairburn, Georgia

Comprehensive Annual Financial Report

For the Fiscal Year Ended
September 30, 2012



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, 2012

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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, 2012, 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. 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 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'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 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 the City 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.

The City 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. In 2012, retail space along the Highway 74 corridor received a shot in the arm with the addition of QuikTrip, Cracker Barrel, and a new traffic light.

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 Fiscal Year 2012

The City is home to manufacturing and warehousing facilities for a host of household names. Nestle-Purina's Fairburn plant recently laid claim to being the largest dry pet food manufacturing facility in the world. Owens-Corning and Porex celebrated their 40th and 50th anniversaries in Fairburn, respectively. Porex, the best company you've never heard of, boasts of having never laid off an employee.

US Foods, Toto, Smuckers, Clorox, Electrolux, S.C. Johnson, Pittsburgh Paint & Glass, and Aaron Rents operate large distribution centers that take advantage of the City's proximity to downtown Atlanta, the Atlanta Airport, the CSX facilities, and the interstate system.

While the sagging metro-Atlanta economy and depressed housing industry have reduced local fees and tax revenues somewhat, the City continues to operate with a balanced budget without personnel layoffs or cuts in service levels. The City plans to make further strides to improve the quality of life in the community by maintaining strict spending controls, especially with regard to personnel costs. Sales tax receipts are due to increase significantly in 2013 after the decennial reallocation of collections among Fulton County and its fourteen cities.

A general obligation bond for $10.415 million was overwhelmingly approved during the November, 2010 general election. Funds were designated for a new fire station, the purchase of a 130-acre park, and improvements to the park, two major roads, and the City's unique crescent-shaped downtown. The bonds were issued in March of 2011 and Duncan Park was purchased from Fulton County in late 2011.

Already home to a dazzling Astroturf football field provided by the City's favorite son Eric Berry, the park will soon enjoy renovations to its indoor swimming pool and feature a new playground, concession/restroom building, expanded parking, and a second, albeit natural turf, football field.

In early 2010, downtown Fairburn suffered the loss of three commercial buildings and experienced severe damage to a fourth. After demolition, the vacant land and adjoining parking were donated to the City. The damaged building was renovated, allowing downtown landmark Oz Pizza to reopen in January 2012. Design of a courtyard and stage on the site of the burned-out buildings began in 2012, with construction planned for 2013.

The City also refinanced its Educational Complex bonds in the fall of 2011, providing additional funds for campus expansion. The design begin in 2012 of a larger, upgraded student parking lot and a new 25,000 square-foot classroom building, with construction planned for 2013. Operations remain healthy for the two tenants, with Georgia Military College's (GMC) enrollment up to almost 900 and Brenau University's long-awaited nursing program scheduled to get underway in January, 2014.

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.

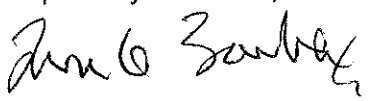
Independent Audit. State statues require an annual audit by independent certified public accountants. The accounting firm of Mauldin *&* Jenkins, LLC was selected. The independent auditor's report on the financial statements of the governmental activities, the business-type activities, each major fund, 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, 2011. This was the twenty-fourth consecutive year and the twenty-seventh 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

March 26, 2013

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, 2011

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 P. Ernst

Executive Director

City of Fairburn, Georgia
CITY OFFICIALS
SEPTEMBER 30, 2012

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

CITY ADMINISTRATOR
Tom Barber

CITY CLERK
Brenda James

HUMAN RESOURCE DIRECTOR
David Johnson

FINANCE DIRECTOR
David Smith

CHIEF OF POLICE
Chip McCarthy

FIRE CHIEF
Jody Weller

CITY ENGINEER
Troy Besseche

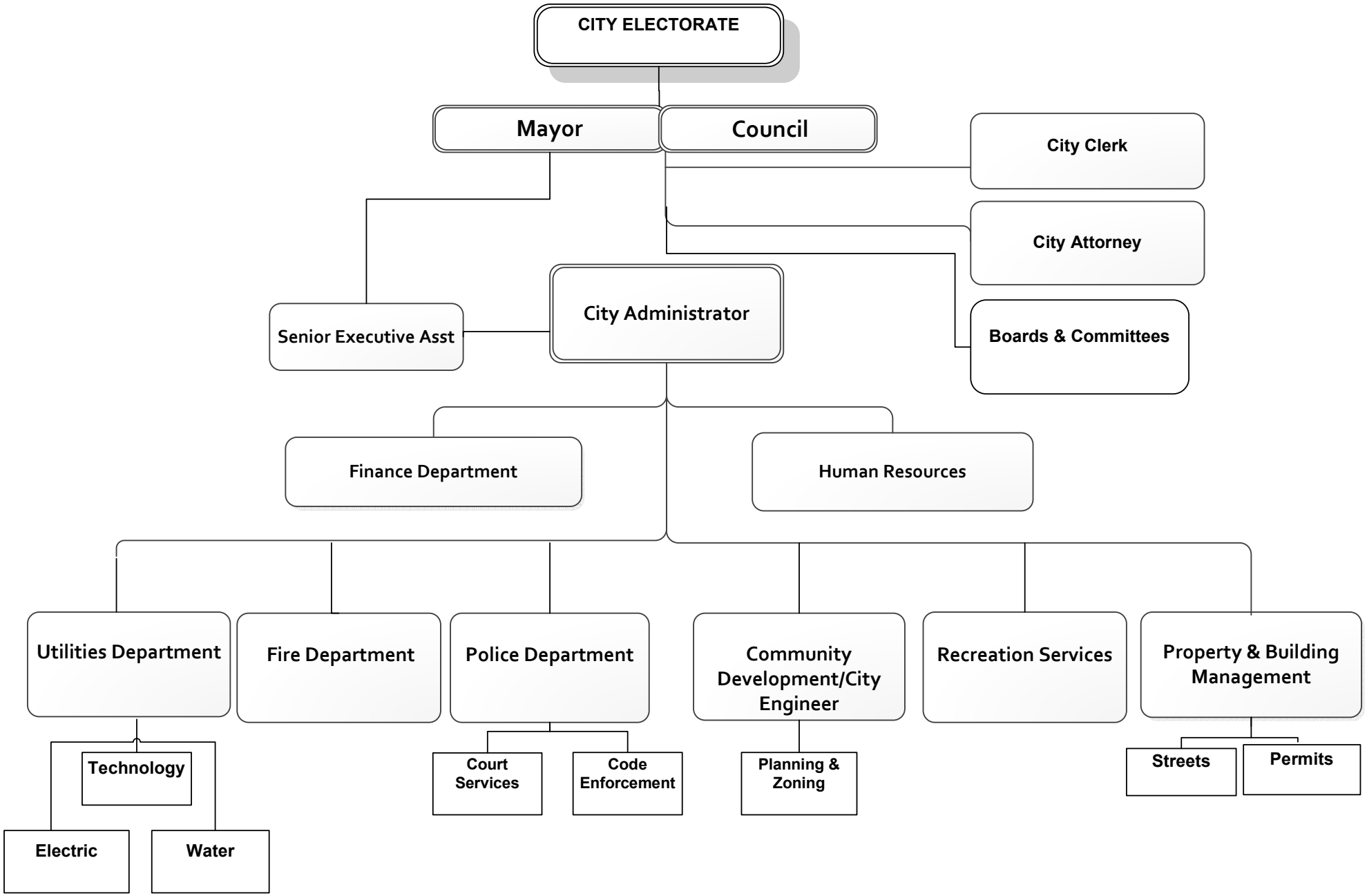
UTILITY DIRECTOR
Gene Fritz

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 the 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, 2012, 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, 2012, and the respective changes in financial position and where applicable, cash flows, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2013, 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 10 and page 49, 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 as a whole. 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
March 26, 2013

As management of the City of Fairburn (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. 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 2012 are as follows:

- The assets of the City of Fairburn exceeded its liabilities at the close of the fiscal year by $40,531,759 (net assets). Of this amount, $30,957,164 is invested in capital assets, net of related debt; $1,954,144 is restricted; and $7,620,451 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by $2,017,831 as compared to an increase of $822,811 in the prior fiscal year.
- At the end of the current fiscal year, total fund balance for the General Fund was $1,014,073, an increase of $467,452 over the prior fiscal year.
- The City issued $10,415,000 of general obligation bonds in fiscal year 2011 for the purpose of acquiring and upgrading park facilities, construction of an additional fire station as well as downtown enhancements. This City spent $2,794,532 of these funds in fiscal year 2012 for these purposes.
- Transfers from Enterprise Funds for General Fund operations have decreased from $2,865,000 in fiscal year 2011 to $1,350,000 in fiscal year 2012.

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	
	2012	2011	2012	2011 (Restated)	2012	2011 (Restated)
Current and other assets	$ 10,363,238	$ 12,233,498	$ 14,638,207	$ 14,126,395	$ 25,001,445	$ 26,359,893
Capital assets, net	17,995,816	14,423,283	36,163,610	36,436,970	54,159,426	50,860,253
Total assets	28,359,054	26,656,781	50,801,817	50,563,365	79,160,871	77,220,146
Other liabilities	991,085	987,956	1,820,041	1,519,503	2,811,126	2,507,459
Long-term liabilities	11,393,781	11,164,203	24,424,205	25,034,556	35,817,986	36,198,759
Total liabilities	12,384,866	12,152,159	26,244,246	26,554,059	38,629,112	38,706,218
Net assets:						
Invested in capital assets, net of related debt	13,762,645	13,449,772	17,194,519	17,330,455	30,957,164	30,780,227
Restricted	1,346,852	639,394	607,292	1,344,040	1,954,144	1,983,434
Unrestricted	864,691	415,456	6,755,760	5,334,811	7,620,451	5,750,267
Total net assets	$ 15,974,188	$ 14,504,622	$ 24,557,571	$ 24,009,306	$ 40,531,759	$ 38,513,928

Financial Position

The total net assets of the City increased $2,017,831 or 5.4%, from $38,513,928 to $40,531,759 as noted in the following table.

