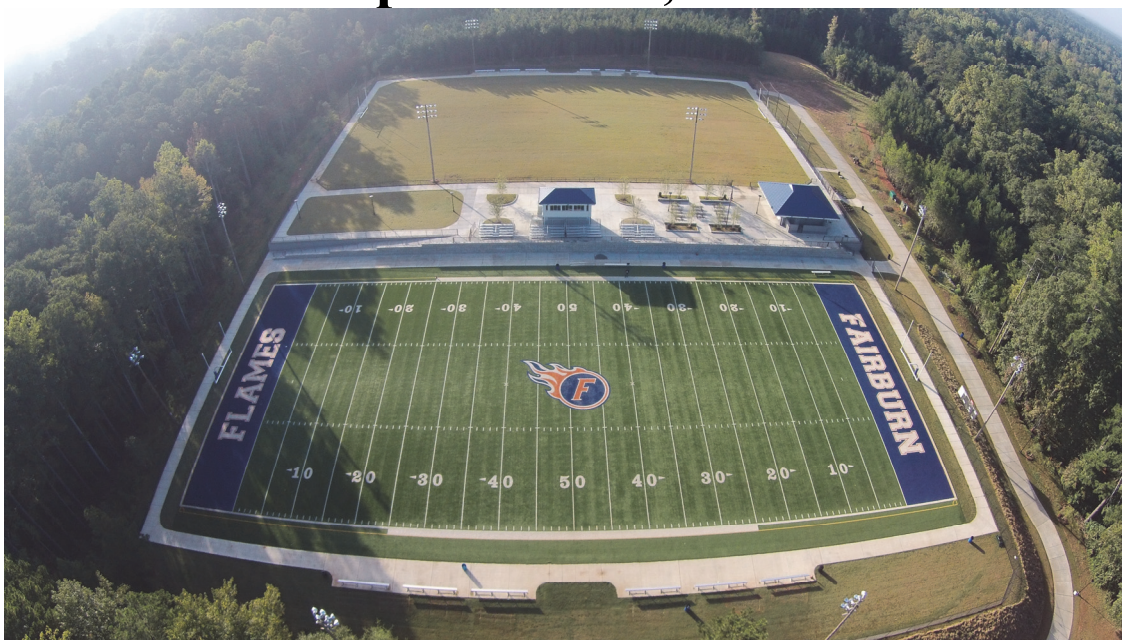
City of Fairburn, Georgia

Comprehensive Annual Financial Report

For the Fiscal Year Ended
September 30, 2014



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, 2014

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION (Unaudited)
- Letter of Transmittal ..... i-v
- GFOA Certificate of Achievement vi
- City Officials vii
- Organizational Chart viii

FINANCIAL SECTION
- Independent Auditor's Report 1-3
- Management's Discussion and Analysis 4-14
- Basic Financial Statements:
  - Government-wide Financial Statements:
    - Statement of Net Position 15
    - Statement of Activities 16
  - Fund Financial Statements:
    - Balance Sheet – Governmental Funds 17
    - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 18
    - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 19
    - General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 20
    - Statement of Net Position – Proprietary Funds 21
    - Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds 22
    - Statement of Cash Flows – Proprietary Funds 23
- Notes to Financial Statements 24-51
- Required Supplementary Information
  - Schedule of Funding Progress 52
- Combining and Individual Fund Statements and Schedules:
  - Combining and Individual Nonmajor Fund Statements and Schedules:
  - Combining Balance Sheet – Nonmajor Governmental Funds 53
  - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 54
  - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Confiscated Assets Fund 55
  - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Grants Fund 56
  - Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Hotel / Motel Tax Fund 57
  - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Improvement Fund 58

CITY OF FAIRBURN, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

TABLE OF CONTENTS

Page

Combining and Individual Fund Statements and Schedules (Continued):
- Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Obligation Bond Capital Project Fund 59

STATISTICAL SECTION (Unaudited)
- Net Position by Component 60
- Changes in Net Position ..... 61 and 62
- Fund Balances of Governmental Funds 63
- Changes in Fund Balances of Governmental Funds 64
- Governmental Activities Tax Revenues by Source 65
- Assessed Value and Estimated Actual Value – All Taxable Property 66
- Direct and Overlapping Property Tax Rates 67
- Principal Property Tax Payers 68
- Property Tax Levies and Collections 69
- Ratio of Outstanding Debt by Type 70
- Direct and Overlapping Governmental Activities Debt 71
- Legal Debt Margin 72
- Pledged Revenue Bond Coverage – Water & Sewer Fund & Electric Fund 73
- Pledged Revenue Bond Coverage – Educational Complex Fund 74
- Demographic and Economic Statistics 75
- Principal Employers 76
- Full-Time Equivalent City Government Employees by Function/Program 77
- Operating Indicators by Function/Program 78
- Capital Assets by Function/Program 79

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, 2014, 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 is 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 (CAFR) consists of management's representations concerning the finances of the City of Fairburn. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Fairburn has established a comprehensive internal control framework. This system is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Fairburn's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Fairburn's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The CAFR 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, the major events of the fiscal year, economic condition and outlook for the City, 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.

In a separate report, the City's single audit contains federal compliance information including schedules and auditor reports required for the City to comply with the Revised Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations".

General Information – City of Fairburn

The territory on which the City of Fairburn was originally located was ceded to the State of Georgia by the Cherokee Indians in the treaty of Indian Springs in 1825. U.S. Government records show a settlement as early as 1830, but the City's real growth started with the construction of the Atlanta and West Point Railroad in 1854. The City of Fairburn was incorporated February 17, 1854 and adopted its City Charter on August 3, 1925 (Georgia Statutes 1925).

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

A charming city with a traditional small town atmosphere, Fairburn stretches from the bustling Highway 74 retail corridor on the eastside to Campbellton-Fairburn Road (Hwy 92) on the westside. The City's unique crescent-shaped downtown area sits along West Broad Street (Hwy 29) and a CSX rail line. During the decade leading up to the 2010 census, Fairburn experienced the largest percentage growth of any City in Fulton County, growing almost 160% from 5,000 to almost 13,000 residents.

Fairburn is home to manufacturing and warehousing facilities for a host of household names. Nestle-Purina's Fairburn plant lays claim to being the largest dry pet food manufacturing facility in the world. Owens-Corning and Porex recently 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 Fairburn's proximity to downtown Atlanta, the Atlanta Airport, the CSX facilities, and the interstate system.

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 tens of thousands of weekend visitors from mid-April to early June each year.

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.

The City has operated without layoffs throughout the last decade. Measured, controlled growth in personnel costs has enabled the City to improve its service delivery capability in a cost-effective, responsible manner.

Major Events in Fiscal Year 2014

The City issued $4.6 million in revenue bonds in September, 2014. The City immediately purchased additional sanitary sewer capacity from Fulton County's Camp Creek Water Reclamation Facility, making the recruitment of large new commercial customers possible. A contract was also awarded in 2014 to extend the City's water line across I-85 along Bohannon Road to further improve the City's distribution system.

The City's first high-density downtown residential building is under construction. The Prestwick Companies primary focus is on the development of tax-credit assisted senior housing facilities around the Southeast. Manor at Broad Street, providing affordable apartment homes for those ages 55 and over, is scheduled to open in the summer of 2015.

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 and enhancement of a 140-acre park, two major road upgrades, and the revitalization of downtown.

Duncan Park was purchased from Fulton County in late 2011. Already home to a dazzling Astroturf football field provided in large part by the generosity of Fairburn's favorite son, Eric Berry, the park now contains expanded parking, a new playground and restroom building, and an improved football complex. Conceptual design of a new aquatics center is in the works.

A 7.5-acre tract of land for the new fire station was purchased in 2014. Located on Virlyn B. Smith Road in the center of Fairburn's city limits, the site will provide great access to the entire town due to its proximity to both Highway 74 and Highway 29.

The construction of a stage, plaza, and public restroom building is nearing completion. Located next to Oz Pizza in the heart of downtown, the venue will soon play host to live performances, weddings, movie nights, and other community activities.

The City also refinanced its Educational Campus bonds in the fall of 2011, providing additional funds for expansion. Construction of a larger student parking lot using pervious pavers has been completed. The shell of the third classroom building was completed in 2014 and negotiations are underway with a potential tenant.

The City received great news from the Georgia Department of Transportation (GDOT) during 2014. The concept plan for the modification of the I-85 interchange was accepted. The partial-cloverleaf design was approved with an expected completion date of 2020. Full funding will be provided by GDOT.

Economic Condition and Outlook

As a part of the metropolitan Atlanta area, Fairburn enjoys 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, one of the world's busiest airports. 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 near the Georgia State Capitol.

Commercial and industrial development began to rebound from the depths of the 2008 recession beginning in late 2010 and remained strong in 2014. New home construction is recovering more slowly, although with almost 1,000 vacant, fully developed residential lots on hand, Fairburn is in great position to benefit early from a recovering single-family housing market.

Fairburn partners with a wide range of organizations to market the area to new or expanding businesses. The staff of Electric Cities of Georgia (ECG) regularly present Fairburn to businesses and site locators. The Georgia Department of Economic Development and the Fulton County Development Authority also work closely with the City's staff, especially on large commercial projects.

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), Fairburn provides very competitive and dependable electric service. The City is also a member of the South Fulton Municipal Regional Water & Sewer Authority (the "Authority"), along with Union City and Palmetto. The Authority continues to pursue a water withdrawal permit to allow construction of a water reservoir and water treatment plant west of Fairburn's city limits in the northwest corner of Chattahoochee Hills.

Recent efforts to improve the City's financial stability are starting to pay off. During the last four fiscal years, the General Fund's fund balance has climbed from under $100,000 to more than $2.9 million and the City's bond rating has jumped from BBB+ to AA-. Additional fiscal improvement is expected as a result of the significant increase in sales tax receipts negotiated

in 2013 as part of the decennial reallocation of collections among Fulton County and its fourteen cities.

The City's proximity to the new Pinewood Atlanta Studio (the "Studio") in adjoining Fayette County also bodes well for future economic development. Fairburn's Highway 74 interchange on Interstate 85 provides the primary route to Pinewood from the Atlanta Airport, creating an opportunity for commercial and residential growth that caters to the Studio's users, visitors, and suppliers.

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 (GAAP). 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 statutes 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, 2013. This was the twenty-sixth consecutive year and the twenty-ninth 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

DAVID SMITH, CPA
FINANCE DIRECTOR

March 13, 2015

Government Finance Officers Association

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, 2013

Executive Director/CEO

CITY OF FAIRBURN, GEORGIA
CITY OFFICIALS
SEPTEMBER 30, 2014

CITY COUNCIL
Mario Avery, Mayor
Marian Johnson Mayor Pro Tem
Ron Alderman
Alex Heath
Elizabeth "Liz" Hurst
Lydia Glaze
Hattie Portis-Jones

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
Jeff Winston

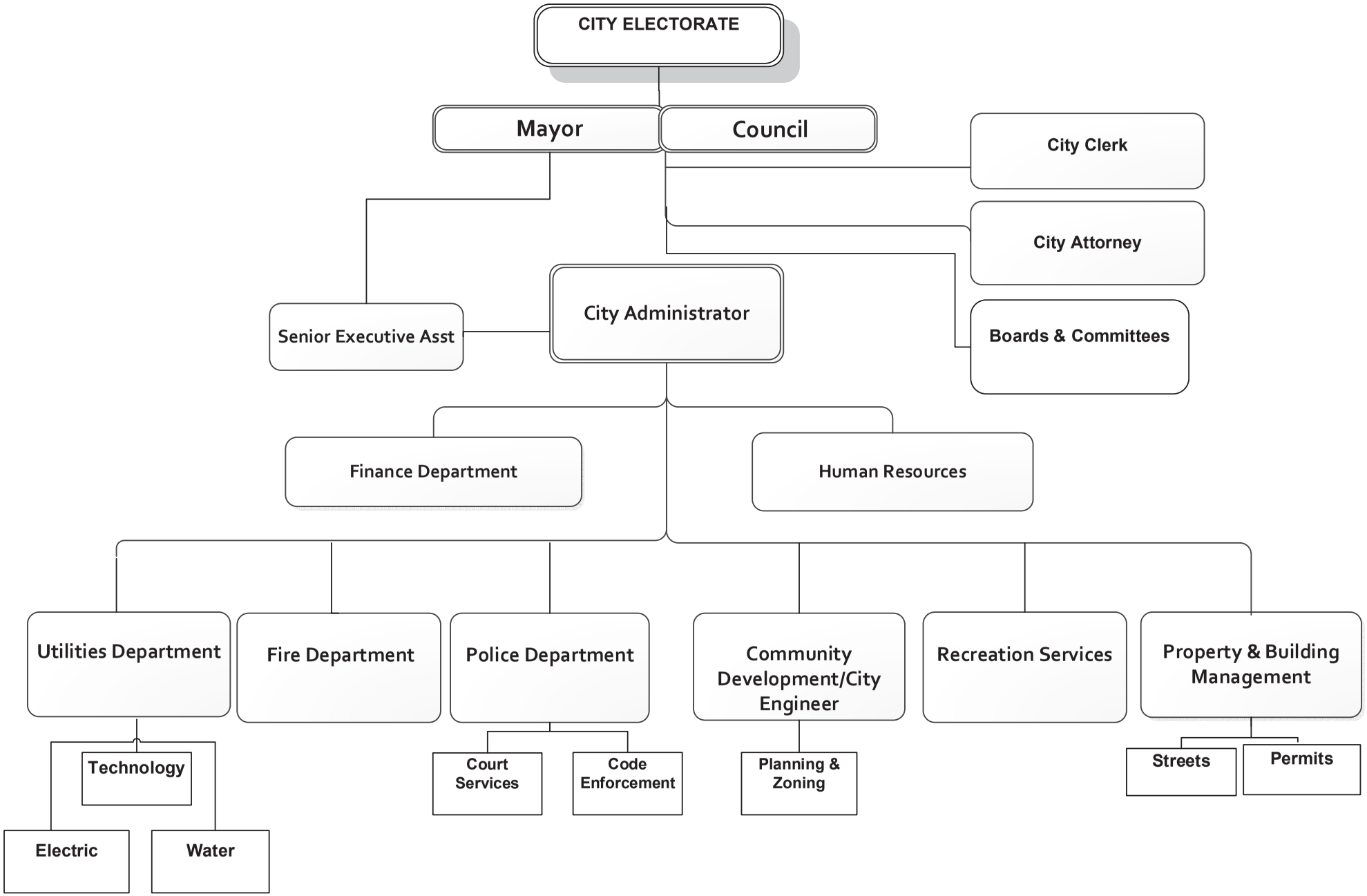
UTILITY DIRECTOR
Gene Fritz

BUILDING INSPECTOR
Harvey Stokes

CITY ATTORNEYS
Turner & Ross, LLC

City of Fairburn, Georgia

ORGANIZATIONAL CHART



FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 (the "City")** as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Fairburn, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 4 through 14 and page 52, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairburn, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and the statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2015 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* in considering the City of Fairburn, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 13, 2015

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, 2014. 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 2014 are as follows:

- The assets and deferred outflows of resources of the City of Fairburn exceeded its liabilities at the close of the fiscal year by $45,642,117 (net position). Of this amount, $28,956,228 is invested in capital assets, net of related debt; $6,908,582 is restricted; and $9,777,307 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by $4,582,357 as compared to an increase of $1,531,113 in the prior fiscal year.
- At the end of the current fiscal year, total fund balance for the General Fund was $2,952,820, an increase of $1,603,883 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 a fire station, road improvements, and downtown enhancements. The City spent $2,259,037 and $2,284,935 of these funds in fiscal years 2014 and 2013, respectively, for these purposes.
- Transfers from Enterprise Funds for General Fund operations were $2,100,000 and $1,350,000 in fiscal 2014 and 2013, respectively. The General Fund in turn transferred $900,000 to the General Obligation Bond Capital Projects Fund; $556,015 to the Educational Complex Fund; and $216,141 to the Grants Fund.

