

City of Fairburn, Georgia

Comprehensive Annual Financial Report

For the Fiscal Year Ended
September 30, 2015



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, 2015**

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INTRODUCTORY SECTION
(Unaudited)

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City of Fairburn

56 Malone Street
Fairburn, GA 30213

770-964-2244 FAX - 770-969-3484

May 11, 2016

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, 2015, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial

statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The financial section includes the independent auditor's report on the financial statements, management's discussion and analysis, and the basic audited financial statements with combining and individual fund statements and schedules. This section also includes required supplementary information.

The statistical section contains selected historical financial data, debt statistics, and the miscellaneous social and economic data generally presented on a multi-year basis.

General Information – City of Fairburn

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

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

Services Provided

Services provided by the City under general governmental functions include police and fire protection, planning and engineering, code enforcement, street maintenance, traffic control, and parks operations and maintenance.

In addition, electric, water, sewer, and storm water services, educational complex rentals, and solid waste collection and disposal services are provided (the latter by contract) under an enterprise fund concept. User charges are set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

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 neighboring cities 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 the City limits in Chattahoochee Hills.

The City's primary sources of General Fund revenue continue to be 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's management team includes a Police Chief, Fire Chief, City Engineer, Finance Director, Human Resources Director, City Clerk, Properties Manager, Utilities Director, and Recreation Director.

Strategic Direction

In 2015, the City adopted a new logo and tagline, "Situated to Succeed". We not only encourage businesses and individuals to move here but continue to put our own money where our mouth is. Regular investments in our infrastructure have been made over the last five years to improve our service capacity and reliability while also reducing our costs. These efforts include converting to LED street lighting, maintaining our municipal buildings, resurfacing our roads, placing aerial electric lines underground, replacing worn out water and sewer lines, improving our storm water system, and upgrading our fleet of vehicles and equipment.

Completion of the four 2011 General Obligation Bond projects is entering the home stretch. We purchased Duncan Park from the County, built a gorgeous two-field football complex, and are nearing the completion of an outdoor aquatics facility. A stage, courtyard, and public restroom have been constructed in our downtown. One of two major road renovation projects has been completed with the second scheduled for the summer of 2016. The conceptual design of a new fire station is complete with construction planned for 2017. To make all of this possible, the General Fund has added additional monies to the original \$9.8 million in net bond proceeds, allowing us to eventually expend almost \$14 million without taking on more debt.

Our educational campus now includes a third classroom building, bringing the total size of the complex to 75,000 square feet plus a large, attractive parking lot built with pervious pavers. Our two primary tenants are Georgia Military College and Brenau University. Efforts to attract a local technical college continue.

Payroll has slowly increased as we improve our service levels. We have ignored the impulse to offer the highest salaries in the area but instead offer the richest, most generous benefit package around. Lots of time and effort is expended each year to attract and retain top flight employees. We also invest heavily in training our managers, resulting in a very cohesive leadership team with strong interdepartmental relationships. We believe we have one of the top municipal staff teams in the state.

Economic Condition and Outlook

As a part of the metropolitan Atlanta area, Fairburn is positioned for significant economic growth with easy access to markets in the Northeastern, Southern and Midwestern States by air, rail, or highway. The City of Fairburn is located ten miles south of Atlanta Hartsfield-Jackson International Airport, the world's busiest airport. A mainline operated by CSX provides access to their growing Fairburn intermodal yard. The community is bisected by Interstate 85 and contains portions of three state highways. Downtown Fairburn is about a 25-minute drive from the intersection of I-75, I-85, and I-20 in downtown Atlanta near Turner Field and the State Capital.

Fairburn works in partnership with a wide range of organizations to market the area to potential developers. The Economic & Community Development Group of the Electric Cities of Georgia is an important partner in marketing the City to developers and in helping to provide extensive support to existing utility customers. The Fulton County Development Authority and the State of

Georgia's Department of Economic Development also regularly present Fairburn to interested site locators.

Fairburn is the long-time home to several large manufacturing facilities. Nestle-Purina's Fairburn plant has laid claim to being the largest dry pet food manufacturing facility in the world. Owens-Corning and Porex celebrated their 40th and 50th anniversaries, respectively, during this decade. Porex, one of the best companies you've never heard of, boasts of having never laid off an employee. These businesses are among the region's largest employers.

We're also home to many regional distribution facilities, including US Foods, Pittsburgh Paint & Glass, Toto, Electrolux, Pangborn, Mobis, Smuckers, S.C. Johnson, Clorox, and Aaron Rents. These large warehouses take advantage of Fairburn's proximity to downtown Atlanta, the Atlanta Airport, and the CSX intermodal facilities, as well as its easy access to I-85.

The City's recovery from the 2008 recession continues to build momentum. Interest in commercial and industrial development increased sharply in calendar year 2015 with the construction of several large structures ranging from 300,000 to over one million square feet in size. New home construction has returned to pre-recession levels. Starter homes in the low-\$100s and larger homes in the \$300s are both selling well. Most of the renewed interest in residential construction is focused on the 900+ fully-developed residential lots that have sat vacant throughout the City for the last seven to nine years.

The City's proximity to the Pinewood Atlanta Studio in adjoining Fayette County also bodes well for future economic development. Fairburn's Highway 74 interchange on Interstate 85 is the gateway to Pinewood from both downtown Atlanta and the Atlanta Airport, creating an opportunity for commercial and residential growth that caters to the Studio's users and suppliers.

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 Fairburn, the Festival attracts more than 150,000 weekend visitors from mid-April to early June each year.

Overall, the City's economic development, both residential and commercial/industrial, is on the upswing. Employment seems to be growing and our population is steadily increasing.

Major Events in Fiscal Year 2015

Our efforts to improve the City's financial condition are really starting to pay off. During the last five fiscal years the General Fund's fund balance has climbed from negative \$90,000 to a positive \$3.4 million. The City's bond rating has simultaneously climbed from bbb+ to AA-. Our ability to consistently outperform the budget has also allowed us to fund another \$3 million in pay-as-you-go capital projects without incurring additional debt.

The 2011 general obligation bond was overwhelmingly approved during the November, 2010 general election. \$10.415 million in 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 the City's unique crescent-shaped downtown. The bonds were issued in March of 2011 and Duncan Park was purchased from Fulton County in the Fall of 2011.

Since that time, we have constructed a \$2 million two-field football complex at the park, centered around the artificial turf field donated by Fairburn's favorite son, Eric Berry. We also opened a new stage and courtyard complex, home to our monthly downtown concert series. A \$2 million aquatic facility at the park is set to open in May of 2016 and the second road project is scheduled for the summer of 2016. Conceptual design of the new fire station is complete.

The City engaged North Star Destination Strategies to help us develop branding and marketing tools so that we could more accurately and professionally present ourselves to the world. Our new logo and tagline, along with an updated City Seal, are being incorporated into our printed materials, website, social media offerings, road signage, etc.

In 2015, we not only attracted two new one-million square foot buildings but won the competitive bid to provide electrical service to both of them. These customers represent a huge increase to our system and will consume more than our allotment of power from the third and fourth reactors at Plant Vogtle.

We updated our pay scales and adjusted the compensation for many of our positions to better align with local market conditions.

Our Police Department received the highest certification available from the Georgia Association of Chiefs of Police.

Our Fire Department received a Class 1 ISO rating, effective May, 1 of 2015. At the time, this classification was held by five other Georgia fire departments and only 149 nationwide.

In 2015 the Prestwick Companies completed construction of the Manor at Broad Street, an eighty-eight unit affordable apartment facility located in downtown Fairburn. This attractive four-story facility opened in October and is fully leased.

Working with The Collaborative Firm, we updated our comprehensive land use plan in 2015.

Financial Information

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

Independent Audit. State 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 governmental activities, 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, 2014. This was the twenty-seventh consecutive year and the thirtieth 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

May 5, 2016

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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, 2014

Executive Director/CEO

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**CITY OF FAIRBURN, GEORGIA
CITY OFFICIALS
SEPTEMBER 30, 2015**

CITY COUNCIL

Mario Avery, Mayor
Marian Johnson, Mayor Pro Tem
Ron Alderman
Alex Heath
Elizabeth “Liz” Hurst
Lydia Glaize
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

Stephen Hood

CITY ENGINEER

Brendetta Walker

UTILITY DIRECTOR

Tom Ridgway

BUILDING INSPECTOR

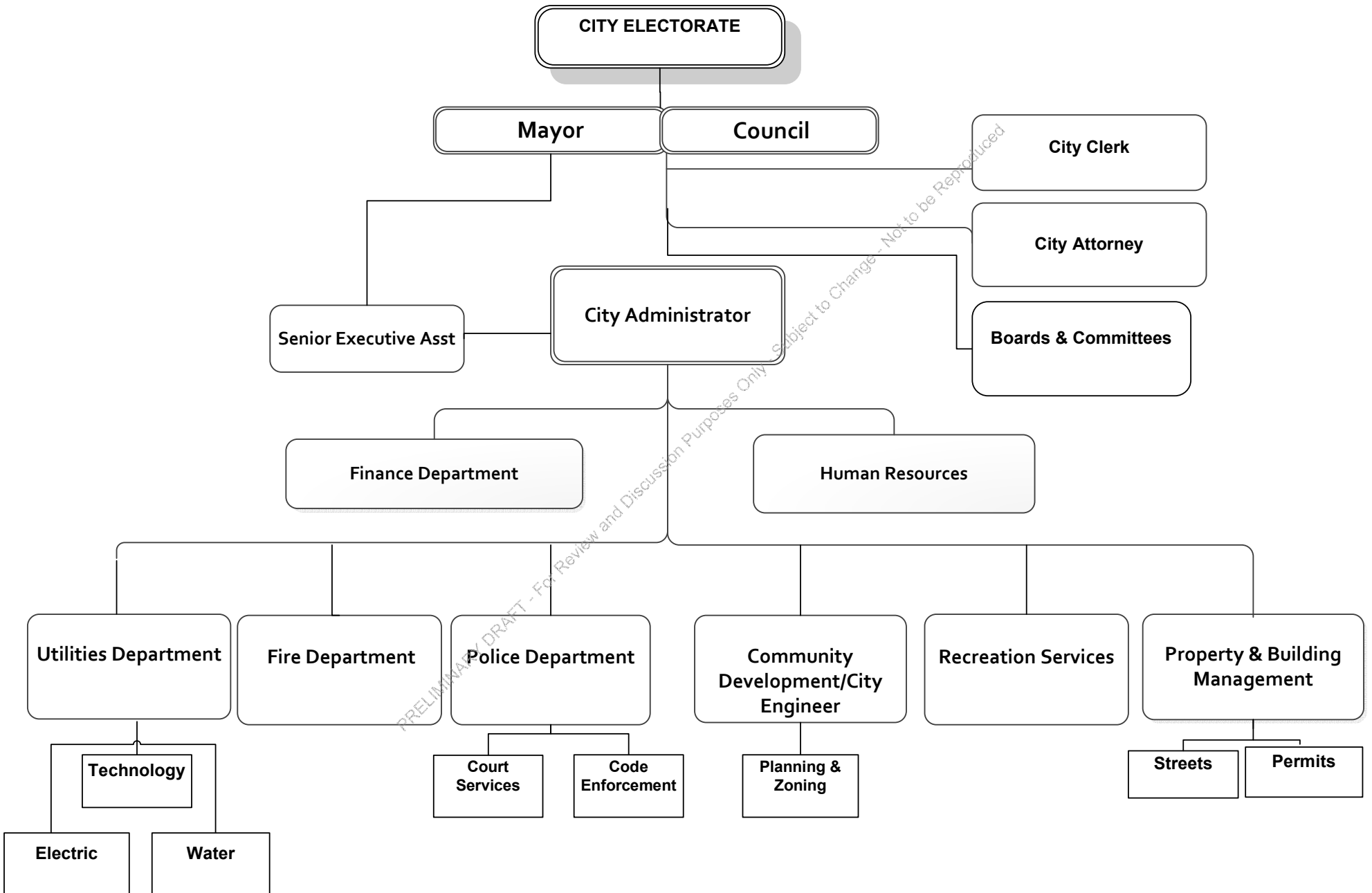
Harvey Stokes

CITY ATTORNEYS

Turner & Ross, LLC

City of Fairburn, Georgia

ORGANIZATIONAL CHART



FINANCIAL SECTION

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**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 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, 2015. 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 2015 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 \$50,750,995 (net position). Of this amount, \$34,459,712 is invested in capital assets, net of related debt; \$9,577,241 is restricted; and \$6,714,042 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 \$6,700,045 as compared to an increase of \$4,582,357 in the prior fiscal year.
- At the end of the current fiscal year, total fund balance for the General Fund was \$3,425,359, a decrease of \$370,192 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 \$1,053,255 and \$2,259,037 of these funds in fiscal years 2015 and 2014, respectively, for these purposes.
- Transfers from Enterprise Funds for General Fund operations were \$1,250,000 and \$2,100,000 in fiscal 2015 and 2014, respectively.

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, deferred inflows of resources, and liabilities, with the difference between these 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.

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

The statement of activities presents information showing how the government'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.