City of Fairburn Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011 (Restated)	2012	2011 (Restated)
Revenues:						
Program revenues						
Charges for services	$ 1,539,479	$ 1,129,351	$ 15,298,333	$ 14,241,961	$ 16,837,812	$ 15,371,312
Operating grants and contributions	15,270	-	-	-	15,270	-
Capital grants and contributions	1,318,074	280,000	-	-	1,318,074	280,000
General revenues:						
Property taxes	4,567,666	4,060,431	-	-	4,567,666	4,060,431
Sales taxes	1,414,814	1,315,932	-	-	1,414,814	1,315,932
Franchise taxes	997,510	888,278	-	-	997,510	888,278
Other taxes	1,263,177	903,038	-	-	1,263,177	903,038
Miscellaneous	87,798	285,274	-	-	87,798	285,274
Gain on sale of assets	-	2,634	-	694	-	3,328
Unrestricted investment earnings	69,897	94,642	34,490	9,838	104,387	104,480
Total revenues	11,273,685	8,959,580	15,332,823	14,252,493	26,606,508	23,212,073
Expenses:						
General government	1,823,964	1,763,115	-	-	1,823,964	1,763,115
Judicial	333,136	235,544	-	-	333,136	235,544
Public safety	5,851,586	6,127,643	-	-	5,851,586	6,127,643
Public works	1,857,152	1,726,760	-	-	1,857,152	1,726,760
Parks and recreation	252,863	228,225	-	-	252,863	228,225
Planning and development	367,715	327,158	-	-	367,715	327,158
Interest on long-term debt	508,703	299,264	-	-	508,703	299,264
Electric			6,383,795	5,381,210	6,383,795	5,381,210
Water & sewer	-	-	4,797,117	4,576,383	4,797,117	4,576,383
Education complex	-	-	1,237,275	593,658	1,237,275	593,658
Stormwater	-	-	613,722	571,291	613,722	571,291
Sanitation	-	-	561,649	559,011	561,649	559,011
Total expenses	10,995,119	10,707,709	13,593,558	11,681,553	24,588,677	22,389,262
Increase (decrease) in net assets before transfers	278,566	(1,748,129)	1,739,265	2,570,940	2,017,831	822,811
Transfers	1,191,000	1,765,000	(1,191,000)	(1,765,000)	-	-
Changes in net assets	1,469,566	16,871	548,265	805,940	2,017,831	822,811
Net assets, beginning of fiscal year	14,504,622	14,487,751	24,009,306	23,203,366	38,513,928	37,691,117
Net assets, end of fiscal year	$ 15,974,188	$ 14,504,622	$ 24,557,571	$ 24,009,306	$ 40,531,759	$ 38,513,928

Governmental Activities

Net assets for governmental activities increased $1,469,566. Governmental revenues increased $2,314,114 or 26%. The most significant increase in governmental revenue was capital grants and contributions which increased $1,038,074 or 371% over the prior fiscal year as a result of intergovernmental agreements to purchase right of way along Oakley Industrial Boulevard. Charges for services increased $410,128 or 36%. Included in this category is police fines and forfeitures which increased $282,314 because of increases in rates for such violations as well as overall increases in other permitting fees as the State and local economy improves. Property taxes increased $507,235 or 12.49% because of additional levies for general obligation bond debt service. Other taxes, which include insurance premium taxes and motor vehicle taxes, increased $360,139. Insurance premium taxes, which are distributed to cities by the State based on census data, increased $313,272 or 107%. Motor vehicle taxes increased $49,807 or 22% due to improvement in the State and local economy.

Expenses for governmental activities were consistent with the prior fiscal year with a modest increase of $287,410 or 2.7%. Because of the significant increases in revenues as noted above, transfers from enterprise funds to subsidize General Fund operations were reduced from $2,865,000 in 2011 to $1,350,000 in 2012.

Business-Type Activities

Net assets for business type activities increased $548,265 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 $1,253,621 compared to $1,967,219 (as restated) in the prior fiscal year, a decrease of $713,598, or 36.3%. Operating revenues increased $289,142 or 3.9% as a result of normal fluctuations in demand. Cost of sales increased by $1,003,571 due to previously restricted MEAG investments in the amount of $965,335 becoming available to the City which were used to reduce cost of sales and services in the prior fiscal year as restated. Transfers to meet General Fund obligations for fiscal year 2012 were $1,200,000 compared to $1,650,000 in the prior fiscal year, a decrease of $450,000, or 27.3%.

Water and Sewer Fund Net income before transfers for the Water and Sewer Fund was $1,103,988 compared to $662,902 in the prior fiscal year, an increase of $441,086,or 66.5%. Operating revenues increased $662,691, or 12.7% as a result of increased water rates. Water and sewer operating expenses increased $70,289 or 2.1%, based on normal operating fluctuations. Transfers to meet General Fund obligations were $250,000 compared to $850,000 in fiscal year 2011, a decrease of $600,000 or 70.6%.

Educational Complex Fund Net losses before transfers for the Educational Complex were $711,695 in fiscal year 2012 compared to losses of $97,217 in fiscal year 2011. General operating expenses increased $232,498 or 64.1% for planning and real estate services related to expansion of the campus. Interest expense increased $411,119 or 178% as a result of the refinancing of revenue bonds.

Stormwater Fund This Fund was created during fiscal year 2010 to properly segregate infrastructure utility charges in accordance with State statutes. Operating losses were $33,033 in fiscal year 2012 as compared to $104,110 in the prior fiscal year. Charges for services increased from $467,181 to $580,689 as more properties become subject to stormwater fees. Operating expenses were $613,722 in fiscal year 2012 as compared to $571,291 in the prior fiscal year.

Sanitation Fund Net income before transfers for the Sanitation Fund was $126,384 compared to $142,146 in the prior fiscal year. Transfers to the General Fund in fiscal year 2012 were $100,000 compared to $365,000 in fiscal year 2011. Net assets of this fund increased $26,384 compared to a decrease of $222,854 in the prior fiscal year primarily as a result of the transfers discussed above.

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 $9,138,686 compared to $10,948,572 in the prior fiscal year.

City of Fairburn Governmental Fund Balance

	2012	2011	$ Change
General Fund	$ 1,014,073	$ 546,621	$ 467,452
General Obligation Bond Capital Projects Fund	7,360,656	9,761,595	(2,400,939)
Other Governmental Funds	763,957	640,356	123,601
Total Governmental Fund Balance	$ 9,138,686	$ 10,948,572	$ (1,809,886)

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

City of Fairburn Changes in Governmental Fund Balance

	2012	2011	$ Change	% Change
Revenues				
Property taxes	$ 4,872,610	$ 4,355,606	$ 517,004	11.87 %
Sales taxes	1,538,778	1,434,431	104,347	7.27
Franchise taxes	997,510	888,278	109,232	12.30
Other taxes	867,750	562,883	304,867	54.16
Licenses and permits	624,518	542,189	82,329	15.18
Intergovernmental	1,166,174	-	1,166,174	100.00
Fines and forfeitures	506,094	223,780	282,314	126.16
Charges for services	395,307	360,802	34,505	9.56
Interest revenue	69,897	94,642	(24,745)	(26.15)
Other revenues	116,628	287,854	(171,226)	(59.48)
Total revenues	$ 11,155,266	$ 8,750,465	$ 2,404,801	27.48
Expenditures				
Current:				
General government	$ 1,790,985	$ 1,724,112	$ 66,873	3.88 %
Judicial	332,565	235,544	97,021	41.19
Public safety	5,757,817	5,993,068	(235,251)	(3.93)
Public works	2,645,111	1,358,955	1,286,156	94.64
Culture and recreation	192,905	165,690	27,215	16.43
Planning and development	368,225	327,158	41,067	12.55
Capital outlays	2,794,532	219,133	2,575,399	1,175.27
Debt service:				
Principal	130,540	160,690	(30,150)	(18.76)
Interest	511,360	134,223	377,137	280.98
Bond issuance costs	-	409,485	(409,485)	(100.00)
Total expenditures	14,524,040	10,728,058	3,795,982	35.38
Excess (deficiency) of revenues over (under) expenditures	(3,368,774)	(1,977,593)	(1,391,181)	70.35 %
Other Financing Sources (Uses)				
Bonds issued	-	10,415,000	(10,415,000)	
Original bond premium	-	36,234	(36,234)	
Proceeds from sale of assets	-	3,740	(3,740)	
Capital leases	367,888	-	367,888	
Transfers in	1,350,000	3,232,866	(1,882,866)	
Transfers out	(159,000)	(1,467,866)	1,308,866	
Total other financing sources (uses)	1,558,888	12,219,974	(10,661,086)	
Net change in fund balances	$ (1,809,886)	$ 10,242,381	$ (12,052,267)	

Deficiency of revenues under expenditures prior to other financing sources (uses) in the Governmental Funds for the current fiscal year was $3,368,774 as compared to $1,977,593 in the prior fiscal year, a decrease of $1,391,181. The General Fund had a deficiency of $1,091,436; the General Obligation Bond Capital Projects Fund had a deficiency of ($2,400,939); and other special revenue funds had excess revenues over expenditures of $123,601.