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 position and the statement of activities, which are described below.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, and liabilities, with the difference between the three reported as net position. Over time, increases or decreases in net position 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 City's net position changed during the most recent fiscal year. All changes in net position 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 15 and 16.

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, deferred inflows of resources, 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 position presented in the governmental activities column on the statement of net position. Also, on page 19, 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 17 and 18.

Proprietary Funds

Proprietary fund financial statements consist of a statement of net position, the statement of revenues, expenses, and changes in fund net position and the statement of cash flows, which are prepared on the full 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 use 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 21 - 23.

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 15 and 16):

City of Fairburn Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
Assets:	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Current and other assets	$ 10,641,625	$ 10,105,572	$ 13,869,648	$ 12,607,916	$ 24,511,273	$ 22,713,488
Capital assets, net	23,211,225	19,890,543	41,225,610	36,840,747	64,436,835	56,731,290
Total assets	33,852,850	29,996,115	55,095,258	49,448,663	88,948,108	79,444,778
Deferred outflows of resources	-	-	1,099,983	1,255,901	1,099,983	1,255,901
Liabilities:						
Other liabilities	3,183,983	3,145,458	2,997,230	2,455,644	6,181,213	5,601,102
Long-term liabilities	9,801,496	10,065,989	28,423,265	23,973,828	38,224,761	34,039,817
Total liabilities	12,985,479	13,211,447	31,420,495	26,429,472	44,405,974	39,640,919
Net position:						
Net investment in capital assets	14,409,108	14,079,774	14,547,120	16,801,838	28,956,228	30,881,612
Restricted	3,730,051	1,719,514	3,178,531	471,521	6,908,582	2,191,035
Unrestricted	2,728,212	985,380	7,049,095	7,001,733	9,777,307	7,987,113
Total net position	$ 20,867,371	$ 16,784,668	$ 24,774,746	$ 24,275,092	$ 45,642,117	$ 41,059,760

Financial Position

The total net position of the City increased $4,582,357 or 11%, from $41,059,760 to $45,642,117 as noted in the following table.

City of Fairburn Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	$ 2,132,445	$ 1,854,075	$ 16,631,066	$ 15,485,677	$ 18,763,511	$ 17,339,752
Operating grants and contributions	69,451	42,793	-	-	69,451	42,793
Capital grants and contributions	1,401,684	558,236	300,000	-	1,701,684	558,236
General revenues:						
Property taxes	4,755,788	4,798,827	-	-	4,755,788	4,798,827
Sales taxes	3,415,848	1,606,424	-	-	3,415,848	1,606,424
Franchise taxes	1,015,129	954,200	-	-	1,015,129	954,200
Other taxes	1,618,356	1,223,098	-	-	1,618,356	1,223,098
Miscellaneous	53,704	113,268			53,704	113,268
Gain on sale of capital assets	416,474	-	-	3,700	416,474	3,700
Unrestricted investment earnings	55,044	62,924	6,044	11,100	61,088	74,024
Total revenues	14,933,923	11,213,845	16,937,110	15,500,477	31,871,033	26,714,322
Expenses:						
General government	2,296,568	2,104,230	-	-	2,296,568	2,104,230
Judicial	415,245	479,159	-	-	415,245	479,159
Public safety	6,110,784	6,057,633	-	-	6,110,784	6,057,633
Public works	2,243,308	1,757,055	-	-	2,243,308	1,757,055
Culture and recreation	371,838	298,124	-	-	371,838	298,124
Planning and development	464,196	366,955	-	-	464,196	366,955
Interest on long-term debt	493,266	499,027	-	-	493,266	499,027
Electric	-	-	6,888,429	6,420,188	6,888,429	6,420,188
Water & sewer	-	-	5,641,267	5,022,941	5,641,267	5,022,941
Education complex	-	-	1,014,781	999,890	1,014,781	999,890
Stormwater	-	-	673,145	597,486	673,145	597,486
Sanitation	-	-	675,849	580,521	675,849	580,521
Total expenses	12,395,205	11,562,183	14,893,471	13,621,026	27,288,676	25,183,209
Increase (decrease) in net position before transfers	2,538,718	(348,338)	2,043,639	1,879,451	4,582,357	1,531,113
Transfers	1,543,985	1,390,635	(1,543,985)	(1,390,635)	-	-
Changes in net position	4,082,703	1,042,297	499,654	488,816	4,582,357	1,531,113
Net position, beginning of fiscal year	16,784,668	15,742,371	24,275,092	23,786,276	41,059,760	39,528,647
Net position, end of fiscal year	$ 20,867,371	$ 16,784,668	$ 24,774,746	$ 24,275,092	$ 45,642,117	$ 41,059,760

Governmental Activities

Net position for governmental activities increased $4,082,703. Total governmental revenues increased $3,720,078 or 33%. There were significant changes in capital grants and contributions which increased $843,448 or 151% as work on Oakley Industrial Boulevard entered the construction phase and costs are eligible for Federal reimbursement. Charges for services increased $278,370 or 15% and include permitting fees and disposal fees which increased as building and construction activity resumes after the recession. Sales taxes increased $1,809,424 or 113% as a result of increased allocations from Fulton County based on population increases. Other taxes increased $395,258 or 32%. This category includes motor vehicle taxes which have increased as auto sales have increased as the economy improves.

Expenses for governmental activities increased $833,022 or 7%. General government expenses increased $192,338 or 9% because of general increases in expenses and all positions being fully staffed. Public works expenses increased $486,253 or 28%, and is primarily related to road resurfacing. Planning and development expenses increased $97,241 or 27% because of professional fees for a comprehensive City plan and increase in staffing for this department. Culture and recreation expenses increased $73,714 or 25% due to increases in staffing for this department.

Business-Type Activities

Net position for business type activities increased $499,654 or 2% from the prior fiscal year. The activities of each enterprise fund are discussed below.

Electric Fund. Operating income for the Electric Fund increased $212,033 or 14.91%. Operating revenues increased $680,274 or 8.67% as a result of increases in electric rate add-ons for power cost adjustments, and environmental recovery fees. Cost of sales and services increased $369,155 or 6.92% as a result increases in wholesale electric costs. General operating expenses increased $88,422 or 11.46% due to increases in staffing. Transfers to meet General Fund obligations for fiscal year 2014 were $1,000,000 and was the same in the prior fiscal year.

Electric Fund, Summary of Changes in Net Position

	2014	2013	$ Change	% Change	
OPERATING REVENUES					
Charges for sales and services	$ 8,522,802	$ 7,842,528	$ 680,274	8.67	%
OPERATING EXPENSES					
Cost of sales and services	5,705,935	5,336,780	369,155	6.92	
General operating expenses	859,841	771,419	88,422	11.46	
Depreciation and amortization	322,653	311,989	10,664	3.42	
Total operating expenses	6,888,429	6,420,188	468,241	7.29	
Operating income	1,634,373	1,422,340	212,033	14.91	
NON OPERATING REVENUES					
Interest income	69	1,628	(1,559)	(95.76)	
Transfers in (out)	(1,000,000)	(1,000,000)	-	-	
Change in net position	$ 634,442	$ 423,968	$ 210,474	49.64	%

Water and Sewer Fund. Operating income for the Water and Sewer fund was $2,138,247 for fiscal year 2014 compared to $2,082,097 in the prior fiscal year, an increase of $56,150 or 2.7%. Operating revenues increased $367,975, or 6.37% as a result of wetter than normal weather conditions in 2014. Cost of sales and services increased $266,389 or 11.34% along with increases in usage. Transfers to meet General Fund obligations were $1,000,000 in 2014 compared to $400,000 in the prior fiscal year.

Water and Sewer, Summary of Changes in Net Position

	2014	2013	$ Change	% Change	
OPERATING REVENUES					
Charges for sales and services	$ 6,146,737	$ 5,778,762	$ 367,975	6.37	%
OPERATING EXPENSES					
Cost of sales and services	2,616,028	2,349,639	266,389	11.34	
General operating expenses	800,730	808,439	(7,709)	(0.95)	
Depreciation and amortization	591,732	538,587	53,145	9.87	
Total operating expenses	4,008,490	3,696,665	311,825	8.44	
Operating income	2,138,247	2,082,097	56,150	2.70	
NON OPERATING REVENUES (EXPENSE)					
Bond Issuance Costs	(197,451)	3,700	(201,151)	100.00	
Interest income	856	797	59	7.40	
Interest expense	(1,477,571)	(1,326,276)	(151,295)	11.41	
Total non-operating revenue (expenses)	(1,674,166)	(1,321,779)	(352,387)	26.66	
Transfers in (out)	(1,000,000)	(400,000)	(600,000)	150.00	
Change in net position	$ (535,919)	$ 360,318	$ (896,237)	(248.74)	%

Educational Complex Fund. Change in net position for this fund was $63,002 compared to a negative change of $278,473 in the prior fiscal year. Transfers from the General Fund were $556,015 in 2014 compared to $209,365 in the prior fiscal year, an increase of $346,650 or 165.6%

Educational Complex Fund, Summary of Changes in Net Position

	2014	2013	$ Change	% Change	
OPERATING REVENUES					
Charges for sales and services	$ 516,649	$ 503,377	$ 13,272	2.64	%
OPERATING EXPENSES					
General operating expenses	103,815	86,976	16,839	19.36	
Depreciation and amortization	272,766	272,939	(173)	(0.06)	
Total operating expenses	376,581	359,915	16,666	4.63	
Operating income (loss)	140,068	143,462	(3,394)	(2.37)	
NON OPERATING REVENUES (EXPENSE)					
Interest income	5,119	8,675	(3,556)	(40.99)	
Interest expense	(638,200)	(639,975)	1,775	(0.28)	
Total non-operating revenue (expenses)	(633,081)	(631,300)	(1,781)	0.28	
Transfers in (out)	556,015	209,365	346,650	165.57	
Change in net position	$ 63,002	$ (278,473)	$ 341,475	(122.62)	%

Stormwater Fund This Fund was created during fiscal year 2010 to properly segregate infrastructure utility charges in accordance with State statutes. Operating income was $64,710 in fiscal year 2014 as compared to $49,691 in the prior fiscal year. Charges for services increased from $647,177 to $737,855 as more properties become subject to stormwater fees. Operating expenses increased $75,659 or 30.22% as a result of increased allocation of direct overhead costs from the General Fund. Capital contributions of $300,000 represent a State grant for bridge reconstruction.

Stormwater Fund, Summary of Changes in Net Position

	2014	2013	$ Change	% Change	
OPERATING REVENUES					
Charges for sales and services	$ 737,855	$ 647,177	$ 90,678	14.01	%
OPERATING EXPENSES					
Cost of sales and services	346,595	261,927	84,668	32.33	
General operating expenses	58,441	73,159	(14,718)	(20.12)	
Depreciation and amortization	268,109	262,400	5,709	2.18	
Total operating expenses	673,145	597,486	75,659	12.66	
Operating income (loss)	64,710	49,691	15,019	30.22	
NON OPERATING REVENUES (EXPENSE)					
Capital contributions	300,000	-	300,000	-	
Change in net position	$ 364,710	$ 49,691	$ 315,019	633.96	%

Sanitation Fund. Revenues for this fund were consistent with the prior fiscal year. General operating expenses increased $95,328 or 16% as a result of increases in refuse collection costs. Transfers to the General Fund in fiscal year 2014 were $100,000 compared to $200,000 in fiscal year 2013. The decrease was necessary to offset increases in refuse collections costs noted above.

Sanitation Fund, Summary of Changes in Net Position

	2014	2013	$ Change	% Change	
OPERATING REVENUES					
Charges for sales and services	$ 707,023	$ 713,833	$ (6,810)	(0.95)	%
OPERATING EXPENSES					
General operating expenses	675,849	580,521	95,328	16.42	
Operating income	31,174	133,312	(102,138)	(76.62)	
Transfers in (out)	(100,000)	(200,000)	100,000	(50.00)	
Change in net position	$ (68,826)	$ (66,688)	$ (2,138)	3.21	%

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, starting on page 17, were $8,422,798 compared to $7,820,783 in the prior fiscal year.