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

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	
	2015	2014 (restated)	2015	2014 (restated)	2015	2014 (restated)
Assets:						
Current and other assets	\$ 11,074,658	\$ 10,641,625	\$ 15,418,735	\$ 13,979,890	\$ 26,493,393	\$ 24,621,515
Capital assets, net	27,089,269	23,211,225	40,984,147	41,115,368	68,073,416	64,326,593
Total assets	38,163,927	33,852,850	56,402,882	55,095,258	94,566,809	88,948,108
Deferred outflows of resources	446,243	459,625	1,004,780	1,160,351	1,451,023	1,619,976
Liabilities:						
Other liabilities	2,146,644	2,246,811	2,403,189	2,581,080	4,549,833	4,827,891
Long-term liabilities	11,326,984	12,604,735	28,600,373	29,084,508	39,927,357	41,689,243
Total liabilities	13,473,628	14,851,546	31,003,562	31,665,588	44,477,190	46,517,134
Deferred inflows of resources	697,973	-	91,674	-	789,647	-
Net position:						
Net investment in capital assets	17,754,866	14,409,108	16,704,846	14,436,878	34,459,712	28,845,986
Restricted	4,597,718	3,730,051	4,979,523	3,178,531	9,577,241	6,908,582
Unrestricted	2,085,985	1,321,770	4,628,057	6,974,612	6,714,042	8,296,382
Total net position	\$ 24,438,569	\$ 19,460,929	\$ 26,312,426	\$ 24,590,021	\$ 50,750,995	\$ 44,050,950

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Financial Position

The total net position of the City increased \$6,537,768 or 14.84%, from \$44,050,950 (restated) to \$50,588,718 as noted in the following table.

City of Fairburn Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 2,714,155	\$ 2,132,445	\$ 17,413,485	\$ 16,631,066	\$ 20,127,640	\$ 18,763,511
Operating grants and contributions	19,076	69,451	-	-	19,076	69,451
Capital grants and contributions	3,221,515	1,401,684	-	300,000	3,221,515	1,701,684
General revenues:						
Property taxes	4,647,950	4,755,788	-	-	4,647,950	4,755,788
Sales taxes	3,762,572	3,415,848	-	-	3,762,572	3,415,848
Franchise taxes	1,088,695	1,015,129	-	-	1,088,695	1,015,129
Other taxes	1,675,348	1,618,356	-	-	1,675,348	1,618,356
Miscellaneous	83,601	53,704	-	-	83,601	53,704
Gain on sale of capital assets	52,915	416,474	-	-	52,915	416,474
Unrestricted investment earnings	51,157	55,044	28,140	6,044	79,297	61,088
Total revenues	17,316,984	14,933,923	17,441,625	16,937,110	34,758,609	31,871,033
Expenses:						
General government	2,394,281	2,296,568	-	-	2,394,281	2,296,568
Judicial	406,912	415,245	-	-	406,912	415,245
Public safety	6,322,171	6,110,784	-	-	6,322,171	6,110,784
Public works	2,540,254	2,243,308	-	-	2,540,254	2,243,308
Culture and recreation	455,175	371,838	-	-	455,175	371,838
Planning and development	512,178	464,196	-	-	512,178	464,196
Interest on long-term debt	458,373	493,266	-	-	458,373	493,266
Electric	-	-	7,141,969	6,888,429	7,141,969	6,888,429
Water & sewer	-	-	5,321,360	5,641,267	5,321,360	5,641,267
Education complex	-	-	1,146,332	1,014,781	1,146,332	1,014,781
Stormwater	-	-	724,079	673,145	724,079	673,145
Sanitation	-	-	635,480	675,849	635,480	675,849
Total expenses	13,089,344	12,395,205	14,969,220	14,893,471	28,058,564	27,288,676
Increase (decrease) in net position before transfers	4,227,640	2,538,718	2,472,405	2,043,639	6,700,045	4,582,357
Transfers	750,000	1,543,985	(750,000)	(1,543,985)	-	-
Changes in net position	4,977,640	4,082,703	1,722,405	499,654	6,700,045	4,582,357
Net position, beginning of fiscal year	20,867,371	16,784,668	24,774,746	24,275,092	45,642,117	41,059,760
Prior period adjustment - GASB 68/71	(1,406,442)	-	(184,725)	-	(1,591,167)	-
Net position, end of fiscal year	\$ 24,438,569	\$ 20,867,371	\$ 26,312,426	\$ 24,774,746	\$ 50,750,995	\$ 45,642,117

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Governmental Activities

Net position for governmental activities increased \$4,977,640. Total governmental revenues increased \$2,383,061 or 15.96%. There were significant changes in capital grants and contributions which increased \$1,819,831 or 130% as work on Oakley Industrial Boulevard entered the construction phase and costs are eligible for federal reimbursement. Charges for services increased \$581,710 or 27.3% and include permitting fees and disposal fees which increased as building and construction activity resumes after the recession. Sales taxes increased \$346,724 or 10.15% as the local economy improves.

Expenses for governmental activities increased \$694,139 or 5.6%. General government and public safety expenses increased \$97,713 (4.25%) and \$211,387 (3.46%) respectively, because of general increases in expenses and more positions being staffed. Public works expenses increased \$296,946 or 13.24%, and is primarily related to increased design activities related to the I85 and State Route 74 interchange. Parks and recreation expenses increased \$83,337 or 22.41% due to increases in staffing for this department.

Business-Type Activities

Net position for business type activities increased \$1,722,405 or 7% from the prior fiscal year. The activities of each enterprise fund are discussed below.

Electric Fund. Operating income for the Electric Fund decreased \$200,474 or 12.27%. Operating revenues were consistent with the prior fiscal year. Cost of sales and services increased \$250,384 or 4.39% as a result of general increases in operating costs. Transfers to meet General Fund obligations for fiscal year 2015 were \$1,000,000 and was the same in the prior fiscal year.

Electric Fund, Summary of Changes in Net Position

	2015	2014	\$ Change	% Change	
OPERATING REVENUES					
Charges for sales and services	\$ 8,575,868	\$ 8,522,802	\$ 53,066	0.62	%
OPERATING EXPENSES					
Cost of sales and services	5,956,319	5,705,935	250,384	4.39	
General operating expenses	876,743	859,841	16,902	1.97	
Depreciation and amortization	308,907	322,653	(13,746)	(4.26)	
Total operating expenses	7,141,969	6,888,429	253,540	3.68	
Operating income	1,433,899	1,634,373	(200,474)	(12.27)	
NON OPERATING REVENUES					
Interest income	69	69	-	-	
Transfers in (out)	(1,000,000)	(1,000,000)	-	-	
Change in net position	\$ 433,968	\$ 634,442	\$ (200,474)	(31.60)	%

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Water and Sewer Fund. Operating income for the Water and Sewer fund was \$3,057,055 for fiscal year 2015 compared to \$2,138,247 in the prior fiscal year, an increase of \$918,808 or 42.97%. Operating revenues increased \$623,103, or 10.14% because of significant increases in tap fees related to increased commercial and residential construction activity. Cost of sales and services decreased \$493,001 or 18.85%. The City's efforts to detect and repair water line breaks and to reduce storm water infiltration into the sanitary sewer system are beginning to pay off. Transfers to meet General Fund obligations were \$200,000 in 2015 compared to \$1,000,000 in the prior fiscal year. Transfers were reduced as the General Fund reserves have reached acceptable levels.

Water and Sewer, Summary of Changes in Net Position

	2015	2014	\$ Change	% Change	
OPERATING REVENUES					
Charges for sales and services	\$ 6,769,840	\$ 6,146,737	\$ 623,103	10.14	%
OPERATING EXPENSES					
Cost of sales and services	2,123,027	2,616,028	(493,001)	(18.85)	
General operating expenses	866,101	800,730	65,371	8.16	
Depreciation and amortization	723,657	591,732	131,925	22.29	
Total operating expenses	3,712,785	4,008,490	(295,705)	(7.38)	
Operating income	3,057,055	2,138,247	918,808	42.97	
NON OPERATING REVENUES (EXPENSE)					
Bond Issuance Costs	(5,181)	(197,451)	192,270	(97.38)	
Interest income	26,035	856	25,179	2,941.47	
Interest expense	(1,603,394)	(1,477,571)	(125,823)	8.52	
Total non-operating revenue (expenses)	(1,582,540)	(1,674,166)	91,626	(5.47)	
Transfers in (out)	(200,000)	(1,000,000)	800,000	(80.00)	
Change in net position	\$ 1,274,515	\$ (535,919)	\$ 1,810,434	(337.82)	%

Educational Complex Fund. Change in net position for this fund was a deficit of (\$106,982) compared to a contribution of \$63,002 in the prior fiscal year. Depreciation increased as new facilities were placed in service. Transfers from the General Fund were \$500,000 in 2015 compared to \$556,015 in the prior fiscal year, a decrease of \$56,015 or 10%.

Educational Complex Fund, Summary of Changes in Net Position

	2015	2014	\$ Change	% Change	
OPERATING REVENUES					
Charges for sales and services	\$ 537,314	\$ 516,649	\$ 20,665	4.00	%
OPERATING EXPENSES					
General operating expenses	134,427	103,815	30,612	29.49	
Depreciation and amortization	380,905	272,766	108,139	39.65	
Total operating expenses	515,332	376,581	138,751	36.84	
Operating income (loss)	21,982	140,068	(118,086)	(84.31)	
NON OPERATING REVENUES (EXPENSE)					
Interest income	2,036	5,119	(3,083)	(60.23)	
Interest expense	(631,000)	(638,200)	7,200	(1.13)	
Total non-operating revenue (expenses)	(628,964)	(633,081)	4,117	(0.65)	
Transfers in (out)	500,000	556,015	(56,015)	(10.07)	
Change in net position	\$ (106,982)	\$ 63,002	\$ (169,984)	(269.81)	%

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Stormwater Fund This Fund was created during fiscal year 2010 to properly segregate infrastructure utility charges in accordance with State statutes. Operating income was \$94,604 in fiscal year 2015 as compared to \$64,710 in the prior fiscal year. Charges for services increased \$80,828 or 10.95% as more properties become subject to stormwater fees. Operating expenses increased \$54,423 or 15.7% as a result of increased allocation of direct overhead costs from the General Fund and Water and Sewer Fund. Capital contributions in fiscal 2014 of \$300,000 represent a state grant for bridge reconstruction.

Stormwater Fund, Summary of Changes in Net Position

	2015	2014	\$ Change	% Change
OPERATING REVENUES				
Charges for sales and services	\$ 818,683	\$ 737,855	\$ 80,828	10.95 %
OPERATING EXPENSES				
Cost of sales and services	401,018	346,595	54,423	15.70
General operating expenses	54,952	58,441	(3,489)	(5.97)
Depreciation and amortization	268,109	268,109	-	-
Total operating expenses	724,079	673,145	50,934	7.57
Operating income (loss)	94,604	64,710	29,894	46.20
NON OPERATING REVENUES (EXPENSE)				
Capital contributions	-	300,000	(300,000)	(1.00)
Change in net position	\$ 94,604	\$ 364,710	\$ (270,106)	(74.06) %

Sanitation Fund. Revenues for this fund were consistent with the prior fiscal year. General operating expenses decreased \$40,369 or 6% as a result of decreases in refuse collection costs. Transfers to the General Fund in fiscal year 2015 were \$50,000 compared to \$100,000 in the prior fiscal year as General Fund reserves reach acceptable levels.

Sanitation Fund, Summary of Changes in Net Position

	2015	2014	\$ Change	% Change
OPERATING REVENUES				
Charges for sales and services	\$ 711,780	\$ 707,023	\$ 4,757	0.67 %
OPERATING EXPENSES				
General operating expenses	635,480	675,849	(40,369)	(5.97)
Operating income	76,300	31,174	45,126	144.76
Transfers in (out)	(50,000)	(100,000)	50,000	(50.00)
Change in net position	\$ 26,300	\$ (68,826)	\$ 95,126	(138.21) %

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Financial Analysis of the City's Funds

As noted earlier, the City of Fairburn uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund Balance

The City's combined fund balances as of the end of the current fiscal year for governmental funds, presented on page 17, were \$8,968,148 compared to \$8,422,798 in the prior fiscal year (as restated).

City of Fairburn Summary of Governmental Fund Balances			
	2015	2014 (restated)	\$ Change
General Fund	\$ 3,425,359	\$ 3,795,551	\$ (370,192)
General Obligation Bond Capital Projects Fund	5,268,628	4,144,666	1,123,962
Other Governmental Funds	274,161	482,581	(208,420)
Total Governmental Fund Balances	\$ 8,968,148	8,422,798	545,350

Changes in governmental fund balances are reflected in the table below.