Overall, governmental revenues increased $2,404,801 or 27%. Intergovernmental revenues increased $1,166,174 primarily from arrangements with other municipalities and the State for funding of right of way purchases along Oakley Industrial Boulevard. Property taxes increased $517,004 or 11.87% as a result of additional levies for general obligation bonds and aggressive collection efforts of delinquent taxes. Other taxes increased $304,867 or 54.16% from increased allocation of insurance premium taxes from the State based on increases in population as a result of the 2010 census.

Overall governmental expenditures increased $3,795,982 or 35.4%. The largest increase was in capital outlays which increased $2,575,399 or 1,175.27% and reflects the purchase of Duncan Park for $2,147,000 with proceeds of the 2011 general obligation bond proceeds. Public works expenditures increased $1,286,156 or 94% and reflects the purchase of right of way along Oakley Industrial Boulevard. Interest expenditures increased $377,137 or 281% reflecting a full year of interest expenditures for the 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 $467,452 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 $4,180 better than budgeted. Property taxes were ($81,725) less than budgeted as certain property tax payers made payments after the availability period after fiscal year end. The deficiency in property tax revenues were more than offset by surplus budget conditions in other categories.
- The actual expenditures of $11,229,542 were $511,473 less than budgeted as management continues austerity measures implemented in 2011.

Capital Asset and Debt Administration

Capital Assets

The City has invested $54,156,426 in capital assets (net of accumulated depreciation). Capital assets held by the City at the end of the current and previous fiscal years are summarized as follows:

City of Fairburn, Capital Assets, net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 5,092,254	$ 1,539,352	$ 3,924,899	$ 3,595,069	$ 9,017,153	$ 5,134,421
Construction in progress	483,448	216,696	58,233	-	541,681	216,696
Buildings and improvements	1,710,315	1,694,504	17,756,462	18,295,394	19,466,777	19,989,898
Machinery and equipment	261,568	214,921	54,305	77,827	315,873	292,748
Infrastructure and distribution system	8,221,162	8,550,179	14,184,339	14,298,247	22,405,501	22,848,426
Vehicles	2,227,069	2,207,631	182,372	170,433	2,409,441	2,378,064
	$ 17,995,816	$ 14,423,283	$ 36,160,610	$ 36,436,970	$ 54,156,426	$ 50,860,253

Capital assets have increased primarily as a result of asset purchases from the 2011 General Obligation bond proceeds. 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 $25,315,000 and $10,958,378 of governmental activities. Bonds, notes, and capital leases outstanding as of the fiscal year ended September 30, 2012 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, road improvements, and downtown redevelopment activities. In addition in 2011, 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

	2012	2011
Governmental Activities		
2011 General Obligation Bonds	$ 10,415,000	$ 10,415,000
Capital Leases	543,378	306,030
	$ 10,958,378	$ 10,721,030
Business-type Activities		
Series 2011 Education Campus Bonds	$ 15,280,000	$ 15,280,000
Series 2006 Utility Bonds	10,035,000	10,755,000
Georgia Environmental Facilities Note Payable	-	17,361
Capital Leases	-	6,212
	$ 25,315,000	$ 26,058,573

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 a declining tax digest. Housing values continue to slide and new housing permits during calendar year 2012 were virtually non-existent. In spite of the stagnant metro-Atlanta economy, the City continues to attract new commercial development, especially distribution centers along Oakley Industrial Boulevard and retail along the Highway 74 corridor to Tyrone and Peachtree City at the Interstate 85 interchange.

As a result, service levels and revenue projections are monitored closely. The City significantly underspent its fiscal year 2012 budget as vacant positions were allowed to remain unfilled. Property taxes for general operations remained at 8.1 mills for the October 2013 billing. In addition, the City's levy of additional property tax to cover the debt payments related to the 2011 general obligation bonds was increased from 1.83 mills to 1.88 mills for the October 2013 billing.

Electric rates were revised slightly in early 2013 to reset the power cost adjustment to zero. Water and sewer rates have not been changed since late 2012.

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, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 8,245,663	$ 7,687,797	$ 15,933,460
Restricted cash and cash equivalents	583,860	538,337	1,122,197
Investments	107,182	2,446,789	2,553,971
Investments with fiscal agent (restricted assets)	-	68,955	68,955
Accounts receivable, net of allowances	-	2,143,034	2,143,034
Taxes receivable, net of allowances	196,193	-	196,193
Intergovernmental receivable	490,327	-	490,327
Inventory	15,034	-	15,034
Other receivables	232,479	180,000	412,479
Prepaid items	119,888	805,000	924,888
Deferred charges, unamortized balance	372,612	771,295	1,143,907
Capital assets:			
Non-depreciable	5,575,702	3,983,132	9,558,834
Depreciable, net of accumulated depreciation	12,420,114	32,177,478	44,597,592
Total assets	28,359,054	50,801,817	79,160,871
LIABILITIES			
Accounts payable	184,244	1,161,429	1,345,673
Funds held in escrow (due to others)	564,429	-	564,429
Accrued liabilities	75,108	8,891	83,999
Accrued interest payable	165,646	159,994	325,640
Customer deposits payable	1,350	489,727	491,077
Other liabilities	308	-	308
Compensated absences due within one fiscal year	279,623	34,589	314,212
Compensated absences due in more than one fiscal year	122,808	14,833	137,641
Capital leases due within one fiscal year	256,801	-	256,801
Capital leases due in more than one fiscal year	286,577	-	286,577
Bonds and notes payable due within one fiscal year	395,000	805,000	1,200,000
Bonds and notes payable due in more than one fiscal year	10,052,972	23,569,783	33,622,755
Total liabilities	12,384,866	26,244,246	38,629,112
NET ASSETS			
Invested in capital assets, net of related debt	13,762,645	17,194,519	30,957,164
Restricted for debt service	583,860	538,337	1,122,197
Restricted for law enforcement activities	202,815	-	202,815
Restricted for corpus of perpetual care cemetery funds	10,000	-	10,000
Restricted for cemetery operating capital	76,166	-	76,166
Restricted by third party as letter of credit	-	68,955	68,955
Restricted for tourism	474,011	-	474,011
Unrestricted	864,691	6,755,760	7,620,451
Total net assets	$ 15,974,188	$ 24,557,571	$ 40,531,759

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, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Business-type Activities	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 1,823,964	$ 624,518	$ -	$ 151,900	$ (1,047,546)	$ -	$ (1,047,546)
Judicial	333,136	506,094	-	-	172,958	-	172,958
Public safety	5,851,586	-	-	-	(5,851,586)	-	(5,851,586)
Public works	1,857,152	395,307	-	1,166,174	(295,671)	-	(295,671)
Culture and recreation	252,863	13,560	15,270	-	(224,033)	-	(224,033)
Planning and development	367,715	-	-	-	(367,715)	-	(367,715)
Interest on long-term debt	508,703	-	-	-	(508,703)	-	(508,703)
Total governmental activities	10,995,119	1,539,479	15,270	1,318,074	(8,122,296)	-	(8,122,296)
Business-type activities:							
Electric	6,383,795	7,631,853	-	-	-	1,248,058	1,248,058
Water and sewer	4,797,117	5,900,284	-	-	-	1,103,167	1,103,167
Educational complex	1,237,275	497,474	-	-	-	(739,801)	(739,801)
Stormwater	613,722	580,689	-	-	-	(33,033)	(33,033)
Sanitation	561,649	688,033	-	-	-	126,384	126,384
Total business-type activities	13,593,558	15,298,333	-	-	-	1,704,775	1,704,775
Total primary government	$ 24,588,677	$ 16,837,812	$ 15,270	$ 1,318,074	$ (8,122,296)	$ 1,704,775	$ (6,417,521)
General revenues:							
Property taxes					$ 4,567,666	$ -	$ 4,567,666
Franchise taxes					997,510	-	997,510
Insurance premium taxes					607,409	-	607,409
Sales and use taxes					1,414,814	-	1,414,814
Motor vehicle taxes					271,463	-	271,463
Beer, wine, and liquor taxes					225,028	-	225,028
Hotel/Motel taxes					123,964	-	123,964
Other taxes					35,313	-	35,313
Unrestricted investment earnings					69,897	34,490	104,387
Miscellaneous					87,798	-	87,798
Transfers					1,191,000	(1,191,000)	-
Total general revenues and transfers					9,591,862	(1,156,510)	8,435,352
Change in net assets					1,469,566	548,265	2,017,831
Net assets, beginning of fiscal year, restated					14,504,622	24,009,306	38,513,928
Net assets, end of fiscal year					$ 15,974,188	$ 24,557,571	$ 40,531,759