City of Fairburn Summary of Governmental Fund Balances

	2014	2013	$ Change
General Fund	$ 2,952,820	$ 1,348,937	$ 1,603,883
General Obligation Bond Capital Projects Fund	4,144,666	5,521,898	(1,377,232)
Other Governmental Funds	1,325,312	949,948	375,364
Total Governmental Fund Balances	$ 8,422,798	$ 7,820,783	$ 602,015

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

City of Fairburn Summary Changes in Governmental Fund Balance

	2014	2013	$ Change	% Change
Revenues				
Property taxes	$ 4,829,567	$ 4,731,205	98,362	2.08 %
Sales taxes	3,594,316	1,606,424	1,987,892	123.75
Franchise taxes	1,015,129	954,200	60,929	6.39
Other taxes	1,439,888	1,223,098	216,790	17.72
Licenses and permits	816,122	726,342	89,780	12.36
Intergovernmental	1,400,884	198,686	1,202,198	605.07
Fines and forfeitures	741,656	752,705	(11,049)	(1.47)
Charges for services	549,581	371,152	178,429	48.07
Interest revenue	55,044	62,924	(7,880)	(12.52)
Other revenues	149,041	519,487	(370,446)	(71.31)
Total revenues	$ 14,591,228	$ 11,146,223	$ 3,445,005	30.91
Expenditures				
Current:				
General government	$ 2,261,908	$ 2,050,041	211,867	10.33
Judicial	415,172	472,604	(57,432)	(12.15)
Public safety	6,022,743	5,834,889	187,854	3.22
Public w orks	1,915,233	1,503,387	411,846	27.39
Parks and recreation	299,003	225,307	73,696	32.71
Planning and development	461,352	365,540	95,812	26.21
Capital outlays	3,903,395	2,513,359	1,390,036	55.31
Debt service:				
Principal (net of refunding)	622,796	651,801	(29,005)	(4.45)
Interest	490,547	505,602	(15,055)	(2.98)
Total expenditures	16,392,149	14,122,530	2,269,619	16.07
Excess (deficiency) of revenues over (under) expenditures	(1,800,921)	(2,976,307)	1,175,386	(39.49)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	487,338	39,345	447,993	1,138.63
Capital leases	371,613	228,424	143,189	62.69
Transfers in	3,216,141	1,617,260	1,598,881	98.86
Transfers out	(1,672,156)	(226,625)	(1,445,531)	637.85
Total other financing sources (uses)	2,402,936	1,658,404	744,532	44.89
Net change in fund balances	$ 602,015	$ (1,317,903)	$ 1,919,918	(145.68) %

Deficiency of revenues under expenditures prior to other financing sources (uses) in the Governmental Funds for the current fiscal year was ($1,800,921) as compared to ($2,976,307) in the prior fiscal year, an improvement of $1,175,386. The General Fund had an excess of $1,165,701; the General Obligation Bond Capital Projects Fund had a deficiency of ($2,277,232); The Capital Improvements Fund had a deficiency of ($608,851); and non-major governmental funds had a deficiency of ($80,539).

Overall, governmental revenues increased by $3,445,005 or approximately 31%. Intergovernmental revenues increased $1,202,198 or 605% because of reimbursements under Federal grants primarily for transportation improvements. Sales taxes increased $1,987,892 or 124% as a result of increased allocations from Fulton County based on population increases.

Overall, governmental expenditures increased $2,269,619 or 16% and is comprised of significant increases in various expenditure categories. Capital outlays increased $1,390,036 or 55% as a result of significant progress made on planned improvements of the downtown area and Duncan Park. Public works expenditures increased $411,846 or 27% because of increased expenditures related to Federal grants primarily road improvements. Public safety expenses increased $187,854 or 3% as a result of increases in wages and benefits.

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 $1,524,294 better than budgeted.

A comparison of the final budgetary figures and the actual budgetary figures for revenues are located on page 20

- General Fund revenues in total were $597,073 better than budgeted. Property taxes were $206,551 better than budgeted as a result of additional commercial development in the City. Sales taxes were $250,185 better than budgeted as the retail economy improves.
- The actual expenditures of $10,984,184 were $972,898 less than budgeted as management continues austerity measures implemented in prior fiscal years as well as very conservative budget estimates.

Capital Asset and Debt Administration

Capital Assets

The City has invested $64,436,835 in capital assets (net of accumulated depreciation). Capital assets held by the City at the end of the current and prior fiscal year are summarized as follows:

City of Fairburn, Summary of Captial Assets, net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 5,129,390	$ 5,092,254	$ 3,924,899	$ 3,924,899	$ 9,054,289	$ 9,017,153
Construction in Progress	5,771,467	2,062,217	193,895	1,256,902	5,965,362	3,319,119
Buildings, grounds and improvements	1,394,675	1,584,895	20,866,330	17,217,358	22,261,005	18,802,253
Machinery and equipment	443,397	336,634	134,094	80,560	577,491	417,194
Infrastructure	8,276,416	8,737,520	13,733,907	14,045,992	22,010,323	22,783,512
Vehicles	2,195,880	2,077,023	2,372,485	315,036	4,568,365	2,392,059
	$ 23,211,225	$ 19,890,543	$ 41,225,610	$ 36,840,747	$ 64,436,835	$ 56,731,290

Capital assets have increased primarily due to additional construction in progress funded by the G.O. Bonds. 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 $28,845,000 and $10,283,818 for governmental activities. Bonds, notes, and capital leases outstanding as of the fiscal year ended September 30, 2014 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 a fire station, road improvements, and downtown revitalization. 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. In 2013, the City refinanced the 2006 series utility bonds to take advantage of lower interest rates and in 2014, the City issued $4,610,000 of series 2014 combined public utility revenue bonds. The proceeds will be used to purchase additional sanitary sewer capacity and to make improvements to both the water distribution system and the sanitary sewer collection system.

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

	2014	2013
Governmental Activities		
2011 General Obligation Bonds	$ 9,620,000	$ 10,020,000
Capital Leases	663,818	515,001
	$ 10,283,818	$ 10,535,001
Business-type Activities		
Series 2011 Education Campus Bonds	$ 14,925,000	$ 15,280,000
Series 2013 Revenue Refunding Bonds	9,310,000	9,310,000
Series 2013 Utility Bonds	4,610,000	-
	$ 28,845,000	$ 24,590,000

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 limited tax digest growth. Housing values are flat or slightly increasing and only eighteen new housing permits were issued during fiscal 2014. In spite of the sluggish 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, revenue projections and staffing levels are monitored closely. The City underspent its fiscal year 2014 budget as vacant positions were allowed to remain unfilled. Property taxes for general operations remained at 8.1 mills for the October 2014 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 slightly from 1.60 mills to 1.72 mills for the October 2014 billing.

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 POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 7,401,882	$ 4,343,003	$ 11,744,885
Restricted cash and cash equivalents	1,031,227	3,109,368	4,140,595
Investments	107,206	-	107,206
Investments (restricted assets)	-	3,826,064	3,826,064
Investments with fiscal agent (restricted assets)	-	69,163	69,163
Accounts receivable, net of allowances	-	2,313,717	2,313,717
Taxes receivable, net of allowances	910,843	-	910,843
Intergovernmental receivables	129,260	-	129,260
Inventory	12,366	-	12,366
Other receivables	793,274	187,000	980,274
Prepaid items	136,919	-	136,919
Deferred charges, prepaid bond insurance (unamortized balance)	118,648	21,333	139,981
Capital assets:			
Non-depreciable	10,900,857	4,118,794	15,019,651
Depreciable, net of accumulated depreciation	12,310,368	37,106,816	49,417,184
Total assets	33,852,850	55,095,258	88,948,108
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	-	1,099,983	1,099,983
Total deferred outflows of resources	-	1,099,983	1,099,983
LIABILITIES			
Accounts payable	1,091,224	1,269,416	2,360,640
Retainage payable	232,437	321,113	553,550
Funds held in escrow (due to others)	566,124	-	566,124
Accrued liabilities	118,369	17,317	135,686
Accrued interest payable	166,976	323,376	490,352
Due to others	40,314	-	40,314
Unearned revenue	27,760	-	27,760
Customer deposits payable	1,100	649,885	650,985
Other liabilities	2,507	-	2,507
Compensated absences due within one fiscal year	317,722	41,123	358,845
Compensated absences due in more than one fiscal year	109,342	6,566	115,908
Capital leases due within one fiscal year	214,450	-	214,450
Capital leases due in more than one fiscal year	449,368	-	449,368
Bonds and notes payable due within one fiscal year	405,000	375,000	780,000
Bonds and notes payable due in more than one fiscal year	9,242,786	28,416,699	37,659,485
Total liabilities	12,985,479	31,420,495	44,405,974
NET POSITION			
Net investment in capital assets	14,409,108	14,547,120	28,956,228
Restricted for debt service	590,223	606,589	1,196,812
Restricted for capital construction	2,052,031	2,502,779	4,554,810
Restricted for law enforcement activities	140,199	-	140,199
Restricted for corpus of perpetual care cemetery funds (nonspenable)	10,000	-	10,000
Restricted for cemetery operating capital	75,387	-	75,387
Restricted by third party as letter of credit	-	69,163	69,163
Restricted for federal and state programs	19,480	-	19,480
Restricted for tourism	842,731	-	842,731
Unrestricted	2,728,212	7,049,095	9,777,307
Total net position	$ 20,867,371	$ 24,774,746	$ 45,642,117

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, 2014

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 Position: Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 2,296,568	$ 816,122	$ -	$ -	$ (1,480,446)	$ -	$ (1,480,446)
Judicial	415,245	741,656	-	-	326,411	-	326,411
Public safety	6,110,784	-	26,530	39,750	(6,044,504)	-	(6,044,504)
Public works	2,243,308	549,581	-	1,361,934	(331,793)	-	(331,793)
Culture and recreation	371,838	25,086	42,921	-	(303,831)	-	(303,831)
Planning and development	464,196	-	-	-	(464,196)	-	(464,196)
Interest on long-term debt	493,266	-	-	-	(493,266)	-	(493,266)
Total governmental activities	12,395,205	2,132,445	69,451	1,401,684	(8,791,625)	-	(8,791,625)
Business-type activities:							
Electric	6,888,429	8,522,802	-	-	-	1,634,373	1,634,373
Water and sewer	5,641,267	6,146,737	-	300,000	-	805,470	805,470
Educational complex	1,014,781	516,649	-	-	-	(498,132)	(498,132)
Stormwater	673,145	737,855	-	-	-	64,710	64,710
Sanitation	675,849	707,023	-	-	-	31,174	31,174
Total business-type activities	14,893,471	16,631,066	-	300,000	-	2,037,595	2,037,595
Total primary government	$ 27,288,676	$ 18,763,511	$ 69,451	$ 1,701,684	$ (8,791,625)	$ 2,037,595	$ (6,754,030)
General revenues:							
Property taxes					$ 4,755,788	$ -	$ 4,755,788
Franchise taxes					1,015,129	-	1,015,129
Insurance premium taxes					668,012	-	668,012
Sales and use taxes					3,415,848	-	3,415,848
Motor vehicle taxes					458,803	-	458,803
Beer, wine, and liquor taxes					218,456	-	218,456
Hotel/Motel taxes					178,468	-	178,468
Other taxes					94,617	-	94,617
Unrestricted investment earnings					55,044	6,044	61,088
Gain on disposal of capital assets					416,474	-	416,474
Miscellaneous					53,704	-	53,704
Transfers					1,543,985	(1,543,985)	-
Total general revenues and transfers					12,874,328	(1,537,941)	11,336,387
Change in net position					4,082,703	499,654	4,582,357
Net position, beginning of fiscal year					16,784,668	24,275,092	41,059,760
Net position, end of fiscal year					$ 20,867,371	$ 24,774,746	$ 45,642,117

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

CITY OF FAIRBURN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

ASSETS	General Fund	General Obligation Bond Capital Projects Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 2,172,731	$ 3,931,542	$ 130,143	$ 1,167,466	$ 7,401,882
Restricted cash and cash equivalents	441,004	590,223	-	-	1,031,227
Investments	21,239	-	-	85,967	107,206
Taxes receivable, net of allowances	773,287	90,607	-	46,949	910,843
Other receivables	319,348	-	473,926	-	793,274
Intergovernmental receivables	-	-	-	129,260	129,260
Prepaid items	136,919	-	-	-	136,919
Inventory	12,366	-	-	-	12,366
Total assets	$ 3,876,894	$ 4,612,372	$ 604,069	$ 1,429,642	$ 10,522,977
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 190,834	$ 364,377	$ 248,996	$ 287,017	$ 1,091,224
Retainage payable	-	100,365	118,525	13,547	232,437
Funds held in escrow	566,124	-	-	-	566,124
Accrued liabilities	118,369	-	-	-	118,369
Due to others	-	-	-	40,314	40,314
Unearned revenue	27,760	-	-	-	27,760
Customer deposits	1,100	-	-	-	1,100
Other liabilities	2,507	-	-	-	2,507
Total liabilities	906,694	464,742	367,521	340,878	2,079,835
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	17,380	2,964	-	-	20,344
Total deferred inflows of resources	17,380	2,964	-	-	20,344
FUND BALANCES					
Fund balances:					
Nonspendable for:					
Prepaid items	136,919	-	-	-	136,919
Inventory	12,366	-	-	-	12,366
Corpus of perpetual care cemetery funds	-	-	-	10,000	10,000
Restricted for:					
Capital construction	-	3,554,443	236,548	-	3,790,991
Federal and state programs	-	-	-	19,480	19,480
Debt service	-	590,223	-	-	590,223
Law enforcement activities	-	-	-	140,199	140,199
Cemetery operating capital	-	-	-	75,387	75,387
Tourism	-	-	-	842,731	842,731
Assigned for:					
Planning and development	-	-	-	967	967
Unassigned	2,803,535	-	-	-	2,803,535
Total fund balances	2,952,820	4,144,666	236,548	1,088,764	8,422,798
Total liabilities, deferred inflows of resources, and fund balances	$ 3,876,894	$ 4,612,372	$ 604,069	$ 1,429,642	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					23,211,225
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.					20,344
Long-term liabilities , including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					(10,786,996)
Net position of governmental activities					$ 20,867,371