City of Fairburn Summary Changes in Governmental Fund Balance

	2015	2014	\$ Change	% Change
Revenues				
Property taxes	\$ 4,662,005	\$ 4,829,567	(167,562)	(3.47) %
Sales taxes	3,762,572	3,415,848	346,724	10.15
Franchise taxes	1,088,695	1,015,129	73,566	7.25
Other taxes	1,675,348	1,618,356	56,992	3.52
Licenses and permits	1,405,815	816,122	589,693	72.26
Intergovernmental	3,221,516	1,400,884	1,820,632	129.96
Fines and forfeitures	686,571	741,656	(55,085)	(7.43)
Charges for services	573,258	549,581	23,677	4.31
Interest revenue	51,157	55,044	(3,887)	(7.06)
Other revenues	151,187	149,041	2,146	1.44
Total revenues	\$ 17,278,124	\$ 14,591,228	\$ 2,686,896	18.41
Expenditures				
Current:				
General government	\$ 2,410,195	\$ 2,261,908	148,287	6.56
Judicial	411,394	415,172	(3,778)	(0.91)
Public safety	6,143,312	6,022,743	120,569	2.00
Public works	2,363,652	1,915,233	448,419	23.41
Parks and recreation	351,519	299,003	52,516	17.56
Planning and development	486,107	461,352	24,755	5.37
Capital outlays	4,605,069	3,903,395	701,674	17.98
Debt service:				
Principal	619,425	622,796	(3,371)	(0.54)
Interest	473,437	490,547	(17,110)	(3.49)
Total expenditures	17,864,110	16,392,149	1,471,961	8.98
Excess (deficiency) of revenues over (under) expenditures	(585,986)	(1,800,921)	1,214,935	(67.46)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	52,915	487,338	(434,423)	(89.14)
Capital leases	328,421	371,613	(43,192)	(11.62)
Transfers in	2,351,018	3,216,141	(865,123)	(26.90)
Transfers out	(1,601,018)	(1,672,156)	71,138	(4.25)
Total other financing sources (uses)	1,131,336	2,402,936	(1,271,600)	(52.92)
Net change in fund balances	\$ 545,350	\$ 602,015	\$ (56,665)	(9.41) %

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Deficiency of revenues under expenditures prior to other financing sources (uses) in the Governmental Funds for the current fiscal year was (\$585,986) as compared to (\$1,800,921) in the prior fiscal year, an improvement of \$1,214,935. The General Fund had an excess of \$1,563,911; the General Obligation Bond Capital Projects Fund had a deficiency of (\$1,031,038); The Capital Improvement Fund had a deficiency of (\$945,824); and non-major governmental funds had a deficiency of (\$173,035).

Overall, governmental revenues increased by \$2,686,896 or 18%. Intergovernmental revenues increased \$1,820,632 or 130% because of increased construction activity related to reimbursable federal transportation grants. Sales taxes increased \$346,724 or 10% as the local and state economy has improved. Licenses and permit revenue increased \$589,693 or 72% as a result of increases in construction activity in the area.

Overall governmental expenditures increased \$1,471,961 or 9% and is comprised of significant increases in various expenditure categories. Capital outlays increased \$701,674 or 18% as a result of significant progress made on planned improvements of the downtown area and Oakley Industrial Boulevard. Public works expenditures increased \$448,419 or 23% because of increased expenditures related to federal grants, primarily road improvements. Parks and recreation expenses increased \$52,516 or 17.6% because of increased focus on recreational activities in the City.

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 \$2,060,808 better than budgeted.

A comparison of the final budgets to actual results are located on page 20.

- General Fund revenues in total were \$507,643 better than budgeted. Property taxes were \$127,880 better than budgeted as a result of additional commercial development in the City. Licenses and permits were \$286,019 better than budgeted as construction activity in the City has improved faster than anticipated.
- The actual expenditures of \$11,559,239 were \$1,305,710 less than budgeted as management continues control measures implemented in prior years as well as very conservative budget estimates.

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

Capital Asset and Debt Administration

Capital Assets

The City has invested \$68,073,416 in capital assets (net of accumulated depreciation). Capital assets held by the City at the end of the current and previous fiscal years are summarized as follows:

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014 (restated)	2015	2014 (restated)
Land	\$ 5,129,390	\$ 5,129,390	\$ 3,924,899	\$ 3,924,899	\$ 9,054,289	\$ 9,054,289
Construction in Progress	7,070,588	5,771,467	535,123	193,895	7,605,711	5,965,362
Buildings, grounds and improvements	4,390,559	1,394,675	20,108,674	20,756,088	24,499,233	22,150,763
Machinery and equipment	544,826	443,397	229,766	134,094	774,592	577,491
Infrastructure	7,815,312	8,276,416	13,843,946	13,733,907	21,659,258	22,010,323
Vehicles	2,138,594	2,195,880	2,341,739	2,372,485	4,480,333	4,568,365
	<u>\$ 27,089,269</u>	<u>\$ 23,211,225</u>	<u>\$ 40,984,147</u>	<u>\$ 41,115,368</u>	<u>\$ 68,073,416</u>	<u>\$ 64,326,593</u>

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 \$28,470,000 and \$9,992,814 for governmental activities. Bonds, notes, and capital leases outstanding as of the fiscal year ended September 30, 2015 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.

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

	2015	2014
Governmental Activities		
2011 General Obligation Bonds	\$ 9,215,000	\$ 9,620,000
Capital Leases	777,814	663,818
	<u>\$ 9,992,814</u>	<u>\$ 10,283,818</u>
Business-type Activities		
Series 2011 Education Campus Bonds	\$ 14,550,000	\$ 14,925,000
Series 2013 Revenue Refunding Bonds	9,310,000	9,310,000
Series 2013 Utility Bonds	4,610,000	4,610,000
	<u>\$ 28,470,000</u>	<u>\$ 28,845,000</u>

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

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 revenue growth. Housing values remain far below 2009 values, but housing starts are approaching pre-recession levels. The City continues to enjoy the benefits of its location along I-85 and its proximity to the Atlanta Airport. Commercial and industrial development is also rebounding, especially large regional distribution centers along Oakley Industrial Boulevard and national retailers along the Highway 74 corridor to Tyrone and Peachtree City south of the Interstate 85 interchange.

Service levels continue to improve and revenue estimates are conservatively made. The City underspent its fiscal year 2015 budget as numerous 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 from 1.60 mills to 1.72 mills for the October 2014 billing.

Electric rate add-ons for the power cost adjustment (PCA) and the environmental compliance cost recovery fee (ECCR) have remained steady since early 2013. Water and sewer rates have not changed since late 2012.

Contacting the City's Financial Management

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

PRELIMINARY DRAFT - For Review and Discussion Purposes Only - Subject to Change - Not to be Relied Upon

CITY OF FAIRBURN, GEORGIA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 6,611,642	\$ 3,842,877	\$ 10,454,519
Restricted cash and cash equivalents	1,291,845	4,910,291	6,202,136
Investments	107,248	-	107,248
Investments (restricted assets)	-	3,873,679	3,873,679
Investments with fiscal agent (restricted assets)	-	69,232	69,232
Accounts receivable, net of allowances	-	2,481,903	2,481,903
Taxes receivable, net of allowances	405,821	-	405,821
Intergovernmental receivables	495,527	-	495,527
Inventory	14,388	-	14,388
Other receivables	1,808,563	229,000	2,037,563
Prepaid items	231,638	-	231,638
Deferred charges, prepaid bond insurance (unamortized balance)	107,986	11,753	119,739
Capital assets:			
Non-depreciable	12,199,978	4,460,022	16,660,000
Depreciable, net of accumulated depreciation	14,889,291	36,524,125	51,413,416
Total assets	38,163,927	56,402,882	94,566,809
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	-	946,170	946,170
Pension related items	446,243	58,610	504,853
Total deferred outflows of resources	446,243	1,004,780	1,451,023
LIABILITIES			
Accounts payable	701,874	1,240,179	1,942,053
Retainage payable	412,048	20,880	432,928
Funds held in escrow (due to others)	695,073	-	695,073
Accrued liabilities	148,315	22,228	170,543
Accrued interest payable	154,409	399,844	554,253
Due to others	4,835	-	4,835
Unearned revenue	28,989	-	28,989
Customer deposits payable	1,101	720,058	721,159
Compensated absences due within one fiscal year	262,072	37,706	299,778
Compensated absences due in more than one fiscal year	32,578	9,029	41,607
Capital leases due within one fiscal year	305,852	-	305,852
Capital leases due in more than one fiscal year	471,962	-	471,962
Net pension liability	1,014,231	133,211	1,147,442
Bonds and notes payable due within one fiscal year	410,000	1,380,000	1,790,000
Bonds and notes payable due in more than one fiscal year	8,830,289	27,040,427	35,870,716
Total liabilities	13,473,628	31,003,562	44,477,190
DEFERRED INFLOWS OF RESOURCES			
Pension related items	697,973	91,674	789,647
Total deferred inflows of resources	697,973	91,674	789,647
NET POSITION			
Net investment in capital assets	17,754,866	16,704,846	34,459,712
Restricted for debt service	738,226	1,694,455	2,432,681
Restricted for capital construction	3,436,703	3,215,836	6,652,539
Restricted for law enforcement activities	168,472	-	168,472
Restricted for corpus of perpetual care cemetery funds (nonspenable)	10,000	-	10,000
Restricted for cemetery operating capital	75,097	-	75,097
Restricted by third party as letter of credit	-	69,232	69,232
Restricted for federal and state programs	19,480	-	19,480
Restricted for tourism	149,740	-	149,740
Unrestricted	2,085,985	4,628,057	6,714,042
Total net position	\$ 24,438,569	\$ 26,312,426	\$ 50,750,995

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, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Operating		Capital	Primary Government		
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,394,281	\$ 1,405,815	\$ -	\$ -	\$ (988,466)	\$ -	\$ (988,466)
Judicial	406,912	647,905	-	-	240,993	-	240,993
Public safety	6,322,171	38,666	-	-	(6,283,505)	-	(6,283,505)
Public works	2,540,254	573,259	-	3,216,317	1,249,322	-	1,249,322
Culture and recreation	455,175	48,510	19,076	5,198	(382,391)	-	(382,391)
Planning and development	512,178	-	-	-	(512,178)	-	(512,178)
Interest on long-term debt	458,373	-	-	-	(458,373)	-	(458,373)
Total governmental activities	<u>13,089,344</u>	<u>2,714,155</u>	<u>19,076</u>	<u>3,221,515</u>	<u>(7,134,598)</u>	<u>-</u>	<u>(7,134,598)</u>
Business-type activities:							
Electric	7,141,969	8,575,868	-	-	-	1,433,899	1,433,899
Water and sewer	5,321,360	6,769,840	-	-	-	1,448,480	1,448,480
Educational complex	1,146,332	537,314	-	-	-	(609,018)	(609,018)
Stormwater	724,079	818,683	-	-	-	94,604	94,604
Sanitation	635,480	711,780	-	-	-	76,300	76,300
Total business-type activities	<u>14,969,220</u>	<u>17,413,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,444,265</u>	<u>2,444,265</u>
Total primary government	<u>\$ 28,058,564</u>	<u>\$ 20,127,640</u>	<u>\$ 19,076</u>	<u>\$ 3,221,515</u>	<u>\$ (7,134,598)</u>	<u>\$ 2,444,265</u>	<u>\$ (4,690,333)</u>
General revenues:							
Property taxes					\$ 4,647,950	\$ -	\$ 4,647,950
Franchise taxes					1,088,695	-	1,088,695
Insurance premium taxes					702,662	-	702,662
Sales and use taxes					3,762,572	-	3,762,572
Motor vehicle taxes					449,619	-	449,619
Beer, wine, and liquor taxes					232,352	-	232,352
Hotel/Motel taxes					207,009	-	207,009
Other taxes					83,706	-	83,706
Unrestricted investment earnings					51,157	28,140	79,297
Gain on disposal of capital assets					52,915	-	52,915
Miscellaneous					83,601	-	83,601
Transfers					750,000	(750,000)	-
Total general revenues and transfers					<u>12,112,238</u>	<u>(721,860)</u>	<u>11,390,378</u>
Change in net position					4,977,640	1,722,405	6,700,045
Net position, beginning of fiscal year, as restated					<u>19,460,929</u>	<u>24,590,021</u>	<u>44,050,950</u>
Net position, end of fiscal year					<u>\$ 24,438,569</u>	<u>\$ 26,312,426</u>	<u>\$ 50,750,995</u>