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

CITY OF FAIRBURN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

ASSETS	General Fund	General Obligation Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 817,923	$ 6,785,377	$ 642,363	$ 8,245,663
Restricted cash and cash equivalents	-	583,860	-	583,860
Investments	21,217	-	85,965	107,182
Taxes receivable, net of allowances	148,833	11,731	35,629	196,193
Other receivables	232,479	-	-	232,479
Intergovernmental receivable	490,327	-	-	490,327
Prepaid items	119,888	-	-	119,888
Inventory	15,034	-	-	15,034
Total assets	$ 1,845,701	$ 7,380,968	$ 763,957	$ 9,990,626
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 172,910	$ 11,334	$ -	$ 184,244
Funds held in escrow (due to others)	564,429	-	-	564,429
Accrued liabilities	75,108	-	-	75,108
Deferred revenues	17,523	8,978	-	26,501
Customer deposits	1,350	-	-	1,350
Other liabilities	308	-	-	308
Total liabilities	831,628	20,312	-	851,940
FUND BALANCES				
Fund balances:				
Nonspendable for:				
Prepaid items	119,888	-	-	119,888
Inventory	15,034	-	-	15,034
Corpus of perpetual care cemetery funds	-	-	10,000	10,000
Restricted for:				
Capital construction	-	6,776,796	-	6,776,796
Debt service	-	583,860	-	583,860
Law enforcement activities	-	-	202,815	202,815
Cemetery operating capital	-	-	76,166	76,166
Tourism	-	-	474,011	474,011
Assigned for:				
Planning and development	-	-	965	965
Unassigned	879,151	-	-	879,151
Total fund balances	1,014,073	7,360,656	763,957	9,138,686
Total liabilities and fund balances	$ 1,845,701	$ 7,380,968	$ 763,957	

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.	17,995,816
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	26,501
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(11,186,815)
Net assets of governmental activities	$ 15,974,188

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, 2012

	General Fund	General Obligation Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 7,293,842	$ 858,842	$ 123,964	$ 8,276,648
Licenses and permits	624,518	-	-	624,518
Intergovernmental	1,166,174	-	-	1,166,174
Fines and forfeitures	506,094	-	-	506,094
Charges for services	395,307	-	-	395,307
Interest income	35,543	33,027	1,327	69,897
Miscellaneous revenue	116,628	-	-	116,628
Total revenues	10,138,106	891,869	125,291	11,155,266
Expenditures				
Current:				
General government	1,790,985	-	-	1,790,985
Judicial	332,565	-	-	332,565
Public safety	5,757,127	-	690	5,757,817
Public works	2,645,111	-	-	2,645,111
Culture and recreation	191,905	-	1,000	192,905
Planning and development	368,225	-	-	368,225
Capital outlay	-	2,794,532	-	2,794,532
Debt service:				
Principal retirements	130,540	-	-	130,540
Interest and fiscal charges	13,084	498,276	-	511,360
Total expenditures	11,229,542	3,292,808	1,690	14,524,040
Excess (deficiency) of revenues over (under) expenditures	(1,091,436)	(2,400,939)	123,601	(3,368,774)
Other financing sources (uses):				
Capital lease	367,888	-	-	367,888
Transfers in	1,350,000	-	-	1,350,000
Transfers out	(159,000)	-	-	(159,000)
Total other financing sources (uses)	1,558,888	-	-	1,558,888
Net change in fund balances	467,452	(2,400,939)	123,601	(1,809,886)
Fund balances, beginning of fiscal year	546,621	9,761,595	640,356	10,948,572
Fund balances, end of fiscal year	$ 1,014,073	$ 7,360,656	$ 763,957	$ 9,138,686

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, 2012

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ (1,809,886)
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.		3,420,633
The net effect of donated capital assets from a third party is to increase net assets.		151,900
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(33,481)
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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the principal payment on capital leases made during the current fiscal year.		
Proceeds from capital lease	(367,888)	
Principal payment on capital lease	130,540	
Amortization of bond issuance costs	(30,022)	
Amortization of bond premium	2,657	(264,713)
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		5,113
Change in net assets - governmental activities		$ 1,469,566

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 3,212,935	$ 3,824,030	$ 3,742,305	$ (81,725)
Sales taxes	1,488,991	1,406,311	1,414,814	8,503
Franchise taxes	894,738	978,613	997,510	18,897
Insurance premium taxes	925,313	605,313	607,409	2,096
Beer, liquor, and wine taxes	214,303	220,968	225,028	4,060
Motor vehicle taxes	391,024	312,024	271,463	(40,561)
Other taxes	11,188	24,068	35,313	11,245
Licenses and permits	597,403	603,048	624,518	21,470
Intergovernmental	2,076,690	1,091,690	1,166,174	74,484
Fines and forfeitures	643,332	513,432	506,094	(7,338)
Interest income	39,146	35,591	35,543	(48)
Charges for services	530,838	407,363	395,307	(12,056)
Miscellaneous	147,950	111,475	116,628	5,153
Total revenues	11,173,851	10,133,926	10,138,106	4,180
Expenditures				
Current:				
General government:				
Mayor and council	362,542	350,130	313,285	36,845
Administration	168,108	158,308	140,353	17,955
City Administrator	767,943	722,593	705,935	16,658
Finance	339,398	359,198	324,303	34,895
Technology	93,246	92,801	88,416	4,385
Property management	224,690	245,380	218,693	26,687
Total general government	1,955,927	1,928,410	1,790,985	137,425
Judicial:				
Municipal court	371,601	340,706	332,565	8,141
Total judicial	371,601	340,706	332,565	8,141
Public safety:				
Police	3,007,250	2,947,760	2,847,829	99,931
Fire	2,969,419	2,950,129	2,909,298	40,831
Total public safety	5,976,669	5,897,889	5,757,127	140,762
Public works:				
Public works administration	2,701,847	1,516,735	1,506,882	9,853
Highways and streets	1,335,532	1,271,734	1,138,229	133,505
Total public works	4,037,379	2,788,469	2,645,111	143,358
Culture and recreation:				
Recreation	219,435	195,785	191,905	3,880
Total culture and recreation	219,435	195,785	191,905	3,880
Planning and development:				
Protective inspection and enforcement	381,317	315,694	267,629	48,065
Planning and zoning	103,988	130,438	100,596	29,842
Total planning and development	485,305	446,132	368,225	77,907
Debt service:				
Principal retirements	130,540	130,540	130,540	-
Interest and fiscal charges	13,084	13,084	13,084	-
Total debt service	143,624	143,624	143,624	-
Total expenditures	13,189,940	11,741,015	11,229,542	511,473
Excess (deficiency) of revenues over (under) expenditures	(2,016,089)	(1,607,089)	(1,091,436)	515,653
Other financing sources (uses)				
Capital lease	406,089	406,089	367,888	(38,201)
Proceeds from sale of capital assets	10,000	10,000	-	(10,000)
Transfers in	1,600,000	1,350,000	1,350,000	-
Transfers out	-	(159,000)	(159,000)	-
Total other financing sources (uses)	2,016,089	1,607,089	1,558,888	(48,201)
Net change in fund balances	-	-	467,452	467,452
Fund balance, beginning of year	546,621	546,621	546,621	-
Fund balance, end of fiscal year	$ 546,621	$ 546,621	$ 1,014,073	$ 467,452

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	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	$ 1,272,625	$ 6,028	$ 5,554,204	$ 351,962	$ 502,978	$ 7,687,797
Restricted cash and cash equivalents	-	-	538,337	-	-	538,337
Investments	2,446,789	-	-	-	-	2,446,789
Investments with fiscal agent (restricted assets)	68,955	-	-	-	-	68,955
Accounts receivable, net of allowances	1,016,119	987,031	-	28,684	111,200	2,143,034
Other receivable	180,000	-	-	-	-	180,000
Prepaid items	-	805,000	-	-	-	805,000
Total current assets	4,984,488	1,798,059	6,092,541	380,646	614,178	13,869,912
CAPITAL ASSETS						
Non-depreciable	14,874	2,270,996	1,640,015	57,247	-	3,983,132
Depreciable, net of accumulated depreciation	4,555,130	13,769,509	8,709,942	5,142,897	-	32,177,478
	4,570,004	16,040,505	10,349,957	5,200,144	-	36,160,610
OTHER NONCURRENT ASSETS						
Deferred charges, unamortized balance	-	140,212	631,083	-	-	771,295
	-	140,212	631,083	-	-	771,295
Total noncurrent assets	4,570,004	16,180,717	10,981,040	5,200,144	-	36,931,905
Total assets	9,554,492	17,978,776	17,073,581	5,580,790	614,178	50,801,817
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	495,809	519,942	97,457	2,314	45,907	1,161,429
Accrued liabilities	6,162	2,729	-	-	-	8,891
Accrued interest payable	-	-	159,994	-	-	159,994
Customer deposits	347,278	128,477	9,583	-	4,389	489,727
Compensated absences payable	20,989	13,600	-	-	-	34,589
Revenue bonds payable	-	805,000	-	-	-	805,000
Total current liabilities	870,238	1,469,748	267,034	2,314	50,296	2,659,630
NONCURRENT LIABILITIES						
Compensated absences payable	11,167	3,666	-	-	-	14,833
Revenue bonds payable	-	8,747,480	14,822,303	-	-	23,569,783
Total noncurrent liabilities	11,167	8,751,146	14,822,303	-	-	23,584,616
Total liabilities	881,405	10,220,894	15,089,337	2,314	50,296	26,244,246
NET ASSETS						
Invested in capital assets, net of related debt	4,570,004	6,488,025	936,346	5,200,144	-	17,194,519
Restricted for debt service	-	-	538,337	-	-	538,337
Restricted by third party as letter of credit	68,955	-	-	-	-	68,955
Unrestricted	4,034,128	1,269,857	509,561	378,332	563,882	6,755,760
Total net assets	$ 8,673,087	$ 7,757,882	$ 1,984,244	$ 5,578,476	$ 563,882	$ 24,557,571