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, 2014

	General Fund	General Obligation Bond Capital Projects Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 9,851,089	$ 849,343	$ -	$ 178,468	$ 10,878,900
Licenses and permits	816,122	-	-	-	816,122
Intergovernmental	-	-	1,035,507	365,377	1,400,884
Fines and forfeitures	741,656	-	-	-	741,656
Charges for services	549,581	-	-	-	549,581
Interest income	42,396	11,595	-	1,053	55,044
Miscellaneous revenue	149,041	-	-	-	149,041
Total revenues	12,149,885	860,938	1,035,507	544,898	14,591,228
Expenditures					
Current:					
General government	2,204,450	-	-	57,458	2,261,908
Judicial	415,172	-	-	-	415,172
Public safety	5,918,869	-	-	103,874	6,022,743
Public works	1,451,653	-	-	463,580	1,915,233
Culture and recreation	298,478	-	-	525	299,003
Planning and development	461,352	-	-	-	461,352
Capital outlay	-	2,259,037	1,644,358	-	3,903,395
Debt service:					
Principal retirements	222,796	400,000	-	-	622,796
Interest and fiscal charges	11,414	479,133	-	-	490,547
Total expenditures	10,984,184	3,138,170	1,644,358	625,437	16,392,149
Excess (deficiency) of revenues over (under) expenditures	1,165,701	(2,277,232)	(608,851)	(80,539)	(1,800,921)
Other financing sources (uses):					
Capital leases	-	-	371,613	-	371,613
Proceeds from sale of capital assets	10,338	-	477,000	-	487,338
Transfers in	2,100,000	900,000	-	216,141	3,216,141
Transfers out	(1,672,156)	-	-	-	(1,672,156)
Total other financing sources	438,182	900,000	848,613	216,141	2,402,936
Net change in fund balances	1,603,883	(1,377,232)	239,762	135,602	602,015
Fund balances (deficits), beginning of fiscal year	1,348,937	5,521,898	(3,214)	953,162	7,820,783
Fund balances, end of fiscal year	$ 2,952,820	$ 4,144,666	$ 236,548	$ 1,088,764	$ 8,422,798

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, 2014

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

Net change in fund balances - total governmental funds		$ 602,015
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 capital outlay exceeded depreciation expense in the current period - see footnote 2 for detail of amount.		3,391,546
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(70,864)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(73,779)
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 position. Also, governmental funds report the effect of bond insurance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items is as follows:		
Initiation of capital leases	(371,613)	
Principal payment on bonds payable	400,000	
Principal payment on capital lease	222,796	
Amortization of deferred charges, prepaid bond insurance costs	(10,937)	
Amortization of bond premium	2,561	242,807
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 accrued interest payable		(5,280)
Change in compensated absences		(3,742)
Change in net position - governmental activities		$ 4,082,703

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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	$ 3,773,673	$ 3,773,673	$ 3,980,224	$ 206,551
Sales taxes	3,165,663	3,165,663	3,415,848	250,185
Franchise taxes	999,295	999,295	1,015,129	15,834
Insurance premium taxes	668,012	668,012	668,012	-
Beer, liquor, and wine taxes	199,812	199,812	218,456	18,644
Motor vehicle taxes	452,855	452,855	458,803	5,948
Other taxes	82,727	82,727	94,617	11,890
Licenses and permits	778,001	778,001	816,122	38,121
Fines and forfeitures	768,706	768,706	741,656	(27,050)
Interest income	43,869	43,869	42,396	(1,473)
Charges for services	456,935	456,935	549,581	92,646
Miscellaneous	163,264	163,264	149,041	(14,223)
Total revenues	11,552,812	11,552,812	12,149,885	597,073
Expenditures				
Current:				
General government:				
Mayor and council	389,228	389,228	348,107	41,121
Administration	198,459	198,459	185,922	12,537
City Administrator	918,109	918,109	911,364	6,745
Finance	446,247	446,247	402,534	43,713
Technology	113,166	113,166	100,013	13,153
Property management	323,724	323,724	256,510	67,214
Total general government	2,388,933	2,388,933	2,204,450	184,483
Judicial:				
Municipal court	419,692	419,692	415,172	4,520
Total judicial	419,692	419,692	415,172	4,520
Public safety:				
Police	3,193,763	3,193,763	2,982,807	210,956
Fire	3,080,673	3,080,673	2,936,062	144,611
Total public safety	6,274,436	6,274,436	5,918,869	355,567
Public works:				
Public works administration	370,548	370,548	299,600	70,948
Highways and streets	1,313,656	1,313,656	1,152,053	161,603
Total public works	1,684,204	1,684,204	1,451,653	232,551
Culture and recreation:				
Recreation	337,906	337,906	298,478	39,428
Total culture and recreation	337,906	337,906	298,478	39,428
Planning and development:				
Protective inspection and enforcement	363,834	363,834	290,229	73,605
Planning and zoning	221,425	221,425	171,123	50,302
Total planning and development	585,259	585,259	461,352	123,907
Debt service:				
Principal retirements	254,249	254,249	222,796	31,453
Interest and fiscal charges	12,403	12,403	11,414	989
Total debt service	266,652	266,652	234,210	32,442
Total expenditures	11,957,082	11,957,082	10,984,184	972,898
Excess (deficiency) of revenues over (under) expenditures	(404,270)	(404,270)	1,165,701	1,569,971
Other financing sources (uses)				
Proceeds from sale of capital assets	10,000	10,000	10,338	338
Transfers in	2,100,000	2,100,000	2,100,000	-
Transfers out	(726,141)	(1,626,141)	(1,672,156)	(46,015)
Total other financing sources (uses)	1,383,859	483,859	438,182	(45,677)
Net change in fund balances	979,589	79,589	1,603,883	1,524,294
Fund balance, beginning of fiscal year	1,348,937	1,348,937	1,348,937	-
Fund balance, end of fiscal year	$ 2,328,526	$ 1,428,526	$ 2,952,820	$ 1,524,294

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	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	$ 871,001	$ 540,688	$ 1,539,687	$ 1,016,498	$ 375,129	$ 4,343,003
Restricted cash and cash equivalents	-	2,667,936	441,432	-	-	3,109,368
Investments (restricted assets)	3,826,064	-	-	-	-	3,826,064
Investments with fiscal agent (restricted assets)	69,163	-	-	-	-	69,163
Accounts receivable, net of allowances	1,140,227	1,018,509	-	38,394	116,587	2,313,717
Other receivable	187,000	-	-	-	-	187,000
Total current assets	6,093,455	4,227,133	1,981,119	1,054,892	491,716	13,848,315
CAPITAL ASSETS						
Non-depreciable	14,874	2,278,346	1,639,030	186,544	-	4,118,794
Depreciable, net of accumulated depreciation	4,638,627	15,079,852	12,565,358	4,822,979	-	37,106,816
Total capital assets	4,653,501	17,358,198	14,204,388	5,009,523	-	41,225,610
OTHER NONCURRENT ASSETS						
Deferred charges, prepaid bond insurance (unamortized balance)	-	21,333	-	-	-	21,333
Total noncurrent assets	4,653,501	17,379,531	14,204,388	5,009,523	-	41,246,943
Total assets	10,746,956	21,606,664	16,185,507	6,064,415	491,716	55,095,258
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding of debt	-	954,929	145,054	-	-	1,099,983
Total deferred outflows of resources	-	954,929	145,054	-	-	1,099,983
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	534,592	597,878	15,203	65,048	56,695	1,269,416
Accrued liabilities	10,330	6,987	-	-	-	17,317
Retainage payable	-	-	314,623	6,490	-	321,113
Accrued interest payable	-	165,157	158,219	-	-	323,376
Customer deposits	435,992	176,650	30,590	-	6,653	649,885
Compensated absences payable	27,979	13,144	-	-	-	41,123
Revenue bonds payable	-	-	375,000	-	-	375,000
Total current liabilities	1,008,893	959,816	893,635	71,538	63,348	2,997,230
NONCURRENT LIABILITIES						
Compensated absences payable	6,566	-	-	-	-	6,566
Revenue bonds payable	-	14,117,463	14,299,236	-	-	28,416,699
Total noncurrent liabilities	6,566	14,117,463	14,299,236	-	-	28,423,265
Total liabilities	1,015,459	15,077,279	15,192,871	71,538	63,348	31,420,495
NET POSITION						
Net investment in capital assets	4,653,501	4,195,664	694,922	5,003,033	-	14,547,120
Restricted for debt service	-	165,157	441,432	-	-	606,589
Restricted for capital construction projects	-	2,502,779	-	-	-	2,502,779
Restricted by third party as letter of credit	69,163	-	-	-	-	69,163
Unrestricted	5,008,833	620,714	1,336	989,844	428,368	7,049,095
Total net position	$ 9,731,497	$ 7,484,314	$ 1,137,690	$ 5,992,877	$ 428,368	$ 24,774,746

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	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	$ 8,522,802	$ 6,146,737	$ 507,449	$ 737,855	$ 707,023	$ 16,621,866
Miscellaneous income	-	-	9,200	-	-	9,200
Total operating revenues	8,522,802	6,146,737	516,649	737,855	707,023	16,631,066
OPERATING EXPENSES						
Cost of sales and services	5,705,935	2,616,028	-	346,595	-	8,668,558
General operating expenses	859,841	800,730	103,815	58,441	675,849	2,498,676
Depreciation and amortization	322,653	591,732	272,766	268,109	-	1,455,260
Total operating expenses	6,888,429	4,008,490	376,581	673,145	675,849	12,622,494
Operating income	1,634,373	2,138,247	140,068	64,710	31,174	4,008,572
NON-OPERATING REVENUES (EXPENSES)						
Capital contributions	-	-	-	300,000	-	300,000
Bond issuance costs	-	(155,206)	-	-	-	(155,206)
Interest income	69	856	5,119	-	-	6,044
Interest expense	-	(1,477,571)	(638,200)	-	-	(2,115,771)
Total non-operating revenue (expenses)	69	(1,631,921)	(633,081)	300,000	-	(1,964,933)
Income (loss) before transfers	1,634,442	506,326	(493,013)	364,710	31,174	2,043,639
Transfers in	-	-	556,015	-	-	556,015
Transfers out	(1,000,000)	(1,000,000)	-	-	(100,000)	(2,100,000)
	(1,000,000)	(1,000,000)	556,015	-	(100,000)	(1,543,985)
Change in net position	634,442	(493,674)	63,002	364,710	(68,826)	499,654
Net position, beginning of fiscal year	9,097,055	7,977,988	1,074,688	5,628,167	497,194	24,275,092
Net position, end of fiscal year	$ 9,731,497	$ 7,484,314	$ 1,137,690	$ 5,992,877	$ 428,368	$ 24,774,746

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, 2014

	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	$ 8,388,778	$ 6,113,654	$ 537,656	$ 733,446	$ 706,341	$ 16,479,875
Payments to suppliers	(5,904,733)	(3,134,867)	51,101	(333,498)	(666,140)	(9,988,137)
Payments to employees	(646,590)	(241,587)	-	-	-	(888,177)
Net cash provided by operating activities	1,837,455	2,737,200	588,757	399,948	40,201	5,603,561
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers out to other funds	(1,000,000)	(1,000,000)	-	-	(100,000)	(2,100,000)
Transfers in from other funds	-	-	556,015	-	-	556,015
Net cash provided by (used in) non-capital financing activities	(1,000,000)	(1,000,000)	556,015	-	(100,000)	(1,543,985)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(228,705)	(2,154,562)	(3,168,593)	(107,644)	-	(5,659,504)
Bond issuance and insurance cost payments	-	(160,279)	-	-	-	(160,279)
Proceeds from capital debt	-	4,807,436	-	-	-	4,807,436
Capital contributions - grants	-	-	-	300,000	-	300,000
Prinicpal payment on bonds	-	-	(355,000)	-	-	(355,000)
Interest payments	-	(1,312,414)	(639,975)	-	-	(1,952,389)
Net cash provided by (used in) capital and related financing activities	(228,705)	1,180,181	(4,163,568)	192,356	-	(3,019,736)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	69	856	5,119	-	-	6,044
Purchases of investments	(616,616)	-	-	-	-	(616,616)
Net cash provided by (used in) investing activities	(616,547)	856	5,119	-	-	(610,572)
Net increase (decrease) in cash and cash equivalents	(7,797)	2,918,237	(3,013,677)	592,304	(59,799)	429,268
Cash and cash equivalents, beginning of fiscal year	878,798	290,387	4,994,796	424,194	434,928	7,023,103
Cash and cash equivalents, end of fiscal year	$ 871,001	$ 3,208,624	$ 1,981,119	$ 1,016,498	$ 375,129	$ 7,452,371
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income	$ 1,634,373	$ 2,138,247	$ 140,068	$ 64,710	$ 31,174	$ 4,008,572
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	322,653	591,732	272,766	268,109	-	1,455,260
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(163,879)	(46,124)	-	(4,409)	(1,445)	(215,857)
Prepaid items	-	9	-	-	-	9
Increase (decrease) in:						
Accounts payable	10,791	38,264	(63,667)	71,538	9,709	66,635
Accrued liabilities and retainage payables	2,246	3,282	218,583	-	-	224,111
Customer deposits	29,855	13,041	21,007	-	763	64,666
Compensated absences payable	1,416	(1,251)	-	-	-	165
Net cash provided by operating activities	$ 1,837,455	$ 2,737,200	$ 588,757	$ 399,948	$ 40,201	$ 5,603,561

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) 61 "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and 34," 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 position and the statement of activities) report information on all of the activities of the primary government including its blended component unit. (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 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 resources 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.

The **Capital Improvements Fund** accounts for the acquisition and construction of major capital assets and facilities other than those financed by proprietary funds.

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 **capital projects funds** account for the acquisition and construction of major capital assets and facilities other than those financed by proprietary funds.

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.

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.

In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements. 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%. Georgia Fund 1 is not registered with the Securities and Exchange Commission (SEC) but operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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, 2014, are recorded as prepaid items in both government-wide and fund financial statements. Additionally, the government-wide financial statements report bond insurance costs as a prepaid item and it is amortized over the term of the related debt using the effective interest method.