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

CITY OF FAIRBURN, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

ASSETS	General	General	Capital	Nonmajor	Total
	Fund	Obligation Bond Capital Projects Fund	Improvements Fund	Governmental Funds	Governmental Funds
Cash and cash equivalents	\$ 1,519,587	\$ 4,537,651	\$ 381,000	\$ 173,404	\$ 6,611,642
Restricted cash and cash equivalents	553,619	738,226	-	-	1,291,845
Investments	21,281	-	-	85,967	107,248
Taxes receivable, net of allowances	398,079	7,742	-	-	405,821
Other receivables	332,054	-	1,476,509	-	1,808,563
Intergovernmental receivables	-	-	328,421	167,106	495,527
Due from other funds	1,325,604	-	-	-	1,325,604
Prepaid items	231,638	-	-	-	231,638
Inventory	14,388	-	-	-	14,388
Total assets	\$ 4,396,250	\$ 5,283,619	\$ 2,185,930	\$ 426,477	\$ 12,292,276
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 93,173	\$ 12,942	\$ 468,883	\$ 126,876	\$ 701,874
Retainage payable	-	-	412,048	-	412,048
Funds held in escrow	695,073	-	-	-	695,073
Accrued liabilities	148,315	-	-	-	148,315
Due to others	-	-	-	4,835	4,835
Due to other funds	-	-	1,304,854	20,750	1,325,604
Unearned revenue	28,989	-	-	-	28,989
Customer deposits	1,101	-	-	-	1,101
Total liabilities	966,651	12,942	2,185,785	152,461	3,317,839
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	4,240	2,049	-	-	6,289
Total deferred inflows of resources	4,240	2,049	-	-	6,289
FUND BALANCES					
Fund balances:					
Nonspendable for:					
Prepaid items	231,638	-	-	-	231,638
Inventory	14,388	-	-	-	14,388
Corpus of perpetual care cemetery funds	-	-	-	10,000	10,000
Restricted for:					
Capital construction	-	4,530,402	-	-	4,530,402
Federal and state programs	-	-	-	19,480	19,480
Debt service	-	738,226	-	-	738,226
Law enforcement activities	-	-	-	168,472	168,472
Cemetery operating capital	-	-	-	75,097	75,097
Tourism	149,740	-	-	-	149,740
Assigned for:					
Planning and development	-	-	-	967	967
Unassigned	3,029,593	-	145	-	3,029,738
Total fund balances	3,425,359	5,268,628	145	274,016	8,968,148
Total liabilities, deferred inflows of resources, and fund balances:	\$ 4,396,250	\$ 5,283,619	\$ 2,185,930	\$ 426,477	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.					27,089,269
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the governmental funds.					6,289
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available current financial resources and, therefore, are not reported in the governmental funds.					(1,265,961)
Long-term liabilities, including bonds payable and related items, are not due and payable in the current period and, therefore, are not reported in the governmental funds.					(10,359,176)
Net position of governmental activities					<u>\$ 24,438,569</u>

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, 2015**

	General Fund	General Obligation Bond Capital Projects Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 10,300,055	\$ 888,565	\$ -	\$ -	\$ 11,188,620
Licenses and permits	1,405,815	-	-	-	1,405,815
Intergovernmental	-	-	2,605,990	615,526	3,221,516
Fines and forfeitures	647,905	-	-	38,666	686,571
Charges for services	573,258	-	-	-	573,258
Interest income	44,930	5,753	-	474	51,157
Miscellaneous revenue	151,187	-	-	-	151,187
Total revenues	<u>13,123,150</u>	<u>894,318</u>	<u>2,605,990</u>	<u>654,666</u>	<u>17,278,124</u>
Expenditures					
Current:					
General government	2,410,195	-	-	-	2,410,195
Judicial	411,394	-	-	-	411,394
Public safety	6,132,655	-	-	10,657	6,143,312
Public works	1,557,504	-	-	806,148	2,363,652
Culture and recreation	340,623	-	-	10,896	351,519
Planning and development	486,107	-	-	-	486,107
Capital outlay	-	1,053,255	3,551,814	-	4,605,069
Debt service:					
Principal retirements	214,425	405,000	-	-	619,425
Interest and fiscal charges	6,336	467,101	-	-	473,437
Total expenditures	<u>11,559,239</u>	<u>1,925,356</u>	<u>3,551,814</u>	<u>827,701</u>	<u>17,864,110</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,563,911</u>	<u>(1,031,038)</u>	<u>(945,824)</u>	<u>(173,035)</u>	<u>(585,986)</u>
Other financing sources (uses):					
Capital leases	-	-	328,421	-	328,421
Proceeds from sale of capital assets	52,915	-	-	-	52,915
Transfers in	1,250,000	2,155,000	381,000	201,018	3,987,018
Transfers out	<u>(3,237,018)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,237,018)</u>
Total other financing sources (uses)	<u>(1,934,103)</u>	<u>2,155,000</u>	<u>709,421</u>	<u>201,018</u>	<u>1,131,336</u>
Net change in fund balances	(370,192)	1,123,962	(236,403)	27,983	545,350
Fund balances, beginning of fiscal year, as restated	<u>3,795,551</u>	<u>4,144,666</u>	<u>236,548</u>	<u>246,033</u>	<u>8,422,798</u>
Fund balances (deficit), end of fiscal year	<u>\$ 3,425,359</u>	<u>\$ 5,268,628</u>	<u>\$ 145</u>	<u>\$ 274,016</u>	<u>\$ 8,968,148</u>

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, 2015**

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

Net change in fund balances - total governmental funds	\$ 545,350
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.	3,878,044
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(14,055)
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	(328,421)
Principal payment on bonds payable	405,000
Principal payment on capital lease	214,425
Amortization of deferred charges, prepaid bond insurance costs	(10,662)
Amortization of bond premium	<u>2,497</u>
	282,839
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	12,567
Change in deferred inflows and outflows- pension related items	140,481
Change in compensated absences	<u>132,414</u>
Change in net position - governmental activities	<u>\$ 4,977,640</u>

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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 3,640,785	\$ 3,645,560	\$ 3,773,440	\$ 127,880
Sales taxes	3,626,275	3,774,350	3,762,572	(11,778)
Franchise taxes	1,029,587	1,048,559	1,088,695	40,136
Insurance premium taxes	688,053	702,662	702,662	-
Beer, liquor, and wine taxes	209,865	211,993	232,352	20,359
Motor vehicle taxes	448,336	464,559	449,619	(14,940)
Hotel motel taxes	160,000	160,000	207,009	47,009
Other taxes	92,559	90,879	83,706	(7,173)
Licenses and permits	807,013	1,119,796	1,405,815	286,019
Fines and forfeitures	784,883	713,875	647,905	(65,970)
Interest income	40,383	48,092	44,930	(3,162)
Charges for services	511,937	497,819	573,258	75,439
Miscellaneous	120,616	137,363	151,187	13,824
Total revenues	12,160,292	12,615,507	13,123,150	507,643
Expenditures				
Current:				
General government:				
Mayor and council	428,065	432,516	413,728	18,788
Administration	238,451	288,165	257,007	31,158
City Administrator	918,097	964,867	907,719	57,148
Finance	446,948	456,549	417,262	39,287
Technology	103,844	103,626	98,196	5,430
Property management	474,578	492,529	316,283	176,246
Total general government	2,609,983	2,738,252	2,410,195	328,057
Judicial:				
Municipal court	426,136	405,116	411,394	(6,278)
Total judicial	426,136	405,116	411,394	(6,278)
Public safety:				
Police	3,331,521	3,444,534	3,091,764	352,770
Fire	3,171,684	3,232,814	3,040,891	191,923
Total public safety	6,503,205	6,677,348	6,132,655	544,693
Public works:				
Public works administration	441,093	333,756	258,052	75,704
Highways and streets	1,359,336	1,441,284	1,299,452	141,832
Total public works	1,800,429	1,775,040	1,557,504	217,536
Culture and recreation:				
Recreation	405,902	416,032	340,623	75,409
Total culture and recreation	405,902	416,032	340,623	75,409
Planning and development:				
Protective inspection and enforcement	319,043	321,925	254,497	67,428
Planning and zoning	183,686	310,378	231,610	78,768
Total planning and development	502,729	632,303	486,107	146,196
Debt service:				
Principal retirements	201,148	214,415	214,425	(10)
Interest and fiscal charges	6,260	6,443	6,336	107
Total debt service	207,408	220,858	220,761	97
Total expenditures	12,455,792	12,864,949	11,559,239	1,305,710
Excess (deficiency) of revenues over (under) expenditures	(295,500)	(249,442)	1,563,911	1,813,353
Other financing sources (uses)				
Proceeds from sale of capital assets	10,000	44,140	52,915	8,775
Transfers in	1,250,000	1,250,000	1,250,000	-
Transfers out	(1,759,500)	(3,475,698)	(3,237,018)	238,680
Total other financing sources	(499,500)	(2,181,558)	(1,934,103)	247,455
Net change in fund balances	(795,000)	(2,431,000)	(370,192)	2,060,808
Fund balance, beginning of fiscal year, as restated	3,795,551	3,795,551	3,795,551	-
Fund balance, end of fiscal year	\$ 3,000,551	\$ 1,364,551	\$ 3,425,359	\$ 2,060,808

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2015

ASSETS	Business-type Activities - Enterprise Funds					Total
	Electric Fund	Water and Sewer Fund	Educational Complex Fund	Stormwater Fund	Nonmajor Sanitation Enterprise Fund	
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,010,939	\$ 1,019,119	\$ 423,980	\$ 997,172	\$ 391,667	\$ 3,842,877
Restricted cash and cash equivalents	-	3,670,090	1,240,201	-	-	4,910,291
Investments (restricted assets)	3,873,679	-	-	-	-	3,873,679
Investments with fiscal agent (restricted assets)	69,232	-	-	-	-	69,232
Accounts receivable, net of allowances	1,129,510	1,203,424	-	32,616	116,353	2,481,903
Other receivable	229,000	-	-	-	-	229,000
Total current assets	6,312,360	5,892,633	1,664,181	1,029,788	508,020	15,406,982
CAPITAL ASSETS						
Non-depreciable	14,874	2,278,346	1,639,030	527,772	-	4,460,022
Depreciable, net of accumulated depreciation	4,903,874	14,960,573	12,104,808	4,554,870	-	36,524,125
Total capital assets	4,918,748	17,238,919	13,743,838	5,082,642	-	40,984,147
OTHER NONCURRENT ASSETS						
Deferred charges, prepaid bond insurance (unamortized balance)	-	11,753	-	-	-	11,753
Total noncurrent assets	4,918,748	17,250,672	13,743,838	5,082,642	-	40,995,900
Total assets	11,231,108	23,143,305	15,408,019	6,112,430	508,020	56,402,882
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	36,851	21,759	-	-	-	58,610
Deferred loss on refunding of debt	-	812,329	133,841	-	-	946,170
Total deferred outflows of resources	36,851	834,088	133,841	-	-	1,004,780
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	563,213	620,387	5,675	4,069	46,835	1,240,179
Accrued liabilities	13,732	8,496	-	-	-	22,228
Retainage payable	-	-	-	20,880	-	20,880
Accrued interest payable	-	243,500	156,344	-	-	399,844
Customer deposits	467,867	215,161	30,513	-	6,517	720,058
Compensated absences payable	24,247	13,459	-	-	-	37,706
Revenue bonds payable	-	980,000	400,000	-	-	1,380,000
Total current liabilities	1,069,059	2,081,003	592,532	24,949	53,352	3,820,895
NONCURRENT LIABILITIES						
Compensated absences payable	8,185	844	-	-	-	9,029
Net pension liability	83,756	49,455	-	-	-	133,211
Revenue bonds payable	-	13,121,807	13,918,620	-	-	27,040,427
Total noncurrent liabilities	91,941	13,172,106	13,918,620	-	-	27,182,667
Total liabilities	1,161,000	15,253,109	14,511,152	24,949	53,352	31,003,562
DEFERRED INFLOWS OF RESOURCES						
Pension related items	57,639	34,035	-	-	-	91,674
Total deferred outflows of resources	57,639	34,035	-	-	-	91,674
NET POSITION						
Net investment in capital assets	4,918,748	6,396,031	328,305	5,061,762	-	16,704,846
Restricted for debt service	-	1,223,500	470,955	-	-	1,694,455
Restricted for capital construction projects	-	2,446,590	769,246	-	-	3,215,836
Restricted by third party as letter of credit	69,232	-	-	-	-	69,232
Unrestricted (deficit)	5,061,340	(1,375,872)	(537,798)	1,025,719	454,668	4,628,057
Total net position	\$ 10,049,320	\$ 8,690,249	\$ 1,030,708	\$ 6,087,481	\$ 454,668	\$ 26,312,426

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, 2015

	Business-type Activities - Enterprise Funds					Total
	Electric Fund	Water and Sewer Fund	Educational Complex Fund	Stormwater Fund	Nonmajor Sanitation Enterprise Fund	
OPERATING REVENUES						
Charges for sales and services	\$ 8,530,529	\$ 6,769,840	\$ 511,999	\$ 818,683	\$ 711,780	\$ 17,342,831
Miscellaneous income	45,339	-	25,315	-	-	70,654
Total operating revenues	<u>8,575,868</u>	<u>6,769,840</u>	<u>537,314</u>	<u>818,683</u>	<u>711,780</u>	<u>17,413,485</u>
OPERATING EXPENSES						
Cost of sales and services	5,956,319	2,123,027	-	401,018	-	8,480,364
General operating expenses	876,743	866,101	134,427	54,952	635,480	2,567,703
Depreciation and amortization	308,907	723,657	380,905	268,109	-	1,681,578
Total operating expenses	<u>7,141,969</u>	<u>3,712,785</u>	<u>515,332</u>	<u>724,079</u>	<u>635,480</u>	<u>12,729,645</u>
Operating income	<u>1,433,899</u>	<u>3,057,055</u>	<u>21,982</u>	<u>94,604</u>	<u>76,300</u>	<u>4,683,840</u>
NON-OPERATING REVENUES (EXPENSES)						
Bond insurance costs	-	(5,181)	-	-	-	(5,181)
Interest income	69	26,035	2,036	-	-	28,140
Interest expense	-	(1,603,394)	(631,000)	-	-	(2,234,394)
Total non-operating revenue (expenses)	<u>69</u>	<u>(1,582,540)</u>	<u>(628,964)</u>	<u>-</u>	<u>-</u>	<u>(2,211,435)</u>
Income (loss) before transfers	<u>1,433,968</u>	<u>1,474,515</u>	<u>(606,982)</u>	<u>94,604</u>	<u>76,300</u>	<u>2,472,405</u>
Transfers in	-	-	500,000	-	-	500,000
Transfers out	(1,000,000)	(200,000)	500,000	-	(50,000)	(1,250,000)
Change in net position	<u>433,968</u>	<u>1,274,515</u>	<u>(106,982)</u>	<u>94,604</u>	<u>26,300</u>	<u>1,722,405</u>
Net position, beginning of fiscal year, as restated	<u>9,615,352</u>	<u>7,415,734</u>	<u>1,137,690</u>	<u>5,992,877</u>	<u>428,368</u>	<u>24,590,021</u>
Net position, end of fiscal year	<u>\$ 10,049,320</u>	<u>\$ 8,690,249</u>	<u>\$ 1,030,708</u>	<u>\$ 6,087,481</u>	<u>\$ 454,668</u>	<u>\$ 26,312,426</u>