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, 2012

	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	$ 7,631,853	$ 5,900,284	$ 497,474	$ 580,689	$ 688,033	$ 15,298,333
Total operating revenues	7,631,853	5,900,284	497,474	580,689	688,033	15,298,333
OPERATING EXPENSES						
Cost of sales and services	5,310,045	2,315,769	-	260,276	-	7,886,090
General operating expenses	766,120	588,890	278,580	94,024	561,649	2,289,263
Depreciation and amortization	307,543	563,373	316,597	259,422	-	1,446,935
Total operating expenses	6,383,708	3,468,032	595,177	613,722	561,649	11,622,288
Operating income (loss)	1,248,145	2,432,252	(97,703)	(33,033)	126,384	3,676,045
NON-OPERATING REVENUES (EXPENSES)						
Interest income	5,563	821	28,106	-	-	34,490
Interest expense	(87)	(1,329,085)	(642,098)	-	-	(1,971,270)
Total non-operating revenue (expenses)	5,476	(1,328,264)	(613,992)	-	-	(1,936,780)
Income (loss) before transfers	1,253,621	1,103,988	(711,695)	(33,033)	126,384	1,739,265
Transfers in	-	200,000	159,000	-	-	359,000
Transfers out	(1,200,000)	(250,000)	-	-	(100,000)	(1,550,000)
	(1,200,000)	(50,000)	159,000	-	(100,000)	(1,191,000)
Change in net assets	53,621	1,053,988	(552,695)	(33,033)	26,384	548,265
Net assets, beginning of fiscal year, restated	8,619,466	6,703,894	2,536,939	5,611,509	537,498	24,009,306
Net assets, end of fiscal year	$ 8,673,087	$ 7,757,882	$ 1,984,244	$ 5,578,476	$ 563,882	$ 24,557,571

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, 2012

	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	$ 7,709,522	$ 5,903,831	$ 497,474	$ 883,923	$ 687,209	$ 15,681,959
Payments to suppliers	(5,506,197)	(3,932,671)	(181,387)	(548,230)	(559,417)	(10,727,902)
Payments to employees	(561,262)	(245,980)	-	-	-	(807,242)
Net cash provided by operating activities	1,642,063	1,725,180	316,087	335,693	127,792	4,146,815
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers out to other funds	(1,200,000)	(250,000)	-	-	(100,000)	(1,550,000)
Transfers in from other funds	-	200,000	159,000	-	-	359,000
Net cash provided by (used in) non-capital financing activities	(1,200,000)	(50,000)	159,000	-	(100,000)	(1,191,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(203,310)	(328,789)	(330,816)	(105,491)	-	(968,406)
Principal payments on bonds	-	(720,000)	-	-	-	(720,000)
Principal payments on notes payable	-	(17,361)	-	-	-	(17,361)
Principal payments on capital leases	(6,212)	-	-	-	-	(6,212)
Interest payments	(87)	(1,329,087)	(516,855)	-	-	(1,846,029)
Net cash (used in) capital and related financing activities	(209,609)	(2,395,237)	(847,671)	(105,491)	-	(3,558,008)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	5,563	821	28,106	-	-	34,490
Purchases of investments	(565,694)	-	-	-	-	(565,694)
Net cash provided by (used in) investing activities	(560,131)	821	28,106	-	-	(531,204)
Net increase (decrease) in cash and cash equivalents	(327,677)	(719,236)	(344,478)	230,202	27,792	(1,133,397)
Cash and cash equivalents, beginning of fiscal year	1,600,302	725,264	6,437,019	121,760	475,186	9,359,531
Cash and cash equivalents, end of fiscal year	$ 1,272,625	$ 6,028	$ 6,092,541	$ 351,962	$ 502,978	$ 8,226,134
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	$ 1,248,145	$ 2,432,252	$ (97,703)	$ (33,033)	$ 126,384	$ 3,676,045
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	307,543	563,373	316,597	259,422	-	1,446,935
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(110,346)	(15,454)	-	(4,540)	(1,756)	(132,096)
Due from other funds	160,000	-	-	307,774	-	467,774
Prepaid items	-	(805,000)	-	-	-	(805,000)
Increase (decrease) in:						
Accounts payable	3,341	4,512	97,193	2,314	2,232	109,592
Accrued liabilities	522	(86)	-	-	-	436
Customer deposits	28,015	19,001	-	-	932	47,948
Compensated absences payable	4,843	(5,644)	-	-	-	(801)
Due to other funds	-	(467,774)	-	(196,244)	-	(664,018)
Net cash provided by operating activities	$ 1,642,063	$ 1,725,180	$ 316,087	$ 335,693	$ 127,792	$ 4,146,815

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 unit, although also legally separate entity, is in substance, part of the City's operations, and data from this unit is combined with the data of the City.

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 unit, an entity for which the City is considered to be financially accountable. The Development Authority (or Downtown Development Authority) of the City 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. 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 as a financing instrument. The blended component unit has a September 30th fiscal year-end. Financial information with regard to the Development Authority can be obtained directly from the City, 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.

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

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, 2012, 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 when 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, 2012, 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 $11,186,815 difference are as follows:

Bonds payable	$ (10,415,000)
Capital leases payable	(543,378)
Compensated absences	(402,431)
Accrued interest payable	(165,646)
Unamortized premium on bonds	(32,972)
Bond issuance cost	372,612
Net adjustment to reduce *fund balance - total governmental funds to arrive at net assets - governmental*	$ (11,186,815)

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 capital outlay exceeded depreciation in the current period". The details of this $3,420,633 difference are as follows:

Capital outlay	$ 4,291,594
Depreciation expense	(870,961)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 3,420,633

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, 2012, there were no departments with excesses of actual expenditures over appropriations.

NOTE 4. DEPOSITS AND INVESTMENTS

As of September 30, 2012, the City had the following investments:

Investment	Maturities/Weighted Average Maturity	Fair Value
Certificates of deposit	March 25, 2013 - September 5, 2014	$ 176,137
Municipal Competitive Trust - intermediate	2.54	2,445,500
Municipal Competitive Trust - short-term	0.29	1,289
Total		$ 2,622,926

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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	$	15,933,460
Restricted cash and cash equivalents		1,122,197
Investments		2,553,971
Investments with fiscal agent (restricted assets)		68,955
	$	19,678,583
Cash deposited with financial institutions	$	17,221,668
Cash deposited with Georgia Fund 1		10,126
Municipal Competitive Trust - intermediate		2,445,500
Municipal Competitive Trust - short term		1,289
	$	19,678,583

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.

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, 2012, 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.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2012, 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, 2012, 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	General Obligation Bond Fund	Electric Enterprise Fund	Water & Sewer Enterprise Fund	Stormwater Enterprise Fund	Other Nonmajor Funds
Receivables:						
Taxes	$ 314,018	$ 17,812	$ -	$ -	$ -	$ 35,629
Accounts	-	-	1,043,119	1,012,031	28,684	114,200
Other	232,479	-	180,000	-	-	-
Intergovernmental	490,327	-	-	-	-	-
Less allowance for uncollectible receivables	(165,185)	(6,081)	(27,000)	(25,000)	-	(3,000)
Net total receivable	$ 871,639	$ 11,731	$ 1,196,119	$ 987,031	$ 28,684	$ 146,829

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2012, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,539,352	$ 3,552,902	$ -	$ 5,092,254
Construction in process	216,696	401,257	(134,505)	483,448
Total	1,756,048	3,954,159	(134,505)	5,575,702
Capital assets, being depreciated:				
Buildings and improvements	3,353,087	-	134,505	3,487,592
Infrastructure	17,296,189	104,888	-	17,401,077
Machinery and equipment	732,732	81,303	-	814,035
Vehicles	4,350,053	303,144	-	4,653,197
Total	25,732,061	489,335	134,505	26,355,901
Less accumulated depreciation for:				
Buildings and improvements	(1,658,583)	(118,694)	-	(1,777,277)
Infrastructure	(8,746,010)	(433,905)	-	(9,179,915)
Machinery and equipment	(517,811)	(34,656)	-	(552,467)
Vehicles	(2,142,422)	(283,706)	-	(2,426,128)
Total	(13,064,826)	(870,961)	-	(13,935,787)
Total capital assets, being depreciated, net	12,667,235	(381,626)	134,505	12,420,114
Governmental activities capital assets, net	$ 14,423,283	$ 3,572,533	$ -	$ 17,995,816

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 3,595,069	$ 329,830	$ -	$ 3,924,899
Construction in process	-	58,233	-	58,233
Total	3,595,069	388,063	-	3,983,132
Capital assets, being depreciated:				
Distribution system	14,745,134	472,767	-	15,217,901
Infrastructure	11,118,135	48,244	-	11,166,379
Building and improvements	21,374,774	-	-	21,374,774
Machinery and equipment	920,828	-	-	920,828
Vehicles	619,419	59,332	-	678,751
Total	48,778,290	580,343	-	49,358,633
Less accumulated depreciation for:				
Distribution system	(5,801,509)	(375,497)	-	(6,177,006)
Infrastructure	(5,763,513)	(259,422)	-	(6,022,935)
Building and improvements	(3,079,380)	(538,932)	-	(3,618,312)
Machinery and equipment	(843,001)	(23,522)	-	(866,523)
Vehicles	(448,986)	(47,393)	-	(496,379)
Total	(15,936,389)	(1,244,766)	-	(17,181,155)
Total capital assets, being depreciated, net	32,841,901	(664,423)	-	32,177,478
Business-type activities capital assets, net	$ 36,436,970	$ (276,360)	$ -	$ 36,160,610