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 position 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

Unearned revenue 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. In subsequent periods, when the City has a legal claim to the resources, the liability for unearned 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 position. Bond premiums and discounts (if any) are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable (if any) are reported net of the applicable bond premium or discount. Bond issuance costs (if any) are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs (if any), during the current period. The face amount of debt issued is reported as other financing sources. Premiums (if any) received on debt issuances are reported as other financing sources while discounts (if any) on debt issuances are reported as other financing uses. Issuance costs (if any), whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity and Net Position

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

Fund Balance – Generally, fund balance represents the difference between the assets, deferred outflows of resources, deferred inflows of resources, 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 and passage of an ordinance of the City Council. Only the City Council may modify or rescind the commitment by passage of a subsequent ordinance.

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 established a policy through a unanimous vote and passage of a resolution which 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. The Mayor and City Council approved a policy through a resolution 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. If at the end of any fiscal year, the fund balance falls below the targeted range, City staff will present a plan to the City Council for aligning the fund balance with the intent and purposes of this approved policy. Only deficits in fund balances may be reported as unassigned fund balance in other governmental funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity and Net Position (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 Position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets 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 position is reported as restricted using the same definition as used for restricted fund balance as described in the previous section. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restrictions on the government-wide statement of net position 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, deferred outflows of resources, deferred inflows of resources, 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.

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position and the proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunded debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

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 Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $10,786,996 difference are as follows:

Bonds payable	$	(9,620,000)
Capital leases payable		(663,818)
Compensated absences		(427,064)
Accrued interest payable		(166,976)
Unamortized premium on bonds		(27,786)
Prepaid bond issurance cost		118,648
Net adjustment to reduce *fund balance - total governmental funds to arrive at net position - governmental activities*	$	(10,786,996)

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 position 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 $3,391,546 difference are as follows:

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

Capital outlay	$	4,323,335
Depreciation expense		(931,789)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	3,391,546

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, 2014, the following item and fund, had excesses of actual expenditures over appropriations:

General Fund departments:		
Transfers out	$	46,015

NOTE 4. DEPOSITS AND INVESTMENTS

As of September 30, 2014, the City had the following investments:

Investment	Maturities/Weighted Average Maturity		Fair Value
Certificates of deposit	June 8, 2015 - June 17, 2017	$	155,130
Municipal Competitive Trust - intermediate	5.50		814,474
Municipal Competitive Trust - intermediate extended maturity	2.12		3,011,590
Georgia Fund 1	66 days		10,153
Total		$	3,991,347

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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

As reported in the Statement of Net Position		
Primary government		
Cash and cash equivalents	$	11,744,885
Restricted cash and cash equivalents		4,140,595
Investments		107,206
Investments (restricted assets)		3,826,064
Investments with fiscal agent (restricted assets)		69,163
	$	19,887,913
Cash deposited with financial institutions	$	15,896,566
Certificates of deposit		155,130
Cash deposited with Georgia Fund 1		10,153
Municipal Competitive Trust - intermediate		814,474
Municipal Competitive Trust - intermediate extended maturity		3,011,590
	$	19,887,913

Interest rate risk. The City has 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). 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, 2014, the City's investment in Georgia Fund 1 was rated AAAf by Standard & Poor's and has a weighted average to maturity of 66 days. Funds included in this Pool are not required to be collateralized. The City has reported Georgia Fund 1 as a cash equivalent as noted in the previous table.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

The credit rating for the Municipal Competitive Trust ("MCT") funds for the intermediate investment securities ranges between AA+ - AAA and the intermediate extended maturity investment securities is A1A.

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, 2014, 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 this date, 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, 2014, 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	Capital Improvements Fund	Electric Enterprise Fund	Water & Sewer Enterprise Fund	Stormwater Enterprise Fund	Other Nonmajor Funds
Receivables:							
Taxes	$ 916,849	$ 104,717	-	$ -	$ -	$ -	$ 46,949
Accounts	-	-	-	1,168,227	1,048,509	38,394	121,587
Other	319,348	-	473,926	187,000	-	-	-
Intergovernmental	-	-	-	-	-	-	129,260
Less allowance for uncollectible receivables	(143,562)	(14,110)	-	(28,000)	(30,000)	-	(5,000)
Net total receivable	$ 1,092,635	$ 90,607	$ 473,926	$ 1,327,227	$ 1,018,509	$ 38,394	$ 292,796

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2014, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 5,092,254	$ -	$ (70,864)	108,000	$ 5,129,390
Construction in process	2,062,217	3,709,250	-	-	5,771,467
Total	7,154,471	3,709,250	(70,864)	108,000	10,900,857
Capital assets, being depreciated:					
Buildings and improvements	3,487,592	-	-	(108,000)	3,379,592
Infrastructure	18,365,595	-	-	-	18,365,595
Machinery and equipment	934,773	165,647	-	-	1,100,420
Vehicles	4,312,901	448,438	(117,992)	-	4,643,347
Total	27,100,861	614,085	(117,992)	(108,000)	27,488,954
Less accumulated depreciation for:					
Buildings and improvements	(1,902,697)	(82,220)	-	-	(1,984,917)
Infrastructure	(9,628,075)	(461,104)	-	-	(10,089,179)
Machinery and equipment	(598,139)	(58,884)	-	-	(657,023)
Vehicles	(2,235,878)	(329,581)	117,992	-	(2,447,467)
Total	(14,364,789)	(931,789)	117,992	-	(15,178,586)
Total capital assets, being depreciated, net	12,736,072	(317,704)	-	(108,000)	12,310,368
Governmental activities capital assets, net	$ 19,890,543	$ 3,391,546	$ (70,864)	$ -	$ 23,211,225

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 3,924,899	$ -	$ -	$ -	$ 3,924,899
Construction in process	1,256,902	3,276,237	-	(4,339,244)	193,895
Total	5,181,801	3,276,237	-	(4,339,244)	4,118,794
Capital assets, being depreciated:					
Distribution system	15,557,343	178,716	-	-	15,736,059
Infrastructure	11,327,066	-	-	-	11,327,066
Building and improvements	21,374,774	-	-	4,339,244	25,714,018
Machinery and equipment	970,732	79,678	-	-	1,050,410
Vehicles	845,228	2,124,871	-	-	2,970,099
Total	50,075,143	2,383,265	-	4,339,244	56,797,652
Less accumulated depreciation for:					
Distribution system	(6,555,577)	(227,683)	-	-	(6,783,260)
Infrastructure	(6,282,840)	(263,118)	-	-	(6,545,958)
Building and improvements	(4,157,416)	(690,272)	-	-	(4,847,688)
Machinery and equipment	(890,172)	(26,144)	-	-	(916,316)
Vehicles	(530,192)	(67,422)	-	-	(597,614)
Total	(18,416,197)	(1,274,639)	-	-	(19,690,836)
Total capital assets, being depreciated, net	31,658,946	1,108,626	-	4,339,244	37,106,816
Business-type activities capital assets, net	$ 36,840,747	$ 4,384,863	$ -	$ -	$ 41,225,610

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	$	22,984
Public safety		365,408
Public works		467,781
Culture and recreation		72,817
Planning and development		2,799
Total depreciation expense - governmental activities	$	931,789
Business-type activities:		
Water and sewer	$	442,052
Electric		322,653
Education complex		241,825
Stormwater		268,109
Total depreciation expense - business-type activities	$	1,274,639

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. For the fiscal year ended September 30, 2014, the City received $507,449 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 September 30,	Total Revenues
2015	$ 505,486
2016	500,374
2017	468,367
2018	237,298
Total Future Lease Revenues	$ 1,711,525

NOTE 8. LONG-TERM DEBT

Primary Government

Long-term liability activity for the fiscal year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Governmental activities:					
Series 2011 General Obligation Bonds	$ 10,020,000	$ -	$ (400,000)	$ 9,620,000	$ 405,000
Unamortized bond premium	30,347	-	(2,561)	27,786	-
Capital leases	515,001	371,613	(222,796)	663,818	214,450
Compensated absences	423,322	341,070	(337,328)	427,064	317,722
Governmental activities Long-term liabilities	$ 10,988,670	$ 712,683	$ (962,685)	$ 10,738,668	$ 937,172

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Business-type activities:					
Series 2014 Revenue Refunding Bonds	$ -	$ 4,610,000	$ -	$ 4,610,000	$ -
Series 2013 Revenue Refunding Bonds	9,310,000	-	-	9,310,000	-
Series 2011 Educational Complex Revenue Bonds	15,280,000	-	(355,000)	14,925,000	375,000
Plus unamortized bond premium	-	197,436	-	197,436	-
Less unamortized original discount	(270,365)	-	19,628	(250,737)	-
	24,319,635	4,807,436	(335,372)	28,791,699	375,000
Compensated absences	47,524	42,045	(41,880)	47,689	41,123
Business-type activities Long-term liabilities	$ 24,367,159	$ 4,849,481	$ (377,252)	$ 28,839,388	$ 416,123

For governmental funds, compensated absences are liquidated by the General Fund and capital leases are liquidated by the General Fund and Capital Improvements 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:

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	$ 405,000	$ 467,012	$ 872,012
2016	410,000	454,788	864,788
2017	420,000	441,813	861,813
2018	430,000	427,463	857,463
2019	440,000	411,688	851,688
2020-2024	2,445,000	1,764,131	4,209,131
2025-2029	2,965,000	1,045,494	4,010,494
2030-2032	2,105,000	185,294	2,290,294
Total	$ 9,620,000	$ 5,197,683	$ 14,817,683

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, 2014, the City had vehicles and machinery and equipment with a total cost of $1,023,534 under capital leases as reported in its governmental activities. Current fiscal year depreciation expense was $67,813 and ending accumulated depreciation on these leased capital assets was $420,630.

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

Fiscal Year Ending September 30,	Governmental Activities
2015	$ 220,892
2016	209,271
2017	129,645
2018	129,646
Total minimum lease payments	689,454
Less amount representing interest	25,636
Present value of future minimum lease payments	$ 663,818

Revenue Refunding Bonds – Business-type activities - On September 25, 2014, the City issued $4,610,000 (at a premium of $197,436), 2% to 4% revenue bonds (Combined Public Utility Revenue Bonds, Series 2014) with varying semi-annual principal and interest payments due (April 1 and October 1) through October 1, 2034 for the purpose of acquiring, constructing, equipping and installing certain improvements or extensions to the water and sewer elements of the City's combined electric and water and sewerage system and acquiring certain wastewater treatment rights, purchasing a debt service reserve surety, and paying the costs of issuing the Series 2014 Bonds, including the payment of a premium for a financial guaranty insurance policy.

NOTE 8. LONG-TERM DEBT (CONTINUED)

On September 26, 2013, the City issued $9,310,000, 1.209% to 4.854% revenue bonds (Taxable Refunding Revenue Bonds, Series 2013) with varying semi-annual principal and interest payments due (April 1 and October 1) through October 1, 2024. The net proceeds from these bonds along with $1,095,570 of City funds were used to refund the outstanding balance of the Series 2006 Revenue Refunding Bonds. The refunding portion of this transaction resulted in a debt service savings of $257,312 and the negative net present value cash-flow savings was determined to be $838,258 during fiscal year 2013.

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.

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 2011, 2013, and 2014) currently outstanding mature as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30,			
2015	$ 375,000	$ 1,044,143	$ 1,419,143
2016	1,380,000	1,105,780	2,485,780
2017	1,430,000	1,080,567	2,510,567
2018	1,480,000	1,044,944	2,524,944
2019	1,560,000	1,009,684	2,569,684
2020-2024	9,015,000	4,109,286	13,124,286
2025-2029	6,855,000	2,354,503	9,209,503
2030-2034	6,430,000	825,000	7,255,000
2035	320,000	6,400	326,400
Total	28,845,000	$ 12,580,307	$ 41,425,307
Plus unamortized bond premium	197,436		
Less unamortized original discount	(250,737)		
	$ 28,791,699		

NOTE 9. INTERFUND TRANSFERS

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Water & Sewer Fund	$ 1,000,000
General Fund	Electric Fund	1,000,000
General Fund	Nonmajor enterprise fund	100,000
Educational Complex Fund	General Fund	556,015
Nonmajor governmental funds	General Fund	216,141
General Obligation Bond Capital Projects Fund	General Fund	900,000
		$ 3,772,156

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. Active plan members (employees of the City) are not required to make contributions to the plan. 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.

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.

NOTE 10. PENSION PLANS (CONTINUED)

Plan Description (Continued)

At January 1, 2014, the date of the most recent actuarial valuation, there were 215 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	46
Terminated vested participants not yet receiving benefits	55
Active employees - vested	119
Active employees - nonvested	7
Total	227

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, 2014 and January 1, 2013 were respectively, 10.78% and 11.01% of covered payroll. The actuarial valuation performed as of January 1, 2014 was prepared for the City's fiscal year beginning October 1, 2014 (fiscal year 2015).

For fiscal year ended September 30, 2014, the City's recommended contribution was $519,951. Actual contributions totaled $519,951. The recommended contribution was determined as part of the January 1, 2013 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 amortization method used is the closed level dollar for the remaining unfunded liability. The remaining amortization period varies for the bases, with a net effective amortization period of 10 years. The asset valuation method is the sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

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
1/1/2014	$ 9,978,035	$ 10,322,103	$ 344,068	96.67 %	$ 4,565,832	7.54 %

NOTE 10. PENSION PLANS (CONTINUED)

Funding Policy (Continued)

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 2014 are based on the substantive plan in effect as of January 1, 2013.

Fiscal Year Ended September 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
2014	$ 519,951	$ 519,951	100.0 %	$ -
2013	480,452	480,452	100.0	-
2012	566,611	566,611	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, 2014, there were 50 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. Effective October 1, 2012, the City no longer matches employee contributions. 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, 2014 were $157,670.

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.

NOTE 14. RISK MANAGEMENT (CONTINUED)

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.

Contractual Commitments

For the fiscal year ended September 30, 2014, the City had active construction contracts related to various construction projects. At fiscal year end, the City's commitments with contractors totaled approximately $4,214,291.