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, 2015

	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	\$ 8,576,460	\$ 6,623,436	\$ 537,237	\$ 824,461	\$ 711,879	\$ 17,273,473
Payments to suppliers	(6,149,285)	(2,715,194)	(458,578)	(502,558)	(645,341)	(10,470,956)
Payments to employees	(665,468)	(246,026)	-	-	-	(911,494)
Net cash provided by operating activities	1,761,707	3,662,216	78,659	321,903	66,538	5,891,023
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers out to other funds	(1,000,000)	(200,000)	-	-	(50,000)	(1,250,000)
Transfers in from other funds	-	-	500,000	-	-	500,000
Net cash provided by (used in) non-capital financing activities	(1,000,000)	(200,000)	500,000	-	(50,000)	(750,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(574,154)	(477,434)	-	(341,229)	-	(1,392,817)
Bond issuance and insurance cost payments	-	(5,181)	-	-	-	(5,181)
Principal payment on bonds	-	-	(375,000)	-	-	(375,000)
Interest payments	-	(1,525,051)	(632,875)	-	-	(2,157,926)
Net cash used in capital and related financing activities	(574,154)	(2,007,666)	(1,007,875)	(341,229)	-	(3,930,924)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	69	26,035	2,036	-	-	28,140
Purchases of investments	(47,684)	-	-	-	-	(47,684)
Net cash provided by (used in) investing activities	(47,615)	26,035	2,036	-	-	(19,544)
Net increase (decrease) in cash and cash equivalents	139,938	1,480,585	(427,180)	(19,326)	16,538	1,190,555
Cash and cash equivalents, beginning of fiscal year (as restated)	871,001	3,208,624	2,091,361	1,016,498	375,129	7,562,613
Cash and cash equivalents, end of fiscal year	\$ 1,010,939	\$ 4,689,209	\$ 1,664,181	\$ 997,172	\$ 391,667	\$ 8,753,168
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income	\$ 1,433,899	\$ 3,057,055	\$ 21,982	\$ 94,604	\$ 76,300	\$ 4,683,840
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	308,907	723,657	380,905	268,109	-	1,681,578
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(31,283)	(184,915)	-	5,778	234	(210,186)
Deferred outflows for pension items	1,105	653	-	-	-	1,758
Prepaid items	-	9,580	-	-	-	9,580
Increase (decrease) in:						
Accounts payable	28,621	22,509	(9,528)	(60,978)	(9,861)	(29,237)
Accrued liabilities and retainage payables	3,402	1,509	(314,623)	14,390	-	(295,322)
Deferred inflows for pension items	57,639	34,035	-	-	-	91,674
Net pension liability	(70,345)	(41,537)	-	-	-	(111,882)
Customer deposits	31,875	38,511	(77)	-	(135)	70,174
Compensated absences payable	(2,113)	1,159	-	-	-	(954)
Net cash provided by operating activities	\$ 1,761,707	\$ 3,662,216	\$ 78,659	\$ 321,903	\$ 66,538	\$ 5,891,023

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

NOTES TO FINANCIAL STATEMENTS

PRELIMINARY DRAFT - For Review and Discussion Purposes Only - Subject to Change - Not to be Reproduced

**CITY OF FAIRBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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.

NOTES TO FINANCIAL STATEMENTS

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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 15th. 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, 2015, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net 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:

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

NOTES TO FINANCIAL STATEMENTS

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 benefits. 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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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. One of the items that qualifies for reporting in this category is the deferred loss on refunding reported in the government-wide statement of net position and the proprietary funds statement of net position. A deferred loss 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.

NOTES TO FINANCIAL STATEMENTS

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 several types of items one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. One 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.

Effective October 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No., 68*, which significantly changed the County's accounting for pension amounts. As a result of the GASB 68 and 71 implementation, the City also has deferred outflows and inflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement of Plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before fiscal year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. These items are reported in the government-wide financial statements and also in the fund level statements for the City's proprietary funds.

T. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Fairburn Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS

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 \$10,509,180 difference are as follows:

Bonds payable	\$ (9,215,000)
Capital leases payable	(777,814)
Compensated absences	(294,650)
Accrued interest payable	(154,409)
Unamortized premium on bonds	(25,289)
Prepaid bond insurance cost	<u>107,986</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (10,359,176)</u>

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 \$3,878,044 difference are as follows:

Capital outlay	\$ 5,052,618
Depreciation expense	<u>(1,174,574)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 3,878,044</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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.

B) Excess Expenditures Over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level (e.g. administration). For the fiscal year ended September 30, 2015, the following item and fund, had excesses of actual expenditures over appropriations:

General Fund departments:		
Municipal Court	\$	6,278

NOTE 4. DEPOSITS AND INVESTMENTS

As of September 30, 2015, the City had the following investments:

Investment	Maturities/Weighted Average Maturity	Fair Value
Certificates of deposit	June 8, 2016 - September 5, 2017	\$ 155,199
Municipal Competitive Trust - intermediate	4.35	336,839
Municipal Competitive Trust - intermediate extended maturity	1.77	3,536,840
Georgia Fund 1	44 days	10,165
Total		\$ 4,039,043

NOTES TO FINANCIAL STATEMENTS

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	\$ 10,454,519
Restricted cash and cash equivalents	6,202,136
Investments	107,248
Investments (restricted assets)	3,873,679
Investments with fiscal agent (restricted assets)	69,232
	<u>\$ 20,706,814</u>
Cash deposited with financial institutions	\$ 16,667,771
Certificates of deposit	155,199
Cash deposited with Georgia Fund 1	10,165
Municipal Competitive Trust - intermediate	336,839
Municipal Competitive Trust - intermediate extended maturity	3,536,840
	<u>\$ 20,706,814</u>

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 investment in the Georgia Fund 1 represents the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. Treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in Georgia Fund 1 is valued at fair market value. As of September 30, 2015, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation. Additionally, the money market funds are reported as cash equivalents at September 30, 2015.

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, 2015, the City's investment in Georgia Fund 1 was rated AA+ by Standard & Poor's and has a weighted average to maturity of 44 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.

NOTES TO FINANCIAL STATEMENTS

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 statutes, 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, 2015, 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, 2015, for the City’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>General Obligation Bond Fund</u>	<u>Capital Improvements Fund</u>	<u>Electric Enterprise Fund</u>	<u>Water & Sewer Enterprise Fund</u>	<u>Stormwater Enterprise Fund</u>	<u>Other Nonmajor Funds</u>
Receivables:							
Taxes	\$ 547,261	\$ 21,999	-	\$ -	\$ -	\$ -	\$ -
Accounts	-	-	-	1,157,510	1,233,424	32,616	121,353
Other	332,054	-	1,476,509	229,000	-	-	-
Intergovernmental	-	-	328,421	-	-	-	167,106
Less allowance for uncollectible receivables	(149,182)	(14,257)	-	(28,000)	(30,000)	-	(5,000)
Net total receivable	<u>\$ 730,133</u>	<u>\$ 7,742</u>	<u>\$ 1,804,930</u>	<u>\$ 1,358,510</u>	<u>\$ 1,203,424</u>	<u>\$ 32,616</u>	<u>\$ 283,459</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2015, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 5,129,390	\$ -	\$ -	-	\$ 5,129,390
Construction in process	5,771,467	4,579,020	-	(3,279,899)	7,070,588
Total	<u>10,900,857</u>	<u>4,579,020</u>	<u>-</u>	<u>(3,279,899)</u>	<u>12,199,978</u>
Capital assets, being depreciated:					
Buildings and improvements	3,379,592	-	-	3,279,899	6,659,491
Infrastructure	18,365,595	-	-	-	18,365,595
Machinery and equipment	1,100,420	171,673	-	-	1,272,093
Vehicles	4,643,347	301,925	(153,231)	-	4,792,041
Total	<u>27,488,954</u>	<u>473,598</u>	<u>(153,231)</u>	<u>3,279,899</u>	<u>31,089,220</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,984,917)	(284,015)	-	-	(2,268,932)
Infrastructure	(10,089,179)	(461,104)	-	-	(10,550,283)
Machinery and equipment	(657,023)	(70,244)	-	-	(727,267)
Vehicles	(2,447,467)	(359,211)	153,231	-	(2,653,447)
Total	<u>(15,178,586)</u>	<u>(1,174,574)</u>	<u>153,231</u>	<u>-</u>	<u>(16,199,929)</u>
Total capital assets, being depreciated, net	<u>12,310,368</u>	<u>(700,976)</u>	<u>-</u>	<u>3,279,899</u>	<u>14,889,291</u>
Governmental activities capital assets, net	<u>\$ 23,211,225</u>	<u>\$ 3,878,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,089,269</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance (restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,924,899	\$ -	\$ -	\$ 3,924,899
Construction in process	193,895	341,228	-	535,123
Total	<u>4,118,794</u>	<u>341,228</u>	<u>-</u>	<u>4,460,022</u>
Capital assets, being depreciated:				
Distribution system	15,736,059	923,005	-	16,659,064
Infrastructure	11,327,066	-	-	11,327,066
Building and improvements	25,603,776	-	-	25,603,776
Machinery and equipment	1,050,410	105,678	-	1,156,088
Vehicles	2,970,099	22,906	-	2,993,005
Total	<u>56,687,410</u>	<u>1,051,589</u>	<u>-</u>	<u>57,738,999</u>
Less accumulated depreciation for:				
Distribution system	(6,783,260)	(549,848)	-	(7,333,108)
Infrastructure	(6,545,958)	(263,118)	-	(6,809,076)
Building and improvements	(4,847,688)	(647,414)	-	(5,495,102)
Machinery and equipment	(916,316)	(10,006)	-	(926,322)
Vehicles	(597,614)	(53,652)	-	(651,266)
Total	<u>(19,690,836)</u>	<u>(1,524,038)</u>	<u>-</u>	<u>(21,214,874)</u>
Total capital assets, being depreciated, net	<u>36,996,574</u>	<u>(472,449)</u>	<u>-</u>	<u>36,524,125</u>
Business-type activities capital assets, net	<u>\$ 41,115,368</u>	<u>\$ (131,221)</u>	<u>\$ -</u>	<u>\$ 40,984,147</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 27,059
Public safety	388,021
Public works	518,852
Culture and recreation	203,413
Planning and development	37,229
	1,174,574
Total depreciation expense - governmental activities	\$ 1,174,574
Business-type activities:	
Water and sewer	\$ 596,713
Electric	308,907
Education complex	350,309
Stormwater	268,109
	1,524,038
Total depreciation expense - business-type activities	\$ 1,524,038

NOTE 7. OPERATING LEASES

The City is the lessor of space at the Educational Complex. The majority of the lease agreements have terms extending beyond the end of the next fiscal year. For the fiscal year ended September 30, 2015, the City received \$511,999 in lease revenue derived from current lease agreements with third parties.

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

<u>Fiscal Year Ending September 30,</u>	<u>Total Revenues</u>
2016	468,367
2017	237,298
2018	237,298
Total Future Lease Revenues	\$ 942,963

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

Primary Government

Long-term liability and obligation activity for the fiscal year ended September 30, 2015, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Fiscal Year
Governmental activities:					
Series 2011 General Obligation Bonds	\$ 9,620,000	\$ -	\$ (405,000)	\$ 9,215,000	\$ 410,000
Unamortized bond premium	27,786	-	(2,497)	25,289	-
Capital leases	663,818	328,421	(214,425)	777,814	305,852
Net pension liability	1,866,067	1,168,844	(2,020,680)	1,014,231	-
Compensated absences	427,064	284,162	(416,576)	294,650	262,072
Governmental activities					
Long-term liabilities and obligations	\$ 12,604,735	\$ 1,781,427	\$ (3,059,178)	\$ 11,326,984	\$ 977,924

	Restated 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	\$ 170,000
Series 2013 Revenue Refunding Bonds	9,310,000	-	-	9,310,000	810,000
Series 2011 Educational Complex Revenue Bonds	14,925,000	-	(375,000)	14,550,000	400,000
Plus unamortized bond premium	197,463	-	(15,657)	181,806	-
Less unamortized original discount	(250,737)	-	19,358	(231,379)	-
	28,791,726	-	(371,299)	28,420,427	1,380,000
Net pension liability	245,093	153,528	(265,410)	133,211	-
Compensated absences	47,689	37,706	(38,660)	46,735	37,706
Business-type activities					
Long-term liabilities and obligations	\$ 29,084,508	\$ 191,234	\$ (675,369)	\$ 28,600,373	\$ 1,417,706

For governmental funds, compensated absences and the net pension liability 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 and the net pension liability 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

The general obligation bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 410,000	\$ 454,787	\$ 864,787
2017	420,000	441,813	861,813
2018	430,000	427,463	857,463
2019	440,000	411,687	851,687
2020	455,000	394,338	849,338
2021-2025	2,535,000	1,645,650	4,180,650
2026-2030	3,090,000	871,412	3,961,412
2031-2032	1,435,000	83,519	1,518,519
Total	<u>\$ 9,215,000</u>	<u>\$ 4,730,669</u>	<u>\$ 13,945,669</u>

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 inception. As of September 30, 2015, the City had vehicles and machinery and equipment with a total cost of \$928,365 under capital leases as reported in its governmental activities. Current fiscal year depreciation expense was \$105,165 and ending accumulated depreciation on these leased capital assets was \$179,153.