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	$ 31,283
Public safety	305,493
Public works	474,227
Culture and recreation	59,958
Total depreciation expense - governmental activities	$ 870,961
Business-type activities:	
Water and sewer	$ 435,973
Electric	307,543
Education complex	241,828
Stormwater	259,422
Total depreciation expense - business-type activities	$ 1,244,766

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, 2012, the City received $497,474 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
2013	$ 502,325
2014	502,325
2015	491,325
2016	460,073
2017	237,298
2018	237,298
Total Future Lease Revenues	$ 2,430,644

NOTE 8. LONG-TERM DEBT

Primary Government

Long-term liability activity for the fiscal year ended September 30, 2012, 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	$ 395,000
Unamortized bond premium	35,629	-	(2,657)	32,972	-
Capital leases	306,030	367,888	(130,540)	543,378	256,801
Compensated absences	407,544	278,064	(283,177)	402,431	279,623
Governmental activities:					
Long-term liabilities	$ 11,164,203	$ 645,952	$ (416,374)	$ 11,393,781	$ 931,424

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Business-type activities:					
Series 2006 Revenue Refunding Bonds	$ 10,755,000	$ -	$ (720,000)	$ 10,035,000	$ 805,000
Series 2011 Educational Complex Revenue Bonds	15,280,000	-	-	15,280,000	-
Less unamortized original discount	(305,268)	-	15,300	(289,968)	-
Less unamortized loss on refunding	(768,972)	-	118,723	(650,249)	-
	24,960,760	-	(585,977)	24,374,783	805,000
GEFA note payable	17,361	-	(17,361)	-	-
Capital leases	6,212	-	(6,212)	-	-
Compensated absences	50,223	36,394	(37,195)	49,422	34,589
Business-type activities:					
Long-term liabilities	$ 25,034,556	$ 36,394	$ (646,745)	$ 24,424,205	$ 839,589

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,			
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	420,000	441,813	861,813
2018-2022	2,285,000	1,963,587	4,248,587
2023-2027	2,735,000	1,369,800	4,104,800
2028-2032	3,365,000	500,681	3,865,681
Total	$ 10,415,000	$ 6,167,781	$ 16,582,781

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, 2012, the City had vehicles and machinery and equipment with a net book value of $761,167 and $59,034, respectively, under capital leases as reported in its governmental activities.

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

	Governmental Activities
Fiscal Year Ending September 30,	
2013	$ 271,376
2014	154,652
2015	141,202
Total minimum lease payments	567,230
Less amount representing interest	23,852
Present value of future minimum lease payments	$ 543,378

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.

NOTE 8. LONG-TERM DEBT (CONTINUED)

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 Complex 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 of 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 during fiscal year 2011.

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 City paid off the defeased Series 2008 bonds during fiscal year 2012. As of September 30, 2012, there is no bond defeasance.

The Downtown 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.

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

	Principal	Interest	Total
Fiscal Year Ending December 31,			
2013	$ 585,000	$ 1,387,750	$ 1,972,750
2014	615,000	1,350,475	1,965,475
2015	840,000	1,328,950	2,168,950
2016	890,000	1,299,550	2,189,550
2017	1,090,000	1,268,400	2,358,400
2018-2022	7,515,000	5,670,000	13,185,000
2023-2027	10,340,000	4,156,775	14,496,775
2028-2032	14,130,000	2,104,025	16,234,025
2033	3,645,000	110,775	3,755,775
Total	$ 39,650,000	$ 18,676,700	$ 58,326,700

NOTE 8. LONG-TERM DEBT (CONTINUED)

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, 2012 is $-0-.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

There were no interfund balances as of September 30, 2012. The composition of interfund transfers is as follows:

Transfers In	Transfers Out	Amount
General Fund	Water & Sewer Fund	$ 250,000
General Fund	Electric Fund	1,000,000
General Fund	Nonmajor enterprise fund	100,000
Educational Complex Fund	General Fund	159,000
Water & Sewer Fund	Electric Fund	200,000
		$ 1,709,000

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, 2012, the date of the most recent actuarial valuation, there were 204 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	37
Terminated vested participants not yet receiving benefits	42
Active employees - vested	119
Active employees - nonvested	6
Total	204

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, 2012 and January 1, 2011 were respectively, 9.81% and 9.75% of covered payroll. The actuarial valuation performed as of January 1, 2012 was prepared for the City's fiscal year beginning October 1, 2012 (fiscal year 2013).

NOTE 10. PENSION PLANS (CONTINUED)

Funding Policy (Continued)

For fiscal year ended September 30, 2012, the City's recommended contribution was $566,611. Actual contributions totaled $566,611. The recommended contribution was determined as part of the January 1, 2011 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 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)	Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
1/1/2012	$ 8,500,037	$ 8,790,240	$ 290,203	96.70 %	$ 4,772,077	6.08 %

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 2012 are based on the substantive plan in effect as of January 1, 2011.

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)
2012	$ 566,611	$ 566,611	100.0 %	$ -
2011	604,270	604,270	100.0	-
2010	776,617	776,617	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, 2012, there were 64 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, 2012 were $228,381 while total employer contributions for the same fiscal year were $228,083. Effective October 1, 2012, the City will no longer match employee contributions.

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.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Commitments

For the fiscal year ended September 30, 2012, the City had active construction projects related to various construction projects. At fiscal year end, the City's commitments with contractors totaled approximately $341,000.

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, 2012, 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 $5,175,359 during fiscal year 2012.

At September 30, 2012, the outstanding debt of MEAG was approximately $5.95 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $50.27 million at September 30, 2012.

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 six (6) years as of September 30, 2012 are $2,197,005.

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, 2012, $123,964 of hotel/motel tax was collected and $-0- was expended during the current fiscal year-end.

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, 2012, the City agreed to pay the Water and Sewer Authority $917,088 (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, 2011 (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 current variable interest rate of 3.500%:

	Principal	Interest	Total
Fiscal Year Ending December 31,			
2013	$ 585,000	$ 1,387,750	$ 1,972,750
2014	615,000	1,350,475	1,965,475
2015	840,000	1,328,950	2,168,950
2016	890,000	1,299,550	2,189,550
2017	1,090,000	1,268,400	2,358,400
2018-2022	7,515,000	5,670,000	13,185,000
2023-2027	10,340,000	4,156,775	14,496,775
2028-2032	14,130,000	2,104,025	16,234,025
2033	3,645,000	110,775	3,755,775
Total	$ 39,650,000	$ 18,676,700	$ 58,326,700

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

Electric Fund: The City has determined that a restatement of beginning net assets of the Electric Fund is necessary to report previously restricted MEAG investments becoming available to the City in the prior fiscal year to be used to reduce the cost of sales and services, but not recorded at September 30, 2011. The restatement is described below.

Net Assets September 30, 2011, as previously reported	$ 7,654,131
Adjustment for MEAG investments for proper recording in the correct period.	965,335
Net Assets September 30, 2011, as restated	$ 8,619,466

NOTE 18. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

Business-type Activities: As a result of the previously mentioned restatement pertaining to the Electric Fund, the effect of this adjustment on beginning net assets of business-type activities as of September 30, 2011 is summarized below

Net Assets September 30, 2011, as previously reported	$ 23,043,971
Adjustment for MEAG Investments for proper recording in the correct period.	965,335
Net Assets September 30, 2011, as restated	$ 24,009,306

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
1/1/12	$ 8,500,037	$ 8,790,240	$ 290,203	96.7%	$ 4,772,077	6.1%
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.

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

Development Authority Fund – To provide services exclusively to the City as a financing instrument for 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

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, 2012

ASSETS	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Hotel/Motel Tax Fund	Development Authority Fund	Cemetery Fund	
Cash and cash equivalents	$ 202,815	$ 438,382	$ -	$ 1,166	$ 642,363
Investments	-	-	965	85,000	85,965
Taxes receivable	-	35,629	-	-	35,629
Total assets	$ 202,815	$ 474,011	$ 965	$ 86,166	$ 763,957
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-
FUND BALANCES					
Nonspendable for:					
Corpus of perpetual care cemetery funds	-	-	-	10,000	10,000
Restricted for:					
Law enforcement activities	202,815	-	-	-	202,815
Cemetery operating capital	-	-	-	76,166	76,166
Tourism	-	474,011	-	-	474,011
Assigned for:					
Planning and development	-	-	965	-	965
Total fund balances	202,815	474,011	965	86,166	763,957
Total liabilities and fund balances	$ 202,815	$ 474,011	$ 965	$ 86,166	$ 763,957

CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds			Permanent Fund	Total
	Confiscated Assets Fund	Hotel/Motel Tax Fund	Development Authority Fund	Cemetery Fund	Nonmajor Governmental Funds
REVENUES					
Taxes	$ -	$ 123,964	$ -	$ -	$ 123,964
Interest	332	-	3	992	1,327
Total revenues	332	123,964	3	992	125,291
EXPENDITURES					
Current					
Public safety	690	-	-	-	690
Culture and recreation	-	-	-	1,000	1,000
Total expenditures	690	-	-	1,000	1,690
Excess (deficiency) of revenues over (under) expenditures	(358)	123,964	3	(8)	123,601
Net change in fund balances	(358)	123,964	3	(8)	123,601
FUND BALANCES, beginning of fiscal year	203,173	350,047	962	86,174	640,356
FUND BALANCES, end of fiscal year	$ 202,815	$ 474,011	$ 965	$ 86,166	$ 763,957