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.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2014, 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 $5,414,623 during fiscal year 2014.

At September 30, 2014, the outstanding debt of MEAG was approximately $5.845 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $49.8 million at September 30, 2014.

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 four (4) years as of September 30, 2014 are $1,267,887.

NOTE 16. HOTEL/MOTEL LODGING TAX

The City established a 3% tax under O.C.G.A. 48-13-51(a)(1) on gross hotel occupancy revenues for the purpose of promoting tourism, conventions, and trade shows. The City has been collecting this tax since 2007 and currently has accumulated approximately $843,000 from these taxes which is being held in the City's Hotel/Motel Tax Fund. The City has not previously used these funds to promote tourism or related activities, nor spent money promoting tourism out of the City's General Fund or any other fund to promote tourism during the time that this ordinance was in effect. This currently allows the City to transfer 100% of these tax collections to the General Fund.

During fiscal year 2014, the State Legislature approved but the City Council has not passed a resolution to enact the collection of up to 8% on gross hotel occupancy revenues for the purpose of promoting tourism, conventions, and trade shows. The City continued to collect 3% of hotel/motel tax for the fiscal year ended September 30, 2014, totaling $178,468 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.

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, 2014, the City agreed to pay the Water and Sewer Authority $1,142,670 (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, 2013 (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 3.670%:

NOTE 17. JOINTLY GOVERNED ORGANIZATION (CONTINUED)

	Principal	Interest	Total
Fiscal Year Ending December 31,			
2015	$ 840,000	$ 1,372,030	$ 2,212,030
2016	890,000	1,349,459	2,239,459
2017	1,090,000	1,318,631	2,408,631
2018	1,240,000	1,285,968	2,525,968
2019	1,335,000	1,245,965	2,580,965
2020-2024	8,725,000	5,725,200	14,450,200
2025-2029	11,680,000	4,138,476	15,818,476
2030-2034	12,650,000	1,986,021	14,636,021
Total	$ 38,450,000	$ 18,421,750	$ 56,871,750

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.

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
1/1/14	$ 9,978,035	$ 10,322,103	$ 344,068	96.7%	$ 4,565,832	7.5%
1/1/13	9,285,719	9,714,965	429,246	95.6%	4,601,481	9.3%
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%

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.

Grants Fund – This fund accounts for activities carried out by the City under the terms of various intergovernmental grants. Included in this fund is the Livable Centers Initiative ("LCI") grant which provides funds to be used for the enhancement of existing centers and corridors consistent with regional development policies, and also provides transportation infrastructure funding for projects identified in the LCI plans. Also included in this fund is a Local Maintenance & Improvement Grant ("LMIG") which provides improvements to the City's roadway network. These grant funds are restricted by the various grantor agencies.

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, 2014

	Special Revenue Funds				Permanent Fund	Total
ASSETS	Confiscated Assets Fund	Grants Fund	Hotel/Motel Tax Fund	Development Authority Fund	Cemetery Fund	Nonmajor Governmental Funds
Cash and cash equivalents	$ 185,938	$ 185,359	$ 795,782	$ -	$ 387	$ 1,167,466
Investments	-	-	-	967	85,000	85,967
Intergovernmental receivable	-	129,260	-	-	-	129,260
Taxes receivable	-	-	46,949	-	-	46,949
Total assets	$ 185,938	$ 314,619	$ 842,731	$ 967	$ 85,387	$ 1,429,642
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to others	$ 40,314	$ -	$ -	$ -	$ -	$ 40,314
Accounts payable	5,425	281,592	-	-	-	287,017
Retainage payable	-	13,547	-	-	-	13,547
Total liabilities	45,739	295,139	-	-	-	340,878
FUND BALANCES						
Nonspendable for:						
Corpus of perpetual care cemetery funds	-	-	-	-	10,000	10,000
Restricted for:						
Federal and state programs	-	19,480	-	-	-	19,480
Law enforcement activities	140,199	-	-	-	-	140,199
Cemetery operating capital	-	-	-	-	75,387	75,387
Tourism	-	-	842,731	-	-	842,731
Assigned for:						
Planning and development	-	-	-	967	-	967
Total fund balances	140,199	19,480	842,731	967	85,387	1,088,764
Total liabilities and fund balances	$ 185,938	$ 314,619	$ 842,731	$ 967	$ 85,387	$ 1,429,642

CITY OF FAIRBURN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds				Permanent Fund	Total
	Confiscated Assets Fund	Grants Fund	Hotel/Motel Tax Fund	Development Authority Fund	Cemetery Fund	Nonmajor Governmental Funds
REVENUES						
Taxes	$ -	$ -	$ 178,468	$ -	$ -	$ 178,468
Intergovernmental	-	365,377	-	-	-	365,377
Interest	355	-	-	-	698	1,053
Total revenues	355	365,377	178,468	-	698	544,898
EXPENDITURES						
Current						
General government	-	57,458	-	-	-	57,458
Public safety	62,874	41,000	-		-	103,874
Public works	-	463,580	-	-	-	463,580
Culture and recreation	-	-	-	-	525	525
Total expenditures	62,874	562,038	-	-	525	625,437
Excess (deficiency) of revenues over (under) expenditures	(62,519)	(196,661)	178,468	-	173	(80,539)
Other financing sources:						
Transfers in	-	216,141	-	-	-	216,141
Total other financing sources	-	216,141	-	-	-	216,141
Net change in fund balances	(62,519)	19,480	178,468	-	173	135,602
FUND BALANCES, beginning of fiscal year	202,718	-	664,263	967	85,214	953,162
FUND BALANCES, end of fiscal year	$ 140,199	$ 19,480	$ 842,731	$ 967	$ 85,387	$ 1,088,764

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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ 4,000	$ 4,000	$ -	$ (4,000)
Interest	300	300	355	55
Total revenues	4,300	4,300	355	(3,945)
EXPENDITURES				
Public safety	20,150	77,455	62,874	14,581
Net change in fund balances	(15,850)	(73,155)	(62,519)	10,636
FUND BALANCES, beginning of fiscal year	202,718	202,718	202,718	-
FUND BALANCES, end of fiscal year	$ 186,868	$ 129,563	$ 140,199	$ 10,636

CITY OF FAIRBURN, GEORGIA
GRANTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 418,386	$ 418,386	$ 365,377	$ (53,009)
Total revenues	418,386	418,386	365,377	(53,009)
EXPENDITURES				
General government	71,000	71,000	57,458	13,542
Public safety	41,000	41,000	41,000	-
Public works	522,527	522,527	463,580	58,947
Total expenditures	634,527	634,527	562,038	72,489
Deficiency of revenues under expenditures	(216,141)	(216,141)	(196,661)	19,480
Other financing sources:				
Transfers in	216,141	216,141	216,141	-
Total other financing sources	216,141	216,141	216,141	-
Net change in fund balances	-	-	19,480	19,480
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ -	$ -	$ 19,480	$ 19,480

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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 144,000	$ 144,000	$ 178,468	$ 34,468
Excess of revenues over expenditures	144,000	144,000	178,468	34,468
Other financing uses:				
Transfers out	(736,000)	(736,000)	-	736,000
Total other financing uses	(736,000)	(736,000)	-	736,000
Net change in fund balances	(592,000)	(592,000)	178,468	770,468
FUND BALANCES, beginning of fiscal year	664,263	664,263	664,263	-
FUND BALANCES, end of fiscal year	$ 72,263	$ 72,263	$ 842,731	$ 770,468

CITY OF FAIRBURN, GEORGIA
CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 3,200,000	$ 3,200,000	$ 1,035,507	$ (2,164,493)
Total revenues	3,200,000	3,200,000	1,035,507	(2,164,493)
EXPENDITURES				
Capital outlay	3,611,500	3,646,500	1,644,358	2,002,142
Total expenditures	3,611,500	3,646,500	1,644,358	2,002,142
Deficiency of revenues under expenditures	(411,500)	(446,500)	(608,851)	(162,351)
Other financing sources:				
Capital leases	411,500	411,500	371,613	(39,887)
Proceeds from sale of capital assets	-	-	477,000	477,000
Total other financing sources	411,500	411,500	848,613	437,113
Net change in fund balances	-	(35,000)	239,762	274,762
FUND BALANCES (DEFICITS), beginning of fiscal year	(3,214)	(3,214)	(3,214)	-
FUND BALANCES (DEFICITS), end of fiscal year	$ (3,214)	$ (38,214)	$ 236,548	$ 274,762

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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Tax revenue	$ 970,081	$ 970,081	$ 849,343	$ (120,738)
Interest	12,000	12,000	11,595	(405)
Total revenues	982,081	982,081	860,938	(121,143)
Expenditures				
Capital outlays	4,267,425	4,362,425	2,259,037	2,103,388
Bond issuance costs	125,000	125,000	-	125,000
Debt service - principal payments	400,000	400,000	400,000	-
Debt service - interest and fiscal charges	479,138	479,138	479,133	5
Total expenditures	5,271,563	5,366,563	3,138,170	2,228,393
Deficiency of revenues under expenditures	(4,289,482)	(4,384,482)	(2,277,232)	2,107,250
Other financing sources:				
Transfers in	-	900,000	900,000	-
Total other financing sources	-	900,000	900,000	-
Net change in fund balances	(4,289,482)	(3,484,482)	(1,377,232)	2,107,250
Fund balance, beginning of fiscal year	5,521,898	5,521,898	5,521,898	-
Fund balance, end of fiscal year	$ 1,232,416	$ 2,037,416	$ 4,144,666	$ 2,107,250

STATISTICAL SECTION

This part of the City of Fairburn's comprehensive annual financial report (CAFR) 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 **60**

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 **65**

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

Debt Capacity **70**

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 **75**

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 **78**

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.

CITY OF FAIRBURN, GEORGIA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets	**$ 14,409,108**	$ 14,079,774	$ 13,762,645	$ 13,449,772	$ 14,043,159	$ 20,438,499	$ 19,629,347	$ 20,213,262	$ 17,532,641	$ 17,305,906
Restricted	**3,730,051**	1,719,514	1,346,852	639,394	613,627	80,003	136,223	127,299	127,299	-
Unrestricted (deficit)	**2,728,212**	985,380	632,874	415,456	(169,035)	(209,590)	(176,511)	286,922	137,417	1,187,909
Total governmental activities net position	**$ 20,867,371**	$ 16,784,668	$ 15,742,371	$ 14,504,622	$ 14,487,751	$ 20,308,912	$ 19,589,059	$ 20,627,483	$ 17,797,357	$ 18,493,815
Business-type activities										
Net investment in capital assets	**$ 14,547,120**	$ 16,801,838	$ 17,194,519	$ 17,330,455	$ 18,041,508	$ 9,311,194	$ 8,271,525	$ 8,102,036	$ 8,429,576	$ 7,383,343
Restricted	**3,178,531**	471,521	607,292	1,344,040	65,200	480,215	3,169,261	521,835	3,175,590	3,047,898
Unrestricted	**7,049,095**	7,001,733	5,984,465	5,334,811	5,096,658	7,472,476	8,926,965	10,791,732	9,680,088	7,123,433
Total business-type activities net position	**$ 24,774,746**	$ 24,275,092	$ 23,786,276	$ 24,009,306	$ 23,203,366	$ 17,263,885	$ 20,367,751	$ 19,415,603	$ 21,285,254	$ 17,554,674
Primary government										
Net investment in capital assets	**$ 28,956,228**	$ 30,881,612	$ 30,957,164	$ 30,780,227	$ 32,084,667	$ 29,749,693	$ 27,900,872	$ 28,315,298	$ 25,962,217	$ 24,689,249
Restricted	**6,908,582**	2,191,035	1,954,144	1,983,434	678,827	560,218	3,305,484	649,134	3,302,889	3,047,898
Unrestricted	**9,777,307**	7,987,113	6,617,339	5,750,267	4,927,623	7,262,886	8,750,454	11,078,654	9,817,505	8,311,342
Total primary government net position	**$ 45,642,117**	$ 41,059,760	$ 39,528,647	$ 38,513,928	$ 37,691,117	$ 37,572,797	$ 39,956,810	$ 40,043,086	$ 39,082,611	$ 36,048,489

Source: Comprehensive Annual Financial Report for the respective fiscal year from the City's finance department.