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

Fiscal Year Ending September 30,	<u>Governmental Activities</u>
2016	\$ 323,131
2017	243,505
2018	243,454
Total minimum lease payments	<u>810,090</u>
Less amount representing interest	32,276
Present value of future minimum lease payments	<u>\$ 777,814</u>

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.

NOTES TO FINANCIAL STATEMENTS

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,			
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	1,630,000	960,875	2,590,875
2021-2025	9,505,000	3,804,745	13,309,745
2026-2030	6,125,000	2,176,476	8,301,476
2031-2035	5,360,000	647,931	6,007,931
Total	28,470,000	\$ 11,831,002	\$ 40,301,002
Plus unamortized bond premium	181,806		
Less unamortized original discount	(231,379)		
	\$ 28,420,427		

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND TRANSFERS

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 200,000
General Fund	Electric Fund	1,000,000
General Fund	Nonmajor enterprise fund	50,000
Educational Complex Fund	General Fund	500,000
Nonmajor governmental Funds	General Fund	201,018
Capital Improvements Fund	General Fund	381,000
General Obligation Bond Capital Projects Fund	General Fund	2,155,000
		<u>\$ 4,487,018</u>

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 PLAN

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.

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NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued). The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2013.

Cost of living adjustments were assumed to be 3.25% although the Plan allowance for annual cost of living adjustment is variable, as established by the City Council, in an amount not to exceed 4%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	50%	5.95%
International equity	15%	6.45
Fixed income	25%	1.55
Real estate	10%	3.75
Cash	—%	
Total	<u>100%</u>	

* Rates shown are net of the 3.25% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 11,568,749	\$ 9,457,589	\$ 2,111,160
Changes for the fiscal year:			
Service cost	426,065	-	426,065
Interest	880,377	-	880,377
Differences between expected and actual experience	(352,216)	-	(352,216)
Assumption Changes	(331,710)	-	(331,710)
Contributions—employer	-	519,993	(519,993)
Net investment income	-	1,082,171	(1,082,171)
Benefit payments, including refunds of employee contributions	(418,094)	(418,094)	-
Administrative expense	-	(15,930)	15,930
Net changes	204,422	1,168,140	(963,718)
Balances at 6/30/15	\$ 11,773,171	\$ 10,625,729	\$ 1,147,442

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability (asset)	\$ 2,867,294	\$ 1,147,442	\$ (254,806)

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the City. 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 are based on the substantive plan in effect as of September 30, 2014 and the current sharing pattern of costs between employer and employee.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the fiscal year ended September 30, 2015, the City recognized pension expense of \$345,921. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 264,163
Changes in assumptions	-	248,784
Net difference between projected and actual earnings on pension plan investments	-	276,700
City contributions subsequent to the measurement date	504,853	-
Total	\$ 504,853	\$ 789,647

City contributions subsequent to the measurement date of \$504,853 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending June 30:

2016	\$ (240,157)
2017	(240,157)
2018	(240,157)
2019	(69,176)
2020	-
Thereafter	-
Total	\$ (789,647)

NOTES TO FINANCIAL STATEMENTS

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, 2015, there were 39 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, 2015 were \$124,387.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. RISK MANAGEMENT (CONTINUED)

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

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

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

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

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising 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, 2015, the City had active construction contracts related to various construction projects. At fiscal year end, the City's commitments with contractors totaled approximately \$2,424,283.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grant Contingencies:

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

Agreements with the Municipal Electric Authority of Georgia:

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

As of September 30, 2015, 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 \$5,555,195 during fiscal year ended September 30, 2015.

At September 30, 2015, the outstanding debt of MEAG was approximately \$6.716 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$61.3 million at September 30, 2015.

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, 2015 are \$812,397.

NOTES TO FINANCIAL STATEMENTS

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. Local governments imposing a tax under this code section are required to expend in each fiscal year at least the same percentage of hotel/motel tax revenues they expended in the previous fiscal year for the promotion of tourism, conventions, and trade shows. The City has not set a precedent resulting in a restriction of the City's hotel/motel tax funds. Therefore, none of the revenue collected by the City under this authorization is restricted. For the fiscal year ended September 30, 2015, the City collected \$207,009 in hotel/motel revenues which are recorded in the City's General Fund.

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, 2015, the City agreed to pay the Water and Sewer Authority \$1,113,782 (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, 2014 (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%:

NOTES TO FINANCIAL STATEMENTS

NOTE 17. JOINTLY GOVERNED ORGANIZATION (CONTINUED)

On July 1, 2014, the Authority entered into an agreement to refinance the Series 2007 Variable Rate Revenue Bonds Authority with the Series 2014 bonds. The net results of the refinancing resulted in an economic loss of \$3,953,000 and a deferred outflow of resources on the refunding of \$4,087,845.

As of December 31, 2014 (from the most recent available audited financial statements), the Water and Sewer Authority's debt service requirements on the Series 2014 Variable Rate Revenue Bonds were as follows using the current variable interest rate of 3.670%:

Fiscal Year Ending December 31,	Principal	Interest	Total
2015	\$ 100,000	\$ 1,441,775	\$ 1,541,775
2016	1,150,000	1,423,025	2,573,025
2017	1,210,000	1,387,625	2,597,625
2018	1,270,000	1,350,425	2,620,425
2019	1,335,000	1,311,350	2,646,350
2020-2024	7,920,000	5,668,400	13,588,400
2025-2029	10,680,000	3,587,788	14,267,788
2030-2033	10,920,000	956,450	11,876,450
Total	\$ 34,585,000	\$ 17,126,838	\$ 51,711,838

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

NOTE 18. CHANGE IN REPORTING ENTITY

In previous fiscal years, the City's Hotel Motel activity was reported in a special revenue fund in the City's non-major governmental opinion unit. As of September 30, 2014, the City has determined this activity is not restricted and does not meet the definition of a special revenue fund and should be recorded and presented in the City's General Fund. The change in reporting entity is presented below. See footnote 16 for further discussion.

	General Fund	\$	Non Major Governmental Funds
Fund balance as previously reported	2,952,820		1,088,764
Change in reporting entity (hotel/motel fund)	842,731		(842,731)
Fund balance as restated	3,795,551	\$	246,033

NOTES TO FINANCIAL STATEMENTS

NOTE 19. CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 10, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective October 1, 2014. These new standards significantly changed the City’s accounting for pension amounts. As a result of this change in accounting principle, the City was required to restate beginning net position for governmental activities, business type activities, Electric Fund and Water & Sewer Fund as shown below:

	Governmental Activities	Business Type Amount
Net Position as previously reported	20,867,371	\$ 24,774,746
Net pension liability, beginning balance	(1,866,067)	(245,093)
Deferred outflows of resources, contributions subsequent to the measurement date, beginning balance	459,625	60,368
Net position as restated	19,460,929	\$ 24,590,021

	Water & Sewer Fund	Electric Fund
Net Position as previously reported	7,484,314	\$ 9,731,497
Net pension liability, beginning balance	(90,992)	(154,101)
Deferred outflows or resources, contributions subsequent to the measurement date, beginning balance	22,412	37,956
Net position as restated	7,415,734	\$ 9,615,352

NOTES TO FINANCIAL STATEMENTS

NOTE 20. RESTATEMENT

During fiscal year ended September 30, 2015, the City determined that a restatement of beginning cash and capital assets was required for the Educational Complex Proprietary Fund due to an error of cutting two (2) checks for the same construction invoice at September 30, 2014. The two (2) checks were reflected as outstanding checks and was recorded as construction in progress in the prior period; however, the City did not void one of the checks until after September 30, 2014 which resulting in the cash being overstated and capital assets being overstated for the prior period. This error did not have any effect on the opening net position (equity) balance for the Educational Complex Fund. As of result of this error, the following restatement for cash and capital assets was noted:

	Education Complex Fund Cash	Education Complex Fund Capital Assets
As previously reported	1,981,119	\$ 14,204,388
- Correction of voided check not being posted in the prior period	110,242	(110,242)
As restated	2,091,361	\$ 14,094,146

	Business-type Activities Cash	Business-type Activities Capital Assets
As previously reported	7,452,371	\$ 41,225,610
- Correction of voided check not being posted in the prior period	110,242	(110,242)
As restated	7,562,613	\$ 41,115,368

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF FAIRBURN, GEORGIA
Required Supplementary Information – Retirement Plan

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS**

	2015
Total pension liability	
Service cost	\$ 426,065
Interest on total pension liability	880,377
Differences between expected and actual experience	(352,216)
Changes of assumptions	(331,710)
Benefit payments, including refunds of employee contributions	(418,094)
Net change in total pension liability	204,422
Total pension liability - beginning	11,568,749
Total pension liability - ending (a)	\$ 11,773,171
 Plan fiduciary net position	
Contributions - employer	519,993
Net investment income	1,082,171
Benefit payments, including refunds of employee contributions	(418,094)
Administrative expenses	(15,930)
Net change in plan fiduciary net position	1,168,140
Plan fiduciary net position - beginning	9,457,589
Plan fiduciary net position - ending (b)	\$ 10,625,729
 City's net pension liability - ending (a) - (b)	\$ 1,147,442
 Plan fiduciary net position as a percentage of the total pension liability	90.3%
 Covered-employee payroll	\$ 4,444,802
 City's net pension liability as a percentage of covered - employee payroll	25.8%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

CITY OF FAIRBURN, GEORGIA
Required Supplementary Information – Retirement Plan

SCHEDULE OF CITY CONTRIBUTIONS

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 504,895	\$ 519,951
Contributions in relation to the actuarially determined contribution	<u>504,895</u>	<u>519,951</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	4,565,832	4,601,481
Contributions as a percentage of Covered-employee payroll	11.1%	11.3%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date

Cost Method

Actuarial Asset Valuation Method

Projected Unit Credit

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 amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Assumed Rate of Return

On Investments

7.75%

Projected Salary Increases

3.75% - 8.75% (including 3.25% for inflation)

Cost-of-living Adjustment

3.25%

Amortization Method

Closed level dollar for unfunded liability

Remaining Amortization Period

None remaining

(2) The schedule will present 10 years of information once it is accumulated.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES**

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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.

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, 2015

ASSETS	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Grants Fund	Development Authority Fund	Cemetery Fund	
Cash and cash equivalents	\$ 173,307	\$ -	\$ -	\$ 97	\$ 173,404
Investments	-	-	967	85,000	85,967
Intergovernmental receivable	-	167,106	-	-	167,106
Total assets	\$ 173,307	\$ 167,106	\$ 967	\$ 85,097	\$ 426,477
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to others	\$ 4,835	\$ -	\$ -	\$ -	\$ 4,835
Due to other funds	-	20,750	-	-	20,750
Accounts payable	-	126,876	-	-	126,876
Total liabilities	4,835	147,626	-	-	152,461
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	168,472	-	-	-	168,472
Cemetery operating capital	-	-	-	75,097	75,097
Assigned for:					
Planning and development	-	-	967	-	967
Total fund balances	168,472	19,480	967	85,097	274,016
Total liabilities and fund balances	\$ 173,307	\$ 167,106	\$ 967	\$ 85,097	\$ 426,477

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CITY OF FAIRBURN, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue Funds			Permanent Fund	Total
	Confiscated	Grants	Development	Cemetery	Nonmajor
	Assets Fund	Fund	Authority Fund	Fund	Governmental Funds
REVENUES					
Intergovernmental	\$ -	\$ 615,526	\$ -	\$ -	\$ 615,526
Fines and forfeitures	38,666	-	-	-	38,666
Interest	264	-	-	210	474
Total revenues	38,930	615,526	-	210	654,666
EXPENDITURES					
Current					
Public safety	10,657	-	-	-	10,657
Public works	-	806,148	-	-	806,148
Culture and recreation	-	10,396	-	500	10,896
Total expenditures	10,657	816,544	-	500	827,701
Excess (deficiency) of revenues over (under) expenditures	28,273	(201,018)	-	(290)	(173,035)
Other financing sources:					
Transfers in	-	201,018	-	-	201,018
Total other financing sources	-	201,018	-	-	201,018
Net change in fund balances	28,273	-	-	(290)	27,983
FUND BALANCES, beginning of fiscal year, as restated	140,199	19,480	967	85,387	246,033
FUND BALANCES, end of fiscal year	\$ 168,472	\$ 19,480	\$ 967	\$ 85,097	\$ 274,016