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 300	$ 300	$ 332	$ 32
Total revenues	300	300	332	32
EXPENDITURES				
Public safety	700	700	690	10
Net change in fund balances	(400)	(400)	(358)	42
FUND BALANCES, beginning of fiscal year	203,173	203,173	203,173	-
FUND BALANCES, end of fiscal year	$ 202,773	$ 202,773	$ 202,815	$ 42

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 121,916	$ 121,916	$ 123,964	$ 2,048
Net change in fund balances	121,916	121,916	123,964	2,048
FUND BALANCES, beginning of fiscal year	350,047	350,047	350,047	-
FUND BALANCES, end of fiscal year	$ 471,963	$ 471,963	$ 474,011	$ 2,048

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Tax revenue	$ 770,623	$ 870,923	$ 858,842	$ (12,081)
Design and renovation	200,600	-	-	-
Interest	32,500	32,500	33,027	527
Total revenues	1,003,723	903,423	891,869	(11,554)
Expenditures				
Capital outlays	613,537	2,805,537	2,794,532	11,005
Debt service - interest and fiscal charges	327,755	499,255	498,276	979
Total expenditures	941,292	3,304,792	3,292,808	11,984
Net change in fund balances	62,431	(2,401,369)	(2,400,939)	430
Fund balance, beginning of fiscal year	9,761,595	9,761,595	9,761,595	-
Fund balance, end of fiscal year	$ 9,824,026	$ 7,360,226	$ 7,360,656	$ 430

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 **55**

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 **60**

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

Debt Capacity **64**

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 **69**

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 **72**

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 NINE FISCAL YEARS
(accrual basis of accounting)

	2012	2011 (restated)	2010	2009	2008	2007	2006	2005	2004
Governmental activities									
Invested in capital assets, net of related debt	**$ 13,762,645**	$ 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	**1,346,852**	639,394	613,627	80,003	136,223	127,299	127,299	-	-
Unrestricted (deficit)	**864,691**	415,456	(169,035)	(209,590)	(176,511)	286,922	137,417	1,187,909	1,242,927
Total governmental activities net assets	**$ 15,974,188**	$ 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	**$ 17,194,519**	$ 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	**607,292**	1,344,040	65,200	480,215	3,169,261	521,835	3,175,590	3,047,898	5,059,990
Unrestricted	**6,755,760**	5,334,811	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	**$ 24,557,571**	$ 24,009,306	$ 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	**$ 30,957,164**	$ 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	**1,954,144**	1,983,434	678,827	560,218	3,305,484	649,134	3,302,889	3,047,898	5,059,990
Unrestricted	**7,620,451**	5,750,267	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	**$ 40,531,759**	$ 38,513,928	$ 37,691,117	$ 37,572,797	$ 39,956,810	$ 40,043,086	$ 39,082,611	$ 36,048,489	$ 31,135,833

Note: The 2011 column has been restated for a prior period adjustment made and discussed in footnote 18 to the footnotes of the financial statements.

CITY OF FAIRBURN, GEORGIA

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

	2012	2011 (Restated)	2010	2009	2008 (1) (2)	2007 (2)	2006 (1)	2005	2004
Expenses									
Governmental activities:									
General government	**$ 1,823,964**	$ 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	**333,136**	235,544	262,792	279,684	289,188	255,194	196,435	-	-
Public safety	**5,851,586**	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	**1,857,152**	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	**367,715**	327,158	433,145	584,404	405,233	525,973	717,057	616,633	-
Culture and recreation	**252,863**	228,225	270,198	80,226	24,180	-	-	64,545	
Other	**-**	-	-	59,925	24,066	-	-	-	24,886
Interest on long-term debt	**508,703**	299,264	25,411	37,401	26,490	28,876	16,718	3,814	-
Total governmental activities expenses	**10,995,119**	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	**6,383,795**	5,381,210	6,080,267	5,988,466	5,945,283	5,305,917	5,169,600	3,683,462	3,949,239
Water and Sewer	**4,797,117**	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	**1,237,275**	593,658	685,977	666,067	110	-	-	-	-
Stormwater	**613,722**	571,291	549,079 (3)	-	-	-	-	-	-
Sanitation	**561,649**	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	**13,593,558**	11,681,553	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	**$ 24,588,677**	$ 22,389,262	$ 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	**$ 1,539,479**	$ 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	**15,270**	-	19,265	424,049	154,562	95,897	223,606	123,386	111,840
Capital grants and contributions	**1,318,074**	280,000	-	-	-	-	-	-	-
Total governmental activities program revenues	**2,872,823**	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	**15,298,333**	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	**15,298,333**	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	**$ 18,171,156**	$ 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 NINE FISCAL YEARS
(accrual basis of accounting)

	2012	2011 (Restated)	2010	2009	2008 (1) (2)	2007 (2)	2006 (1)	2005	2004
Net (expense)/revenue									
Governmental activities	**$ (8,122,296)**	$ (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	**1,704,775**	2,560,408	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	**$ (6,417,521)**	$ (6,737,950)	$ (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	**$ 4,567,666**	$ 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	**1,414,814**	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	**2,260,687**	1,791,316	1,741,655	1,951,473	1,517,717	1,075,173	908,676	841,303	740,048
Miscellaneous revenue	**87,798**	287,908	139,915	65,260	34,703	-	-	-	45,983
Unrestricted investment earnings	**69,897**	94,642	34,694	49,027	49,227	79,327	87,406	62,030	30,480
Transfers	**1,191,000**	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	**9,591,862**	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	**34,490**	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	**(1,191,000)**	(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	**(1,156,510)**	(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	**$ 8,435,352**	$ 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	**$ 1,469,566**	$ 16,871	$ (234,536)	$ 1,054,990	$ (1,038,424)	$ 2,830,126	$ (696,458)	$ (689,899)	$ 337,378
Business-type activities	**548,265**	805,940	(1,792,302)	(3,103,866)	(268,407)	(1,869,651)	3,730,580	5,602,555	1,822,312
Total primary government	**$ 2,017,831**	$ 822,811	$ (2,026,838)	$ (2,048,876)	$ (1,306,831)	$ 960,475	$ 3,034,122	$ 4,912,656	$ 2,159,690

Note: The 2011 column has been restated for a prior period adjustment 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 NINE FISCAL YEARS
(modified accrual basis of accounting)

	2012	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	**134,922**	134,338	-	-	-	-	-	-	-
Unassigned	**879,151**	412,283	-	-	-	-	-	-	-
Total General Fund	**$ 1,014,073**	$ 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**	10,000	-	-	-	-	-	-	-
Restricted	**8,113,648**	10,390,989	-	-	-	-	-	-	-
Assigned	**965**	962	-	-	-	-	-	-	-
Unassigned	**-**	-	-	-	-	-	-	-	-
Total all other governmental funds	**$ 8,124,613**	$ 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 NINE FISCAL YEARS
(modified accrual basis of accounting)

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues									
Taxes	**$ 8,276,648**	$ 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	**624,518**	542,189	480,241	542,957	741,349	1,119,998	988,998	1,026,028	1,466,992
Intergovernmental	**1,166,174**	-	19,265	424,049	191,784	95,897	223,606	123,386	111,840
Fines and forfeitures	**506,094**	223,780	398,212	350,884	383,499	430,046	344,302	245,822	225,634
Charges for services	**395,307**	360,802	600,492	710,866	704,273	726,939	509,773	510,366	192,930
Interest income	**69,897**	94,642	34,694	49,027	49,227	79,417	87,406	62,030	30,480
Miscellaneous	**116,628**	287,854	142,495	-	-	-	-	-	45,983
Total revenues	**11,155,266**	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	**1,790,985**	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	**332,565**	235,544	262,792	279,684	289,188	255,194	196,435	-	-
Public safety	**5,757,817**	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	**2,645,111**	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	**368,225**	327,158	433,145	584,404	405,233	525,973	717,057	616,633	-
Culture and recreation	**192,905**	165,690	209,493	79,287	24,180	-	64,117	64,545	-
Other	-	-	-	59,925	24,066	-	-	-	24,886
Capital outlay	**2,794,532**	219,133	-	-	-	-	-	-	-
Debt service									
Principal	**130,540**	160,690	223,196	296,729	306,564	267,780	195,168	66,984	-
Interest	**511,360**	134,223	25,411	37,401	26,490	28,876	16,718	3,814	-
Bond issuance costs	**-**	409,485	-	-	-	-	-	-	-
Total expenditures	**14,524,040**	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 (deficiency) of revenues over (under) expenditures	**(3,368,774)**	(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	**367,888**	-	123,000	-	-	-	-	-	-
Sale of capital assets	**-**	3,740							
Transfers in	**1,350,000**	3,232,866	3,743,142	4,713,867	3,778,243	6,603,693	1,871,602	642,570	588,479
Transfers out	**(159,000)**	(1,467,866)	(53,513)	(115,287)	(473,305)	-	-	-	-
Total other financing sources (uses)	**1,558,888**	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	**$ (1,809,886)**	$ 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	**6.27%**	2.35%	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 NINE 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
2012	**4,567,666**	**1,414,814**	**271,463**	**997,510**	**607,409**	**225,028**	**123,964**	**35,313**	**8,243,167**

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		
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	(1) 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	(2) 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	(3) 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	(3) 1,474,372,650	40%	-4.89%
2012	**372,887,190**	**932,217,975**	**209,712,150**	**524,280,375**	**11,866,310**	**29,665,775**	**594,465,650**	**1,486,164,125**	**40%**	**0.80%**