CITY OF FAIRBURN, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008 (1) (2)	2007 (2)	2006 (1)	2005
Expenses										
Governmental activities:										
General government	$ **2,296,568**	$ 2,104,230	$ 1,823,964	$ 1,763,115	$ 2,022,054	$ 1,917,381	$ 2,391,830	$ 2,332,672	$ 2,158,655	$ 1,269,561
Judicial	**415,245**	479,159	333,136	235,544	262,792	279,684	289,188	255,194	196,435	-
Public safety	**6,110,784**	6,057,633	5,851,586	6,127,643	6,758,087	6,622,873	6,432,050	5,511,614	4,099,542	2,830,741
Public works	**2,243,308**	1,757,055	1,857,152	1,726,760	1,747,445	2,175,196	1,670,873	1,433,380	1,263,662	1,757,463
Planning and development	**464,196**	366,955	367,715	327,158	433,145	584,404	405,233	525,973	717,057	616,633
Culture and recreation	**371,838**	298,124	252,863	228,225	270,198	80,226	24,180	-	-	64,545
Other	**-**	-	-	-	-	59,925	24,066	-	-	-
Interest on long-term debt	**493,266**	499,027	508,703	299,264	25,411	37,401	26,490	28,876	16,718	3,814
Total governmental activities expenses	**12,395,205**	11,562,183	10,995,119	10,707,709	11,519,132	11,757,090	11,263,910	10,087,709	8,452,069	6,542,757
Business-type activities:										
Electric	**6,888,429**	6,420,188	6,383,795	5,381,210	6,080,267	5,988,466	5,945,283	5,305,917	5,169,600	3,683,462
Water and Sewer	**5,641,267**	5,022,941	4,797,117	4,576,383	4,371,584	3,879,022	3,434,169	3,139,049	2,609,979	1,414,945
Educational Complex	**1,014,781**	999,890	1,237,275	593,658	685,977	666,067	110	-	-	-
Stormwater	**673,145**	597,486	613,722	571,291	549,079 (3)	-	-	-	-	-
Sanitation	**675,849**	580,521	561,649	559,011	580,516	618,527	766,875	689,203	737,006	448,268
Cable TV	**-**	-	-	-	-	-	-	654,148 (2)	1,958,708	1,806,071
Telecom	**-**	-	-	-	-	-	157,999 (2)	185,887	188,531	159,027
Total business-type activities expenses	**14,893,471**	13,621,026	13,593,558	11,681,553	12,267,423	11,152,082	10,304,436	9,974,204	10,663,824	7,511,773
Total primary government expenses	$ **27,288,676**	$ 25,183,209	$ 24,588,677	$ 22,389,262	$ 23,786,555	$ 22,909,172	$ 21,568,346	$ 20,061,913	$ 19,115,893	$ 14,054,530
Program Revenues										
Governmental activities:										
Charges for services	$ **2,132,445**	$ 1,854,075	$ 1,539,479	$ 1,129,351	$ 1,481,525	$ 1,604,707	$ 1,827,188	$ 2,276,983	$ 2,071,853	$ 1,956,301
Operating grants and contributions	**69,451**	42,793	15,270	-	19,265	424,049	154,562	95,897	223,606	123,386
Capital grants and contributions	**1,401,684**	558,236	1,318,074	280,000	-	-	-	-	-	-
Total governmental activities program revenues	**3,603,580**	2,455,104	2,872,823	1,409,351	1,500,790	2,028,756	1,981,750	2,372,880	2,295,459	2,079,687
Business-type activities:										
Charges for services	**16,631,066**	15,485,677	15,298,333	14,241,961	13,751,183	12,559,295	12,552,333	13,840,371	15,844,099	13,080,048
Capital grants and contributions	**300,000**	-	-	-	121,040	-	-	-	-	485,613
Total business-type activities program revenues	**16,931,066**	15,485,677	15,298,333	14,241,961	13,872,223	12,559,295	12,552,333	13,840,371	15,844,099	13,565,661
Total primary government program revenues	$ **20,534,646**	$ 17,940,781	$ 18,171,156	$ 15,651,312	$ 15,373,013	$ 14,588,051	$ 14,534,083	$ 16,213,251	$ 18,139,558	$ 15,645,348

(Continued)

CITY OF FAIRBURN, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2014	2013	2012	2011	2010 (3)	2009	2008 (1) (2)	2007 (2)	2006 (1)	2005
Net (expense)/revenue										
Governmental activities	$ **(8,791,625)**	$ (9,107,079)	$ (8,122,296)	$ (9,298,358)	$ (10,018,342)	$ (9,728,334)	$ (9,282,160)	$ (7,714,829)	$ (6,156,610)	$ (4,463,070)
Business-type activities	**2,037,595**	1,864,651	1,704,775	2,560,408	1,604,800	1,407,213	2,247,897	3,866,167	5,180,275	6,053,888
Total primary government net (expense) revenue	$ **(6,754,030)**	$ (7,242,428)	$ (6,417,521)	$ (6,737,950)	$ (8,413,542)	$ (8,321,121)	$ (7,034,263)	$ (3,848,662)	$ (976,335)	$ 1,590,818
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ **4,755,788**	$ 4,798,827	$ 4,567,666	$ 4,060,431	$ 2,853,789	$ 2,831,173	$ 2,268,758	$ 1,344,682	$ 1,149,246	$ 976,226
Sales and use taxes	**3,415,848** (4)	1,416,172	1,414,814	1,315,932	1,324,124	1,287,811	1,440,218	1,442,080	1,443,222	1,251,042
Other taxes	**2,633,485**	2,367,550	2,260,687	1,791,316	1,741,655	1,951,473	1,517,717	1,075,173	908,676	841,303
Miscellaneous revenue	**53,704**	113,268	87,798	287,908	139,915	65,260	34,703	-	-	-
Unrestricted investment earnings	**55,044**	62,924	69,897	94,642	34,694	49,027	49,227	79,327	87,406	62,030
Gain on disposal of capital assets	**416,474**									
Transfers	**1,543,985**	1,390,635	1,191,000	1,765,000	3,689,629	4,598,580	2,933,113	6,603,693	1,871,602	642,570
Total governmental activities	**12,874,328**	10,149,376	9,591,862	9,315,229	9,783,806	10,783,324	8,243,736	10,544,955	5,460,152	3,773,171
Business-type activities:										
Unrestricted investment earnings	**6,044**	11,100	34,490	9,838	27,686	87,501	416,809	575,362	421,907	191,237
Rental Income	**-**	-	-	-	-	-	-	326,613	-	-
Loss of Refinancing Revenue Bonds	**-**	-	-	-	-	-	-	(1,288,562)	-	-
Sale of Sewer Contractual Rights	**-**	-	-	-	-	-	-	492,436	-	-
Gain on Sale of Assets	**-**	3,700	-	694	264,841	-	-	762,026	-	-
Transfers	**(1,543,985)**	(1,390,635)	(1,191,000)	(1,765,000)	(3,689,629)	(4,598,580)	(2,933,113)	(6,603,693)	(1,871,602)	(642,570)
Total business-type activities	**(1,537,941)**	(1,375,835)	(1,156,510)	(1,754,468)	(3,397,102)	(4,511,079)	(2,516,304)	(5,735,818)	(1,449,695)	(451,333)
Total primary government	$ **11,336,387**	$ 8,773,541	$ 8,435,352	$ 7,560,761	$ 6,386,704	$ 6,272,245	$ 5,727,432	$ 4,809,137	$ 4,010,457	$ 3,321,838
Change in Net Position										
Governmental activities	$ **4,082,703**	$ 1,042,297	$ 1,469,566	$ 16,871	$ (234,536)	$ 1,054,990	$ (1,038,424)	$ 2,830,126	$ (696,458)	$ (689,899)
Business-type activities	**499,654**	488,816	548,265	805,940	(1,792,302)	(3,103,866)	(268,407)	(1,869,651)	3,730,580	5,602,555
Total primary government	$ **4,582,357**	$ 1,531,113	$ 2,017,831	$ 822,811	$ (2,026,838)	$ (2,048,876)	$ (1,306,831)	$ 960,475	$ 3,034,122	$ 4,912,656

Source: Comprehensive Annual Financial Report for the respective fiscal year from the City's finance department.

Notes:

(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.

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

(4) Sales taxes increased as a result of increased allocations from Fulton County based on population increases.

CITY OF FAIRBURN, GEORGIA

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Reserved	**$ -**	$ -	$ -	$ -	$ 19,610	$ 86,290	$ 157,421	$ 41,364	$ 90,016	$ 95,945
Unreserved	**-**	-	-	-	72,001	(406,291)	(411,217)	168,052	16,127	876,408
Nonspendable	**149,285**	164,419	134,922	134,338	-	-	-	-	-	-
Unassigned	**2,803,535**	1,184,518	879,151	412,283	-	-	-	-	-	-
Total General Fund	**$ 2,952,820**	$ 1,348,937	$ 1,014,073	$ 546,621	$ 91,611	$ (320,001)	$ (253,796)	$ 209,416	$ 106,143	$ 972,353
All other governmental funds										
Reserved, Cemetery Fund	**$ -**	$ -	$ -	$ -	$ 75,762	$ 8,003	$ 199,089	$ 131,590	$ 127,299	$ 123,137
Unreserved, reported in:										
Special revenue funds	**-**	-	-	-	538,818	39,161	136,223	36,764	(613)	72,448
Nonspendable	**10,000**	10,000	10,000	10,000	-	-	-	-	-	-
Restricted	**5,459,011**	6,464,093	8,113,648	10,390,989	-	-	-	-	-	-
Assigned	**967**	967	965	962	-	-	-	-	-	-
Unassigned (deficit)	**-**	(3,214)	-	-	-	-	-	-	-	-
Total all other governmental funds	**$ 5,469,978**	$ 6,471,846	$ 8,124,613	$ 10,401,951	$ 614,580	$ 47,164	$ 335,312	$ 168,354	$ 126,686	$ 195,585

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.

Source: Comprehensive Annual Financial Report for the respective fiscal year from the City's finance department.

CITY OF FAIBURN, GEORGIA

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	**$ 10,878,900** (1)	$ 8,514,927	$ 8,276,648	$ 7,241,198	$ 6,023,874	$ 6,098,692	$ 5,224,467	$ 3,857,279	$ 3,730,537	$ 3,222,685
Licenses and permits	**816,122**	726,342	624,518	542,189	480,241	542,957	741,349	1,119,998	988,998	1,026,028
Intergovernmental	**1,400,884**	198,686	1,166,174	-	19,265	424,049	191,784	95,897	223,606	123,386
Fines and forfeitures	**741,656**	752,705	506,094	223,780	398,212	350,884	383,499	430,046	344,302	245,822
Charges for services	**549,581**	371,152	395,307	360,802	600,492	710,866	704,273	726,939	509,773	510,366
Interest income	**55,044**	62,924	69,897	94,642	34,694	49,027	49,227	79,417	87,406	62,030
Miscellaneous	**149,041**	519,487	116,628	287,854	142,495	-	-	-	-	-
Total revenues	**14,591,228**	11,146,223	11,155,266	8,750,465	7,699,273	8,176,475	7,294,599	6,309,576	5,884,622	5,190,317
Expenditures										
General government	**2,261,908**	2,050,041	1,790,985	1,724,112	1,993,378	3,166,567	2,749,487	4,059,794	2,248,378	1,370,300
Judicial	**415,172**	472,604	332,565	235,544	262,792	279,684	289,188	255,194	196,435	-
Public safety	**6,022,743**	5,834,889	5,757,817	5,993,068	6,578,133	7,066,933	6,359,138	6,483,466	5,004,641	2,999,239
Public works	**1,915,233**	1,503,387	2,645,111	1,358,955	1,269,111	1,505,312	1,109,432	1,332,026	634,783	1,163,942
Planning and development	**461,352**	365,540	368,225	327,158	433,145	584,404	405,233	525,973	717,057	616,633
Culture and recreation	**299,003**	225,307	192,905	165,690	209,493	79,287	24,180	-	64,117	64,545
Other	-	-	-	-	-	59,925	24,066	-	-	-
Capital outlay	**3,903,395**	2,513,359	2,794,532	219,133	-	-	-	-	-	-
Debt service										
Principal	**622,796**	651,801	130,540	160,690	223,196	296,729	306,564	267,780	195,168	66,984
Interest	**490,547**	505,602	511,360	134,223	25,411	37,401	26,490	28,876	16,718	3,814
Bond issuance costs	**-**	-	-	409,485	-	-	-	-	-	-
Total expenditures	**16,392,149**	14,122,530	14,524,040	10,728,058	10,994,659	13,076,242	11,293,778	12,953,109	9,077,297	6,285,457
Excess (deficiency) of revenues over (under) expenditures	**(1,800,921)**	(2,976,307)	(3,368,774)	(1,977,593)	(3,295,386)	(4,899,767)	(3,999,179)	(6,643,533)	(3,192,675)	(1,095,140)
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	**371,613**	228,424	367,888	-	123,000	-	-	-	-	-
Proceeds from sale of capital assets	**487,338**	39,345	-	3,740						
Transfers in	**3,216,141**	1,617,260	1,350,000	3,232,866	3,743,142	4,713,867	3,778,243	6,603,693	1,871,602	642,570
Transfers out	**(1,672,156)**	(226,625)	(159,000)	(1,467,866)	(53,513)	(115,287)	(473,305)	-	-	-
Total other financing sources (uses)	**2,402,936**	1,658,404	1,558,888	12,219,974	3,812,629	5,108,580	3,546,896	6,788,474	2,257,566	1,022,219
Net change in fund balances	**$ 602,015**	$ (1,317,903)	$ (1,809,886)	$ 10,242,381	$ 517,243	$ 208,813	$ (452,283)	$ 144,941	$ (935,109)	$ (72,921)
Debt service as a percentage of noncapital expenditures	**9.22%**	9.97%	5.47%	2.35%	2.35%	3.12%	3.26%	3.25%	2.79%	1.25%

Source: Comprehensive Annual Financial Report for the respective fiscal year from the City's finance department.

(1) Sales taxes increased as a result of increased allocations from Fulton County based on population increases.

CITY OF FAIRBURN, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN 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
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
2013	4,798,827	1,416,172	310,474	954,200	645,170	215,282	190,252	52,172	8,582,549
2014	**4,755,788**	**3,415,848** (1)	**458,803**	**1,015,129**	**668,012**	**218,456**	**178,468**	**94,617**	**10,805,121**

Source: Comprehensive Annual Financial Report for the respective fiscal year from the City's finance department.

Note:

(1) Sales taxes increased as a result of increased allocations from Fulton County based on population increases.

CITY OF FAIRBURN, GEORGIA

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

Tax Digest Year	Real Property		Personal Property		Public Utility		Total Property		Total Direct Tax Rate	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			
2004	133,913,043	334,782,608	27,073,913	67,684,783	5,318,261	13,295,653	166,305,217	415,763,044	5.75	40%	11.79%
2005	177,425,275	443,563,188	34,421,130	86,052,825	4,561,998	11,404,995	216,408,403	541,021,008	5.45	40%	30.13%
2006	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	5.00	40%	31.22%
2007	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	5.00	40%	106.55%
2008	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	5.00	40%	16.92%
2009	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	5.00	40%	-9.58%
2010	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	7.50	40%	-4.89%
2011	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	9.93 (4)	40%	0.80%
2012	373,027,370	932,568,425	216,286,170	540,715,425	11,866,310	29,665,775	601,179,850	1,502,949,625	9.98 (5)	40%	1.13%
2013	**346,405,540**	**866,013,850**	**248,934,510**	**622,336,275**	**13,301,506**	**33,253,765**	**608,641,556**	**1,521,603,890**	**9.70 (6)**	**40%**	**1.01%**

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.

(4) 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.

(5) 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 1.88 mills.

(6) 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 1.60 mills.