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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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 24,000	\$ 24,000	\$ 38,666	\$ 14,666
Interest	300	300	264	(36)
Total revenues	<u>24,300</u>	<u>24,300</u>	<u>38,930</u>	<u>14,630</u>
EXPENDITURES				
Public safety	<u>40,650</u>	<u>40,650</u>	<u>10,657</u>	<u>29,993</u>
Net change in fund balances	(16,350)	(16,350)	28,273	44,623
FUND BALANCES, beginning of fiscal year	<u>140,199</u>	<u>140,199</u>	<u>140,199</u>	<u>-</u>
FUND BALANCES, end of fiscal year	<u>\$ 123,849</u>	<u>\$ 123,849</u>	<u>\$ 168,472</u>	<u>\$ 44,623</u>

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**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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 185,000	\$ 915,198	\$ 615,526	\$ (299,672)
Total revenues	185,000	915,198	615,526	(299,672)
EXPENDITURES				
Public works	539,500	1,299,896	806,148	493,748
Culture and recreation	-	-	10,396	(10,396)
Total expenditures	539,500	1,299,896	816,544	483,352
Deficiency of revenues under expenditures	(354,500)	(384,698)	(201,018)	183,680
Other financing sources:				
Transfers in	354,500	384,698	201,018	(183,680)
Total other financing sources	354,500	384,698	201,018	(183,680)
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of fiscal year	19,480	19,480	19,480	-
FUND BALANCES, end of fiscal year	<u>\$ 19,480</u>	<u>\$ 19,480</u>	<u>\$ 19,480</u>	<u>\$ -</u>

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**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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,300,000	\$ 3,300,000	\$ 2,605,990	\$ (694,010)
Total revenues	3,300,000	3,300,000	2,605,990	(694,010)
EXPENDITURES				
Capital outlay	3,614,500	3,889,500	3,551,814	337,686
Total expenditures	3,614,500	3,889,500	3,551,814	337,686
Deficiency of revenues under expenditures	(314,500)	(589,500)	(945,824)	(356,324)
Other financing sources:				
Capital leases	314,500	314,500	328,421	13,921
Transfers in	-	381,000	381,000	-
Total other financing sources	314,500	695,500	709,421	13,921
Net change in fund balances	-	106,000	(236,403)	(342,403)
FUND BALANCES, beginning of fiscal year	236,548	236,548	236,548	-
FUND BALANCES, end of fiscal year	<u>\$ 236,548</u>	<u>\$ 342,548</u>	<u>\$ 145</u>	<u>\$ (342,403)</u>

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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, 2015**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Tax revenue	\$ 975,000	\$ 982,661	\$ 888,565	\$ (94,096)
Interest	10,000	5,323	5,753	430
Total revenues	985,000	987,984	894,318	(93,666)
Expenditures				
Capital outlays	3,978,388	4,128,388	1,053,255	3,075,133
Bond issuance costs	125,000	125,000	-	125,000
Debt service - principal payments	405,000	405,000	405,000	-
Debt service - interest and fiscal charges	467,063	467,063	467,101	(38)
Total expenditures	4,975,451	5,125,451	1,925,356	3,200,095
Deficiency of revenues under expenditures	(3,990,451)	(4,137,467)	(1,031,038)	3,106,429
Other financing sources:				
Transfers in	955,000	2,255,000	2,155,000	(100,000)
Total other financing sources	955,000	2,255,000	2,155,000	(100,000)
Net change in fund balances	(3,035,451)	(1,882,467)	1,123,962	3,006,429
Fund balance, beginning of fiscal year	4,144,666	4,144,666	4,144,666	-
Fund balance, end of fiscal year	<u>\$ 1,109,215</u>	<u>\$ 2,262,199</u>	<u>\$ 5,268,628</u>	<u>\$ 3,006,429</u>

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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.

	<u>Page</u>
Financial Trends	65
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	70
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
Debt Capacity	75
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	80
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	83
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)**

	2015	2014 (Restated)	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Net investment in capital assets	\$ 17,754,866	\$ 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
Restricted	4,597,718	3,730,051	1,719,514	1,346,852	639,394	613,627	80,003	136,223	127,299	127,299
Unrestricted (deficit)	2,085,985	1,321,770	985,380	632,874	415,456	(169,035)	(209,590)	(176,511)	286,922	137,417
Total governmental activities net position	\$ 24,438,569	\$ 19,460,929	\$ 16,784,668	\$ 15,742,371	\$ 14,504,622	\$ 14,487,751	\$ 20,308,912	\$ 19,589,059	\$ 20,627,483	\$ 17,797,357
Business-type activities										
Net investment in capital assets	\$ 16,704,846	\$ 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
Restricted	4,979,523	3,178,531	471,521	607,292	1,344,040	65,200	480,215	3,169,261	521,835	3,175,590
Unrestricted	4,628,057	6,864,370	7,001,733	5,984,465	5,334,811	5,096,658	7,472,476	8,926,965	10,791,732	9,680,088
Total business-type activities net position	\$ 26,312,426	\$ 24,590,021	\$ 24,275,092	\$ 23,786,276	\$ 24,009,306	\$ 23,203,366	\$ 17,263,885	\$ 20,367,751	\$ 19,415,603	\$ 21,285,254
Primary government										
Net investment in capital assets	\$ 34,459,712	\$ 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
Restricted	9,577,241	6,908,582	2,191,035	1,954,144	1,983,434	678,827	560,218	3,305,484	649,134	3,302,889
Unrestricted	6,714,042	8,186,140	7,987,113	6,617,339	5,750,267	4,927,623	7,262,886	8,750,454	11,078,654	9,817,505
Total primary government net position	\$ 50,750,995	\$ 44,050,950	\$ 41,059,760	\$ 39,528,647	\$ 38,513,928	\$ 37,691,117	\$ 37,572,797	\$ 39,956,810	\$ 40,043,086	\$ 39,082,611

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

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CITY OF FAIRBURN, GEORGIA

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

	2015	2014	2013	2012	2011	2010	2009	2008 (1) (2)	2007 (2)	2006 (1)
Expenses										
Governmental activities:										
General government	\$ 2,394,281	\$ 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
Judicial	406,912	415,245	479,159	333,136	235,544	262,792	279,684	289,188	255,194	196,435
Public safety	6,322,171	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
Public works	2,540,254	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
Planning and development	455,175	464,196	366,955	367,715	327,158	433,145	584,404	405,233	525,973	717,057
Culture and recreation	512,178	371,838	298,124	252,863	228,225	270,198	80,226	24,180	-	-
Other	-	-	-	-	-	-	59,925	24,066	-	-
Interest on long-term debt	458,373	493,266	499,027	508,703	299,264	25,411	37,401	26,490	28,876	16,718
Total governmental activities expenses	13,089,344	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
Business-type activities:										
Electric	7,141,969	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
Water and Sewer	5,321,360	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
Educational Complex	1,146,332	1,014,781	999,890	1,237,275	593,658	685,977	666,067	110	-	-
Stormwater	724,079	673,145	597,486	613,722	571,291	549,079 (3)	-	-	-	-
Sanitation	635,480	675,849	580,521	561,649	559,011	580,516	618,527	766,875	689,203	737,006
Cable TV	-	-	-	-	-	-	-	-	654,148 (2)	1,958,708
Telecom	-	-	-	-	-	-	-	157,999 (2)	185,887	188,531
Total business-type activities expenses	14,969,220	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
Total primary government expenses	\$ 28,058,564	\$ 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
Program Revenues										
Governmental activities:										
Charges for services	\$ 2,714,155	\$ 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
Operating grants and contributions	19,076	69,451	42,793	15,270	19,265	19,265	424,049	154,562	95,897	223,606
Capital grants and contributions	3,221,515	1,401,684	558,236	1,318,074	280,000	-	-	-	-	-
Total governmental activities program revenues	5,954,746	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
Business-type activities:										
Charges for services	17,413,485	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
Capital grants and contributions	-	300,000	-	-	-	121,040	-	-	-	-
Total business-type activities program revenues	17,413,485	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
Total primary government program revenues	\$ 23,368,231	\$ 20,534,646	\$ 17,940,781	\$ 18,171,166	\$ 15,651,312	\$ 15,373,013	\$ 14,588,051	\$ 14,534,083	\$ 16,213,251	\$ 18,139,558

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CITY OF FAIRBURN, GEORGIA

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

	2015	2014	2013	2012	2011	2010 (3)	2009	2008 (1) (2)	2007 (2)	2006 (1)
Net (expense)/revenue										
Governmental activities	\$ (7,134,598)	\$ (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)
Business-type activities	2,444,265	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
Total primary government net (expense) revenue	\$ (4,690,333)	\$ (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)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 4,647,950	\$ 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
Sales and use taxes	3,762,572	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
Other taxes	2,764,043	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
Miscellaneous revenue	83,601	53,704	113,268	87,798	287,908	139,915	65,260	34,703	-	-
Unrestricted investment earnings	51,157	55,044	62,924	69,897	94,642	34,694	49,027	49,227	79,327	87,406
Gain on disposal of capital assets	52,915	416,474	-	-	-	-	-	-	-	-
Transfers	750,000	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
Total governmental activities	12,112,238	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
Business-type activities:										
Unrestricted investment earnings	28,140	6,044	11,100	34,490	9,838	27,686	87,501	416,809	575,362	421,907
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	(750,000)	(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)
Total business-type activities	(721,860)	(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)
Total primary government	\$ 11,390,378	\$ 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
Change in Net Position										
Governmental activities	\$ 4,977,640	\$ 4,082,703	\$ 1,042,297	\$ 1,469,566	\$ 16,871	\$ (234,536)	\$ 1,054,990	\$ (1,038,424)	\$ 2,830,126	\$ (696,458)
Business-type activities	1,722,405	499,654	488,816	548,265	805,940	(1,792,302)	(3,103,866)	(268,407)	(1,869,651)	3,730,580
Total primary government	\$ 6,700,045	\$ 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

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)**

	<u>2015</u>	<u>2014 (Restated)</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,610	\$ 86,290	\$ 157,421	\$ 41,364	\$ 90,016
Unreserved	-	-	-	-	-	72,001	(406,291)	(411,217)	168,052	16,127
Nonspendable	246,026	149,285	164,419	134,922	134,338	-	-	-	-	-
Restricted	149,740									
Unassigned	3,029,593	3,646,266	1,184,518	879,151	412,283	-	-	-	-	-
Total General Fund	<u>\$ 3,425,359</u>	<u>\$ 3,795,551</u>	<u>\$ 1,348,937</u>	<u>\$ 1,014,073</u>	<u>\$ 546,621</u>	<u>\$ 91,611</u>	<u>\$ (320,001)</u>	<u>\$ (253,796)</u>	<u>\$ 209,416</u>	<u>\$ 106,143</u>
All other governmental funds										
Reserved, Cemetery Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,762	\$ 8,003	\$ 199,089	\$ 131,590	\$ 127,299
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	538,818	39,161	136,223	36,764	(613)
Nonspendable	10,000	10,000	10,000	10,000	10,000	-	-	-	-	-
Restricted	5,531,677	4,616,280	6,464,093	8,113,648	10,390,989	-	-	-	-	-
Assigned	967	967	967	965	962	-	-	-	-	-
Unassigned (deficit)	145	-	(3,214)	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 5,542,789</u>	<u>\$ 4,627,247</u>	<u>\$ 6,471,846</u>	<u>\$ 8,124,613</u>	<u>\$ 10,401,951</u>	<u>\$ 614,580</u>	<u>\$ 47,164</u>	<u>\$ 335,312</u>	<u>\$ 168,354</u>	<u>\$ 126,686</u>

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. For 2014, the balances have been restated as a result of the change in reporting entity to move the activity of the Hotel/Motel Tax Fund into the General Fund. For further discussions, see footnote 18.