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 NINE FISCAL YEARS AGO

	2012			2003		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Development Authority of Fulton Co	$ 33,444,752	1	5.63%	$ -		-
Nestle Purina Petcare Company	14,373,948	2	2.42%	-		-
M.D. Hodges Enterprises	13,935,428	3	2.34%	-		-
Owens Corning	12,370,733	4	2.08%	-		-
DCT Southcreek Eagles Landing	9,068,640	5	1.53%	-		-
Toto, USA	8,614,968	6	1.45%	-		-
USF Propco II LPC	8,403,182	7	1.41%	-		-
Navistar, Inc.	6,334,416	8	1.07%	-		-
AJT Acquisitions Co LLC	5,800,000	9	0.98%	-		-
Ralston Purina	5,666,000	10	0.95%	-		-
Porex Inc	-		-	6,281,370	1	5.08%
Strack Family LLC	-		-	4,174,070	2	3.38%
BellSouth	-		-	3,435,828	3	2.78%
Ambercreek LLC	-		-	3,012,760	4	2.44%
Knight Group	-		-	1,798,880	5	1.46%
Fairburn Town / Country Club	-		-	1,685,680	6	1.36%
Carolina Builders Company	-		-	1,079,350	7	0.87%
B&K Marketing	-		-	962,920	8	0.78%
Impregion, Inc.	-		-	958,890	9	0.78%
Newnan Trading Corp	-		-	888,250	10	0.72%
All Others	476,453,583		80.15%	99,329,554		80.36%
Totals	$ 594,465,650		100.00%	$ 123,607,552		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
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%	109,066	4,042,234	32,095	0.79%	7.50		1,315,932
2012	**4,491,344**	**4,406,360**	**96.54%**	**-**	**4,406,360**	84,984	**1.89%**	**9.93**	**(1)**	**1,414,814**

Source: City of Fairburn Finance Department

(1) Includes Property taxes for general operations at 8.1 mills and additional property tax to cover the debt payments related to the 2011 general obligation bonds at 1.83 mills.

CITY OF FAIRBURN, GEORGIA

RATIO OF OUTSTANDING DEBT BY TYPE
LAST SEVEN 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
2012	**10,415,000**	**543,378**	**10,035,000**	**-**	**15,280,000**	**-**	**-**	**36,273,378**	12.22%	2,714

CITY OF FAIRBURN, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2012

Governmental Unit	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Fairburn (1)	Amount Applicable to City of Fairburn
Fulton County Board of Commissioners, Georgia			
Building Authority of Fulton County	$ 27,610,000	1.111%	$ 306,747
Fulton County Library Bonds	165,563,819	1.111%	1,839,414
Fulton-DeKalb Hospital Authority	185,555,000	1.111%	2,061,516
City of Atlanta/Fulton County			
Recreation Authority Arena Series 2010	120,730,000	1.111%	1,341,310
Zoo Series 2007	17,910,000	1.111%	198,980
Fulton County School District	134,370,000	1.111%	1,492,851
	651,738,819		7,240,818
City of Fairburn, Georgia			
2011 General Obligation Bonds	10,415,000	100.00%	10,415,000
Capital leases	543,378	100.00%	543,378
Total Direct Debt	10,958,378		10,958,378
Total direct and overlapping debt	$ 662,697,197		$ 18,199,196

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

Fiscal Year	Assessed Value	Percent	Debt Limit	Amount Applicable (1)	Legal Debt Margin
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
2012	594,465,650	10%	59,446,565	10,415,000	49,031,565

(1) The City of Fairburn has had no general obligation bonds outstanding during fiscal years 2003 - 2010.

CITY OF FAIRBURN, GEORGIA

PLEDGED REVENUE BOND COVERAGE - WATER & SEWER FUND & ELECTRIC FUND
COMBINED UTILITY REFUNDING REVENUE BONDS - SERIES 2006
LAST SIX 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
2012	13,532,137	8,980,824	4,551,313	720,000	412,084	1,132,084	4.02

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

(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, 2012

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
2012	497,474	278,580	218,894	- **(2)**	642,098	642,098	0.34

Note: The Series 2008 Series Revenue Bonds were paid off during fiscal year 2011.

(1) Direct operating expenses excludes depreciation and amortization expenses

(2) The first principal payment on the Series 2011 Revenue Bonds is due in fiscal year 2014.

CITY OF FAIRBURN, GEORGIA

DEMOGRAPHIC 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)
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
2012	13,363	296,939,223	22,221	32.0	12	4,982	9.40

(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 SEVEN FISCAL YEARS PRIOR (Earliest Available)

	2012		2005	
Employer	Number of Employees	Rank	Number of Employees	Rank
U.S. Food Services	793	1	756	1
Porex Corporation	450	2	272	4
Owens Corning	388	3		
Nestle Purina Petcare Co.	310	4		
Strack, Inc.	300	5	300	3
Excel Logistics	249	6	750	2
Adesa Atlanta LLC	200	7	180	5
Reynolds, Inc.	200	8		
Prism Pointe Technologies	159	9		
Fairburn Healthcare	108	10	98	8
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 EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS

Function	2006	2007	2008	2009	2010	2011	2012
Administrative	28	27	28	35	26	26	23
Police	35	41	35	31	33	36	45
Fire	28	41	28	47	44	43	44
Streets, Parks, and Recreatior	11	11	11	13	15	13	14
E-911 (1)	9	10	9	10	8	2	-
Electric	5	7	5	9	8	9	8
Water and Sewer	4	4	4	5	4	6	6
Cable (2)	2	2	2	-	-	-	-
	122	143	122	150	138	135	140

(1) - Note that the City outsourced its E911 operations in fiscal year 2012; therefore, there are no employees for fiscal year 2012
(2) - Note that the City eliminated cable tv and telecom in 2008.

CITY OF FAIRBURN, GEORGIA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical Arrests	n/a	n/a	n/a	699	700	779	614	514	605	1,485
Traffic Violations	2,463	1,866	2,429	3,169	2,810	2,519	1,136	1,725	2,081	2,428
Fire										
Number of Calls Answered	n/a	n/a	n/a	922	1,739	1,707	1,786	1,655	1,855	2,020
Inspections	n/a	n/a	n/a	-	36	510	420	258	573	496
Highways and Streets										
Streets Resurfaced (miles)	0.57	0.44	0.36	1.00	-	1.00	0.45	0.44	1.00	-
Potholes Repaired	n/a	n/a	30	32	38	44	48	79	66	88
Sanitation										
Refuse Collected (tons/day)	n/a	n/a	n/a	2,772	3,416	3,094	5,806	4,310	3,567	6,030
Recyclables Collected (tons/day)	n/a	n/a	n/a	192	181	135	243	145	119	598
Water										
Water Mains (miles)	35.0	50.0	56.0	56.0	90.5	90.5	91.5	91.6	91.6	91.9
Fire Hydrants	301	350	717	717	767	900	900	900	900	903
Water Main Breaks	n/a	n/a	n/a	12	8	10	6	8	20	15
Average Daily Consumption (thousands of gallons)	593	649	675	851	875	776	791	835	778	811
Wastewater and Sewer										
Stormwater system (miles)	3.50	24.00	24.30	24.60	36.00	37.25	37.25	37.25	37.98	38.21
Sanitary system (miles)	44.50	51.50	61.00	65.00	68.00	69.00	69.00	69.00	69.00	69.00
Average Daily Sewage Treatment (thousands of gallons)	**	**	**	**	**	**	**	**	**	**
Public Safety										
Fire Stations	1	1	1	1	2	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	27	35	35	40	40	41	45
Highways and Streets										
Miles Paved	37.2	56.4	72.1	72.1	95.2	96.5	96.5	96.5	96.5	96.8
Miles Unpaved	6.0	6.0	1.0	2.0	2.6	2.6	2.6	3.0	3.0	3.0
Street Lights	613	644	660	660	694	694	695	695	695	702
Caution Lights	6	1	1	1	4	2	2	1	1	1
Electric										
Lines (miles)	52	59	61	61	79	79	79	79	79	79
Plant Capacity (KVA)	12,400	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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Water										
Water Mains (miles)	35	50	56	56	90.5	90.5	91.5	91.6	91.6	91.9
Fire Hydrants	301	350	717	717	767	900	900	900	900	903
Water Main Breaks	n/a	n/a	n/a	12	8	10	6	8	20	15
Wastewater and Sewer										
Stormwater system (miles)	3.5	24	24.3	24.6	36	37.25	37.25	37.25	37.98	38.21
Sanitary system (miles)	44.5	51.5	61	65	68	69	69	69	69	69
Public Safety										
Fire Stations	1	1	1	1	2	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	27	35	35	40	40	41	45
Highways and Streets										
Miles Paved	37.2	56.4	72.1	72.1	95.2	96.5	96.5	96.5	96.5	96.5
Miles Unpaved	6	6	1	2	2.6	2.6	2.6	3	3	3
Street Lights	613	644	660	660	694	694	695	695	695	702
Caution Lights	6	1	1	1	4	2	2	1	1	1
Electric										
Lines (miles)	52	59	61	61	79	79	79	79	79	79
Number of substations	1	1	1	1	1	1	2	2	2	2
Number of service connections	n/a	2,506	2,718	2,961	2,980	2,969	2,966	2,928	2,865	2,902
Culture and recreation										
Parks acreage	2	2	2	2	2	2	2	2	2	142
Parks	1	1	1	1	1	1	1	1	1	1
Community centers	0	0	0	0	1	1	1	1	1	1

n/a - Information not available.