CITY OF FAIRBURN, GEORGIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN TAX DIGEST YEARS
(Rate per $1,000 of assessed value)

	Direct Rates			Overlapping Rates			Total
	City of Fairburn						Direct and
Tax Digest Year	Operating Millage	Debt Service	Total	State of Georgia	Fulton County	County School System	Overlapping Millage Rate
2004	5.75	-	5.75	0.25	16.38	17.61	39.99
2005	5.45	-	5.45	0.25	16.38	18.11	40.19
2006	5.00	-	5.00	0.25	21.81	18.11	45.17
2007	5.00	-	5.00	0.25	20.55	18.09	43.89
2008	5.00	-	5.00	0.25	10.28	17.50	33.03
2009	5.00	-	5.00	0.25	10.28	17.50	33.03
2010	7.50	-	7.50	0.25	10.28	18.50	36.53
2011	8.10	1.83	9.93	0.25	10.55	18.50	39.23
2012	8.10	1.88	9.98	0.20	10.55	18.50	39.23
2013	**8.10**	**1.60**	**9.70**	**0.15**	**10.48**	**18.50**	**38.83**

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA

PRINCIPAL PROPERTY TAX PAYERS
CURRENT AND NINE FISCAL YEARS AGO

	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Helicopter Support Inc	$ 54,643,750	1	12.59%	$ -		-
Ralston/Nestle Purina Petcare Company	32,842,990	2	7.57%	-		-
Owens Corning	16,052,503	3	3.70%	-		-
M.D. Hodges Enterprises	9,513,760	4	2.19%	-		-
DCT Southcreek Eagles Landing	8,776,800	5	2.02%	-		-
USF Propco II LPC	8,709,530	6	2.01%	-		-
Development Authority of Fulton Co	8,672,800	7	2.00%	-		-
MOBIS Parts America, LLC	6,554,516	8	1.51%	-		-
Exel Logistics	5,638,120	9	1.30%	-		-
Patrician CF LLC	5,400,000	10	1.24%	-		-
Porex Inc	-		-	6,085,331	1	3.12%
Ambercreek LLC	-		-	2,062,040	2	1.06%
Fairburn Town / Country Club	-		-	1,666,120	3	0.85%
B & K Marketing	-		-	946,200	4	0.48%
Newnan Trading Corp.	-		-	886,990	5	0.45%
Fairburn Health Care	-		-	781,970	6	0.40%
Carolina Builders Company	-		-	673,000	7	0.34%
Estex Manufacturing	-		-	539,060	8	0.28%
Fairburn Banking	-		-	491,700	9	0.25%
Strack Family LLC	-		-	437,360	10	0.22%
All Others	277,177,991		63.87%	180,622,349		92.54%
Totals	$ 433,982,760		100.00%	$ 195,192,120		100.00%

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Digest 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 by Digest Year	Ratio of Accumulated Uncollected Taxes to Current Year's Levy	Millage Rates		Local Option Sales Tax Collected	
2004	855,378	836,682	97.81%	14,204	850,886	4,492	0.53%	5.75		1,178,336	
2005	956,255	919,386	96.14%	33,936	953,322	2,933	0.31%	5.45		1,251,042	
2006	1,141,681	1,097,286	96.11%	41,069	1,138,355	3,326	0.29%	5.00		1,443,222	
2007	1,309,390	1,257,805	96.06%	47,412	1,305,217	4,173	0.32%	5.00		1,442,080	
2008	2,266,532	2,202,345	97.17%	56,650	2,258,995	7,537	0.33%	5.00		1,449,755	
2009	2,966,005	2,814,985	94.91%	130,368	2,945,353	20,652	0.70%	5.00		1,287,811	
2010	4,074,329	3,933,168	96.54%	113,288	4,046,456	27,873	0.68%	7.50		1,315,932	
2011	4,491,344	4,406,360	96.54%	59,448	4,465,808	25,536	0.57%	9.93	(1)	1,414,814	
2012	4,616,738	4,492,199	97.30%	106,578	4,598,778	17,960	0.39%	9.98	(2)	1,416,172	
2013	**4,762,586**	**4,187,985**	**87.94%**	-	**4,187,985**	**479,822**	**10.07%**	**9.70**	**(3)**	**3,415,848**	**(4)**

Source: City of Fairburn Finance Department

Notes:

(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.

(2) 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 1.88 mills.

(3) 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 1.60 mills.

(4) Sales taxes increased as a result of increased allocations from Fulton County based on population increases.

CITY OF FAIRBURN, GEORGIA

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities					Business-type Activities								
Fiscal Year	General Obligation Bonds	Fund Balance Restricted to Debt Service	Capital Leases	Percentage of Estimated Actual Value of Taxable Property	Per Capita	Water & Sewer	Cable TV	Educational Complex	Net Position Restricted to Debt Service	Notes Payable	Capital Leases	Net Total Primary Government	Percent of Personal Income	Per Capita
2005	$ -	$ -	$ -	0.00%	-	$14,295,000	$ 2,940,000	$ -	$ -	$ 171,587	$ -	$ 17,406,587	9.88%	1,868
2006	-	-	501,250	0.09%	49	14,065,000	2,840,000	-	-	131,212	128,024	17,665,486	9.19%	1,738
2007	-	-	418,251	0.06%	39	13,145,000	-	-	-	99,217	100,002	13,762,470	6.81%	1,287
2008	-	-	353,645	0.02%	32	12,685,000	-	9,750,202	-	80,340	197,709	23,066,896	11.14%	2,104
2009	-	-	566,916	0.03%	50	12,135,000	-	9,236,166	-	60,442	173,899	22,172,423	9.34%	1,956
2010	-	-	466,720	0.03%	41	11,500,000	-	8,702,250	-	39,538	71,199	20,779,707	8.09%	1,833
2011	10,450,629	-	306,030	0.73%	929	10,755,000	-	14,974,732	1,344,040	17,361	6,212	35,165,924	12.85%	3,047
2012	10,447,972	583,860	543,378	0.74%	820	10,035,000	-	14,990,032	607,292	-	-	34,825,230	11.73%	2,606
2013	10,050,347	533,489	515,001	0.70%	768	9,310,000	-	15,009,635	471,521	-	-	33,879,973	11.58%	2,469
2014	**9,647,786**	**590,223**	**663,818**	**0.68%**	**753**	**14,117,463**	**-**	**14,674,263**	**675,752**	**-**	**-**	**37,837,355**	**13.71%**	**2,763**

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2014

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	$ 7,555,000	1.171%	$ 88,469
Certificates of Participation	88,455,000	1.171%	1,035,808
Economic Recovery Zone Bonds	26,965,000	1.171%	315,760
Fulton County Board of Education			
General Obligation Bonds	87,460,000	1.171%	1,024,157
	210,435,000		2,464,194
City of Fairburn, Georgia			
2011 General Obligation Bonds	9,647,786	100.00%	9,647,786
Capital leases	663,818	100.00%	663,818
Total Direct Debt	10,311,604		10,311,604
Total direct and overlapping debt	$ 220,746,604		$ 12,775,798

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
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	10,450,629	48,524,277
2012	594,465,650	10%	59,446,565	10,447,972	48,998,593
2013	601,179,850	10%	60,117,985	10,050,347	50,067,638
2014	608,641,556	10%	60,864,156	9,647,786	51,216,370

Source: City of Fairburn Finance Department

(1) The City of Fairburn had no general obligation bonds outstanding during fiscal years 2004 - 2010.

CITY OF FAIRBURN, GEORGIA

PLEDGED REVENUE BOND COVERAGE - WATER & SEWER FUND & ELECTRIC FUND
COMBINED UTILITY REVENUE BONDS (Series 2000; Series 2006; Series 2013; Series 2014)
LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenue	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest (1)	Total	Coverage
2005	10,416,948	4,640,293	5,776,655	90,000	789,146	879,146	6.57
2006	13,099,091	6,386,294	6,712,797	230,000	777,934	1,007,934	6.66
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
2013	13,621,290	10,600,700	3,020,590	725,000	374,385	1,099,385	2.75
2014	14,669,539	9,982,534	4,687,005	-	334,901	334,901	14.00

Source: City of Fairburn Finance Department

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
LAST SIX FISCAL YEARS

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
2013	503,377	86,976	416,401	- (2)	639,975	639,975	0.65
2014	516,649	103,815	412,834	355,000	638,200	993,200	0.42

Source: City of Fairburn Finance Department

Notes: The Series 2008 Series Revenue Bonds were refunded 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	Personal Income (1)	Per Capita Income (1)	Median Age (1)	Median Education Level in Years of Formal Schooling (1)	School Enrollment (3)	Unemployment Rate (2)
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
2013	13,720	292,579,000	21,325	32.0	12	4,897	9.50
2014	13,693	275,941,336	20,152	32.0	12	4,908	7.90

(1) Source: U.S. Census

(2) Source: Georgia Department of Labor

(3) 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 NINE FISCAL YEARS PRIOR (Earliest Available)

	2014		2005	
Employer	Number of Employees	Rank	Number of Employees	Rank
U.S. Food Services	695	1	756	1
Porex Corporation	420	2	272	4
Nestle Purina Petcare Co.	315	3		
Strack, Inc.	300	4	300	3
Owens Corning	288	5		
Exel Logistics	262	6		
Adesa Atlanta LLC	200	7	180	5
Layne Heavy Civil/ Reynolds, Inc.	200	8		
Prism Pointe Technologies	150	9		
LTI Flexible Products	150	10		
Fairburn Healthcare			98	8
Newnan Trading Company, Inc.			100	6
Estex Manufacturing			100	7
Kingswere Furniture LLC			75	9
Georgia Renaissance Vendors			64	10
Reynolds,Inc			750	2

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administrative	28	27	28	35	26	26	23	27	27
Police	35	41	35	31	33	36	45	37	37
Fire	28	41	28	47	44	43	44	44	44
Streets, Parks, and Recreatior	11	11	11	13	15	13	14	13	12
E-911 (1)	9	10	9	10	8	2	-	-	-
Electric	5	7	5	9	8	9	8	10	9
Water and Sewer	4	4	4	5	4	6	6	6	8
Cable (2)	2	2	2	-	-	-	-	-	-
	122	143	122	150	138	135	140	137	137

Source: City of Fairburn Finance Department

Notes:

(1) - Note that the City outsourced its E911 operations in fiscal year 2012; therefore, there are no employees beginning in 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical Arrests	n/a	699	700	779	614	514	605	1,485	967	1,268
Traffic Violations	2,429	3,169	2,810	2,519	1,136	1,725	2,081	2,428	5,455	4,640
Fire										
Number of Calls Answered	n/a	922	1,739	1,707	1,786	1,655	1,855	2,020	2,078	2,168
Inspections	n/a	-	36	510	420	258	573	496	673	723
Highways and Streets										
Streets Resurfaced (miles)	0.36	1.00	-	1.00	0.45	0.44	1.00	-	2.12	4.50
Potholes Repaired	30	32	38	44	48	79	66	88	99	90
Sanitation										
Refuse Collected (tons/day)	n/a	2,772	3,416	3,094	5,806	4,310	3,567	6,030	3,599	3,661
Recyclables Collected (tons/day)	n/a	192	181	135	243	145	119	598	622	637
Water										
Water Mains (miles)	56.0	56.0	90.5	90.5	91.5	91.6	91.6	91.9	92.2	93.1
Fire Hydrants	717	717	767	900	900	900	900	903	903	903
Water Main Breaks	n/a	12	8	10	6	8	20	15	10	6
Average Daily Consumption (thousands of gallons)	675	851	875	776	791	835	778	811	817	845
Wastewater and Sewer										
Stormwater system (miles)	24.30	24.60	36.00	37.25	37.25	37.25	37.98	38.21	38.45	38.45
Sanitary system (miles)	61.00	65.00	68.00	69.00	69.00	69.00	69.00	69.00	69.00	69.00
Average Daily Sewage Treatment (thousands of gallons)	**	**	**	**	**	**	**	**	**	**
Public Safety										
Fire Stations	1	1	2	2	2	2	2	2	2	2
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	n/a	27	35	35	40	40	41	45	33	62
Highways and Streets										
Miles Paved	72.1	72.1	95.2	96.5	96.5	96.5	96.5	96.8	96.8	96.8
Miles Unpaved	1.0	2.0	2.6	2.6	2.6	3.0	3.0	3.0	3.0	3.0
Street Lights	660	660	694	694	695	695	695	702	709	712
Caution Lights	1	1	4	2	2	1	1	1	1	1
Electric										
Lines (miles)	61	61	79	79	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

Source: City of Fairburn Finance Department

Notes:

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Water										
Water Mains (miles)	56	56	90.5	90.5	91.5	91.6	91.6	91.9	91.9	91.9
Fire Hydrants	717	717	767	900	900	900	900	903	903	903
Water Main Breaks	n/a	12	8	10	6	8	20	15	15	6
Wastewater and Sewer										
Stormwater system (miles)	24.3	24.6	36	37.25	37.25	37.25	37.98	38.21	38.21	38.21
Sanitary system (miles)	61	65	68	69	69	69	69	69	69	69
Public Safety										
Fire Stations	1	1	2	2	2	2	2	2	2	2
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	n/a	27	35	35	40	40	41	45	33	62
Highways and Streets										
Miles Paved	72.1	72.1	95.2	96.5	96.5	96.5	96.5	96.5	96.5	96.8
Miles Unpaved	1	2	2.6	2.6	2.6	3	3	3	3	3
Street Lights	660	660	694	694	695	695	695	702	712	712
Caution Lights	1	1	4	2	2	1	1	1	1	1
Electric										
Lines (miles)	61	61	79	79	79	79	79	79	79	79
Number of substations	1	1	1	1	2	2	2	2	2	2
Number of service connections	2,718	2,961	2,980	2,969	2,966	2,928	2,865	2,902	2,955	3,183
Culture and recreation										
Parks acreage	2	2	2	2	2	2	2	142	144	144
Parks	1	1	1	1	1	1	1	1	2	2
Community centers	0	0	1	1	1	1	1	1	1	1

Source: City of Fairburn Finance Department
n/a - Information not available.