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)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	\$ 11,188,620	\$ 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
Licenses and permits	1,405,815	816,122	726,342	624,518	542,189	480,241	542,957	741,349	1,119,998	988,998
Intergovernmental	3,221,516	1,400,884	198,686	1,166,174	-	19,265	424,049	191,784	95,897	223,606
Fines and forfeitures	686,571	741,656	752,705	506,094	223,780	398,212	350,884	383,499	430,046	344,302
Charges for services	573,258	549,581	371,152	395,307	360,802	600,492	710,866	704,273	726,939	509,773
Interest income	51,157	55,044	62,924	69,897	94,642	34,694	49,027	49,227	79,417	87,406
Miscellaneous	151,187	149,041	519,487	116,628	287,854	142,495	-	-	-	-
Total revenues	<u>17,278,124</u>	<u>14,591,228</u>	<u>11,146,223</u>	<u>11,155,266</u>	<u>8,750,465</u>	<u>7,699,273</u>	<u>8,176,475</u>	<u>7,294,599</u>	<u>6,309,576</u>	<u>5,884,622</u>
Expenditures										
General government	2,410,195	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
Judicial	411,394	415,172	472,604	332,565	235,544	262,792	279,684	289,188	255,194	196,435
Public safety	6,143,312	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
Public works	2,363,652	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
Planning and development	486,107	461,352	365,540	368,225	327,158	433,145	584,404	405,233	525,973	717,057
Culture and recreation	351,519	299,003	225,307	192,905	165,690	209,493	79,287	24,180	-	64,117
Other	-	-	-	-	-	-	59,925	24,066	-	-
Capital outlay	4,605,059	3,903,395	2,513,359	2,794,532	219,133	-	-	-	-	-
Debt service										
Principal	619,425	622,796	651,801	130,540	160,690	223,196	296,729	306,564	267,780	195,168
Interest	473,437	490,547	505,602	511,360	134,223	25,411	37,401	26,490	28,876	16,718
Bond issuance costs	-	-	-	-	409,485	-	-	-	-	-
Total expenditures	<u>17,864,100</u>	<u>16,392,149</u>	<u>14,122,530</u>	<u>14,524,040</u>	<u>10,728,058</u>	<u>10,994,659</u>	<u>13,076,242</u>	<u>11,293,778</u>	<u>12,953,109</u>	<u>9,077,297</u>
Excess (deficiency) of revenues over (under) expenditures	(585,976)	(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)
Other financing sources (uses)										
Bonds issued	-	-	-	-	10,415,000	-	510,000	241,958	184,781	385,964
Original bond premium	-	-	-	-	36,234	-	-	-	-	-
Capital leases	328,421	371,613	228,424	367,888	-	123,000	-	-	-	-
Proceeds from sale of capital assets	52,915	487,338	39,345	-	3,740	-	-	-	-	-
Transfers in	3,987,018	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
Transfers out	(3,237,018)	(1,672,156)	(226,625)	(159,000)	(1,467,866)	(53,513)	(115,287)	(473,305)	-	-
Total other financing sources (uses)	<u>1,131,336</u>	<u>2,402,936</u>	<u>1,658,404</u>	<u>1,558,888</u>	<u>12,219,974</u>	<u>3,812,629</u>	<u>5,108,580</u>	<u>3,546,896</u>	<u>6,788,474</u>	<u>2,257,566</u>
Net change in fund balances	<u>\$ 545,360</u>	<u>\$ 602,015</u>	<u>\$ (1,317,903)</u>	<u>\$ (1,809,886)</u>	<u>\$ 10,242,381</u>	<u>\$ 517,243</u>	<u>\$ 208,813</u>	<u>\$ (452,283)</u>	<u>\$ 144,941</u>	<u>\$ (935,109)</u>
Debt service as a percentage of noncapital expenditures	8.53%	9.22%	9.97%	5.47%	2.35%	2.35%	3.12%	3.26%	3.25%	2.79%

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

Notes: (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
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
2015	4,647,950	3,762,572	449,619	1,088,695	702,662	232,352	207,009	83,706	11,174,565

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.

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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			
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%
2014	342,544,370	856,360,925	326,561,200	816,403,000	14,072,114	35,180,285	683,177,684	1,707,944,210	9.82	40%	12.25%

Source: City of Fairburn Finance Department

Notes:

- (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)

Tax Digest Year	Direct Rates			Overlapping Rates			Total Direct and Overlapping Millage Rate
	City of Fairburn			State of Georgia	Fulton County	County School System	
	Operating Millage	Debt Service	Total				
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
2014	8.10	1.72	9.82	0.15	10.48	18.50	38.95

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT AND NINE FISCAL YEARS AGO

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Ralston/Nestle Purina Petcare Comp	\$ 30,782,460	1	6.35%	\$ -	-	-
Development Authority of Fulton Co	17,755,440	2	3.66%	-	-	-
Owens Corning	16,308,470	3	3.36%	-	-	-
DCT Southcreek Eagles Landing	9,439,880	4	1.95%	3,607,200	6	1.67%
USF Propco II LPC	8,244,080	5	1.70%	-	-	-
Patrician CF LLC	7,489,384	6	1.54%	-	-	-
CFI Harbor Lakes LLC	6,401,520	7	1.32%	-	-	-
Electrolux Home Products	4,402,920	8	0.91%	-	-	-
EXEL Logistics	4,252,890	9	0.88%	-	-	-
MOBIS Parts America LLC	3,939,210	10	0.81%	-	-	-
AJT Acquisitions	-	-	-	7,900,820	1	3.65%
Strack Family LLC	-	-	-	7,619,550	2	3.52%
Porex, Inc	-	-	-	7,405,170	3	3.42%
SV Atlanta Southcreek III	-	-	-	6,594,840	4	3.05%
Peachtree Landing LLC	-	-	-	5,626,790	5	2.60%
Eagles Landing LLC	-	-	-	3,174,920	7	1.47%
International Truck and Engine	-	-	-	2,472,730	8	1.14%
Comcast Georgia	-	-	-	2,376,910	9	1.10%
W&W Realty LLP	-	-	-	2,087,240	10	0.96%
All Others	375,840,996		77.52%			
Totals	<u>\$ 484,857,250</u>		<u>100.00%</u>	<u>\$ 48,866,170</u>		<u>17.26%</u>

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
2005	\$ 956,255	\$ 919,386	96.14%	\$ 33,985	\$ 953,371	\$ 2,884	0.30%	5.45	\$ 1,251,042
2006	1,141,681	1,097,286	96.11%	41,273	1,138,559	3,122	0.27%	5.00	1,443,222
2007	1,309,390	1,257,805	96.06%	47,487	1,305,292	4,098	0.31%	5.00	1,442,080
2008	2,266,532	2,202,345	97.17%	56,787	2,259,132	7,400	0.33%	5.00	1,449,755
2009	2,966,005	2,814,985	94.91%	130,782	2,945,767	20,238	0.68%	5.00	1,287,811
2010	4,074,329	3,933,168	96.54%	113,732	4,046,900	27,429	0.67%	7.50	1,315,932
2011	4,491,344	4,406,360	96.54%	54,697	4,461,057	30,287	0.67%	9.93 (1)	1,414,814
2012	4,616,738	4,492,199	97.30%	103,000	4,595,199	21,538	0.47%	9.98 (2)	1,416,172
2013	4,762,586	4,187,985	87.94%	550,974	4,738,959	23,627	0.50%	9.70 (3)	3,415,848
2014	4,569,262	4,520,945	98.94%	-	4,520,945	48,316	1.06%	9.82	3,762,572 (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
- (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
- (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
- (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

Fiscal Year	Governmental Activities					Business-type Activities									
	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	
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	-	14,974,792	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	
2015	9,240,289	738,226	777,814	0.59%	731	14,101,806	-	14,318,621	1,694,455	-	-	36,005,849	13.05%	2,629	

Source: City of Fairburn Finance Department

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CITY OF FAIRBURN, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT SEPTEMBER 30, 2015

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			
Certificates of Participation	\$ 80,440,000	1.284%	\$ 1,032,850
Economic Recovery Zone Bonds	25,136,000	1.284%	322,746
Fulton County Board of Education			
General Obligation Bonds	71,840,000	1.284%	922,426
	177,416,000		2,278,021
City of Fairburn, Georgia			
2011 General Obligation Bonds	9,240,289	100.00%	9,240,289
Capital leases	777,814	100.00%	777,814
Total Direct Debt	10,018,103		10,018,103
Total direct and overlapping debt	\$ 187,434,103		\$ 12,296,124

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
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
2015	683,177,684	10%	68,317,768	9,240,289	59,077,479

Source: City of Fairburn Finance Department

Note: (1) The City of Fairburn had no general obligation bonds outstanding during fiscal years 2006 - 2010.

CITY OF FAIRBURN, GEORGIA

PLEGGED 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			Coverage
				Principal	Interest (1)	Total	
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
2015	15,345,708	9,822,190	5,523,518	-	489,612	489,612	11.28

Source: City of Fairburn Finance Department

Notes: 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

PLEGGED REVENUE BOND COVERAGE - EDUCATIONAL COMPLEX FUND EDUCATIONAL COMPLEX REVENUE BONDS - SERIES 2011 AND 2008 LAST SEVEN FISCAL YEARS

Fiscal Year	Operating Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2015	537,314	134,427	402,887	375,000	632,875	1,007,875	0.40

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)
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
2015	13,696	276,001,792	20,152	32.0	12	4,822	7.40

Notes:

(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)

Employer	2015		2006	
	Number of Employees	Rank	Number of Employees	Rank
U.S. Food Services	664	1	756	1
Porex Corporation	340	2	272	4
Nestle Purina Petcare Co.	339	3		
Exel Logistics	328	4		
Owen's Corning	286	5		
New Breed Logistics, Inc	233	6		
DSC Logistics, Inc.	183	7		
LTI Flexible Products	160	8		
Adesa Atlanta, LLC	147	9	180	5
Strack, Inc.	105	10	300	3
Reynolds, Inc			750	2
Newnam Trading Company, Inc.			100	6
Estex Manufacturing Co., Inc.			100	7
Fairburn Healthcare			98	8
Kingswere Furniture LLC			75	9
Georgia Renaissance Vendors			64	10

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA

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

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Administrative	28	27	28	35	26	26	23	27	27	29
Police	35	41	35	31	33	36	45	37	37	43
Fire	28	41	28	47	44	43	44	44	44	45
Streets, Parks, and Recreation	11	11	11	13	15	13	14	13	12	17
E-911 (1)	9	10	9	10	8	2	-	-	-	-
Electric	5	7	5	9	8	9	8	10	9	10
Water and Sewer	4	4	4	5	4	6	6	6	8	8
Cable (2)	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>122</u>	<u>143</u>	<u>122</u>	<u>150</u>	<u>138</u>	<u>135</u>	<u>140</u>	<u>137</u>	<u>137</u>	<u>152</u>

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical Arrests	699	700	779	614	514	605	1,485	967	1,268	633
Traffic Violations	3,169	2,810	2,519	1,136	1,725	2,081	2,428	5,455	4,640	3,982
Fire										
Number of Calls Answered	922	1,739	1,707	1,786	1,655	1,855	2,020	2,078	2,168	2,414
Inspections	-	36	510	420	258	573	496	673	723	990
Highways and Streets										
Streets Resurfaced (miles)	1.00	-	1.00	0.45	0.44	1.00	-	2.12	4.50	1.94
Potholes Repaired	32	38	44	48	79	66	88	99	90	100
Sanitation										
Refuse Collected (tons/day)	2,772	3,416	3,094	5,806	4,310	3,567	6,030	3,599	3,661	3,661
Recyclables Collected (tons/day)	192	181	135	243	145	119	598	622	637	650
Water										
Water Mains (miles)	56.0	90.5	90.5	91.5	91.6	91.6	91.9	92.2	93.1	70.9
Fire Hydrants	717	767	900	900	900	900	903	903	903	826
Water Main Breaks	12	8	10	6	8	20	15	10	6	6
Average Daily Consumption (thousands of gallons)	851	875	776	791	835	778	811	817	845	807
Wastewater and Sewer										
Stormwater system (miles)	24.60	36.00	37.25	37.25	37.25	37.98	38.21	38.45	38.45	36.76
Sanitary system (miles)	65.00	68.00	69.00	69.00	69.00	69.00	69.00	69.00	69.00	62.00
Average Daily Sewage Treatment (thousands of gallons)	**	**	**	**	**	**	**	**	**	**
Public Safety										
Fire Stations	1	2	2	2	2	2	2	2	2	2
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	27	35	35	40	40	41	45	33	62	50
Highways and Streets										
Miles Paved	72.1	95.2	96.5	96.5	96.5	96.5	96.8	96.8	96.8	96.8
Miles Unpaved	2.0	2.6	2.6	2.6	3.0	3.0	3.0	3.0	3.0	3.0
Street Lights	660	694	694	695	695	695	702	709	712	712
Caution Lights	1	4	2	2	1	1	1	1	1	1
Electric										
Lines (miles)	61	79	79	79	79	79	79	79	79	81
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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water										
Water Mains (miles)	56	90.5	90.5	91.5	91.6	91.6	91.9	91.9	91.9	70.9*
Fire Hydrants	717	767	900	900	900	900	903	903	903	826**
Water Main Breaks	12	8	10	6	8	20	15	15	6	6
Wastewater and Sewer										
Stormwater system (miles)	24.6	36	37.25	37.25	37.25	37.98	38.21	38.21	38.21	36.76
Sanitary system (miles)	65	68	69	69	69	69	69	69	69	62
Public Safety										
Fire Stations	1	2	2	2	2	2	2	2	2	2
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	27	35	35	40	40	41	45	33	62	50
Highways and Streets										
Miles Paved	72.1	95.2	96.5	96.5	96.5	96.5	96.5	96.5	96.8	96.8
Miles Unpaved	2	2.6	2.6	2.6	3	3	3	3	3	3
Street Lights	660	694	694	695	695	695	702	712	712	712
Caution Lights	1	4	2	2	1	1	1	1	1	1
Electric										
Lines (miles)	61	79	79	79	79	79	79	79	79	81
Number of substations	1	1	1	2	2	2	2	2	2	2
Number of service connections	2,961	2,980	2,969	2,966	2,928	2,865	2,902	2,955	3,183	3,153
Culture and recreation										
Parks acreage	2	2	2	2	2	2	142	144	144	144
Parks	1	1	1	1	1	1	1	2	2	2
Community centers	0	1	1	1	1	1	1	1	1	1

Source: City of Fairburn Finance Department

n/a - Information not available.

* - Previous reports included City of Atlanta and private lines

** - 826 hydrants in G.I.S inventory

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