

CITY OF FAIRBURN GEORGIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

*FISCAL YEAR ENDED
SEPTEMBER 30, 2019*

**CITY OF FAIRBURN, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED
 SEPTEMBER 30, 2019**

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INTRODUCTORY SECTION
(Unaudited)

March 23, 2020

The Honorable Elizabeth Carr-Hurst, Mayor
Members of the Fairburn City Council
and Citizens of the City of Fairburn

Dear Mayor, Council Members and Citizens:

The Comprehensive Annual Financial Report (CAFR) of the City of Fairburn, GA for the fiscal year ended September 30, 2019, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge, the enclosed data are accurate in all material aspects and fairly present the financial position and results of operations of the City. All disclosures necessary to enable interested citizens to gain a reasonable understanding of the City's financial affairs are included.

To provide a reasonable basis for making its representations, management has established a comprehensive framework of internal controls surrounding the accounting system. Internal accounting controls are designed to provide a reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In compliance with state laws requiring an annual audit by independent certified public accountants, the financial statements for the fiscal year ended September 30, 2019, were audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of an independent audit is to provide reasonable assurance that the financial statements are free of material misstatements. The audit involved performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and evaluating the risks of material misstatement whether due to fraud or error. Mauldin & Jenkins rendered an unmodified opinion and it is included in this report. Their audit was conducted in accordance with auditing standards generally accepted in the United States of America and with Government Auditing Standards issued by the Comptroller of the United States of America. An unmodified opinion indicates that the audit did not disclose any conditions that would cause the basic financial statements not to be fairly presented in all material aspects. The independent auditor's report can be found at the beginning of the financial section.

CITY OF FAIRBURN

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Fairburn's MD&A can be found immediately following the independent auditor's report.

Profile of the City of Fairburn

The territory on which the City of Fairburn was originally located was acquired by the State of Georgia from the Creek 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 began with the construction of the Atlanta and West Point Railroad in 1854. The City of Fairburn was incorporated on 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, from 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.

City Administration and Officials

The City of Fairburn operates as a Mayor/Council form of government with a City Administrator. The Mayor and six council members are part-time employees. The Mayor, while a part-time employee, is also the City's Chief Executive Officer. A full-time City Administrator is appointed by and serves at the pleasure of the Mayor and Council and is responsible for carrying out their policy directives and managing the day-to-day operations of the City.

The Mayor and City Council are elected by the entire City and serve "at large" rather than representing various districts. Each year at the first regularly scheduled meeting in January, the Council elects a Mayor Pro Tem from among its members. Fairburn's Mayor Pro Tem assumes all duties and powers of the Mayor during the Mayor's absence or disability. The Mayor and Council Members serve four-year staggered terms.

The Mayor presides at all meetings of the City Council; however, the Mayor can only cast tie-breaking votes.

It is the responsibility of the Fairburn City Council to set policy for City operations, to set millage rates for property taxes, to approve a balanced budget for the City's operations, to pass ordinances and to hear and act on requests for rezoning and annexation.

The Code for the State of Georgia requires the City to adopt by local resolution an annual balanced budget. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function and department and is closely monitored throughout the year. All activities of the City including: the general fund, the special revenue funds, the debt service fund, the capital project funds and enterprise funds are included in the annual budget. The

City's legal level of control is at the department level. Administrative budgetary control; however, is maintained at the line item level. As conditions change, the budget process allows for transfers and amendments. Transfers of funds less than \$1,000 within a department may be authorized by the budget officer to meet unforeseen needs without Council action. Transfers of funds greater than \$1,000 within a department are authorized by the Mayor and City Administrator. Increases in departmental or fund appropriations (amendments) are approved by the Council.

City Services

The City of Fairburn provides a range of municipal government services to its residents including: police and fire protection; planning and engineering; code enforcement; street maintenance; municipal court; traffic control and park operations and maintenance.

In addition, electric, water, sewer and storm water services are provided to residents by the City and are primarily financed by charges to the customers of the related service. Solid waste collection and disposal services are offered to the citizens through a contractual agreement.

Local Economy

As a part of the Atlanta Metropolitan 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 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 be the largest dry pet food manufacturing facility in the world. Owens-Corning and Porex celebrated their 40th and 50th anniversaries, respectively, during this decade. These businesses remain some of the region's largest employers.

We're also home to many regional distribution facilities, including US Foods, Pittsburgh Paint & Glass, Toto, Duracell/Sonoco/DHL; Google; 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. It is because of these amenities that Fairburn continues to attract large industrial warehouse users. And to ensure City residents and others in South Fulton have access to the employment opportunities these companies provide, the City's strategic investment in the Fairburn Educational Campus aims to create a qualified

workforce to meet the employment needs of its business sector. The Fairburn Educational Campus is home to two educational institutions; Brenau University South and Georgia Military College.

The City has seen several signs that the local economy is growing and thriving. The collection of City revenues has increased by 57% over the last five years. In addition, the City continues to focus on plans for residential and economic growth. Retail sales are also steadily increasing as evidenced by the growth in the Local Option Sales Taxes; 27% over fiscal year 2014 which is when the City of Fairburn's allocation increased due to an increase in the City's population (40% increase since 2010). New home permits have increased 266% over the last 5 years.

The City's proximity to Pinewood Atlanta Studio in adjoining Fayette County and Atlanta Metro Studios in Union City bodes well for future economic development. Fairburn's State Road (SR) 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 strives to capitalize on the ever-expanding film industry and associated careers by teaming with our local colleges to offer training in these fields.

Fairburn continues to be the home of 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 250,000 visitors annually. As part of Fairburn's marketing strategy, the City looks to partner with the Renaissance Festival to capture some of the tourism dollars this event generates.

The City has been building upon its inherent strengths in areas such as location, transportation, infrastructure and partnerships. Overall, the City's economic development, both residential and commercial/industrial, is on the upswing. The unemployment rate is declining (24%) and our population is steadily increasing indicating that the City has a solid base to its financial position. The increase in revenue in conjunction with the reduction in spending has enabled the City to remain consistent with the services offered to its citizens and has allowed the City to remain fiscally strong.

Long-Term Financial Planning

The City's transportation improvements will be funded with the 2016 Transportation Special Purpose Local Option Sales Tax (TSPLOST). On November 8, 2016, voters approved the TSPLOST. This seventy-five cents sales tax program can only be spent on transportation improvements; such as roads, bridges, sidewalks, bicycle paths and signal lights. The TSPLOST will be collected from April 1, 2017 to March 30, 2022 or until a maximum of \$655 million is reached by Fulton County. The City anticipates collecting a minimum of \$13,751,484 over the 5-year life of the program.

The Government Finance Officers Association recommends an unassigned general fund balance of at least two months of expenditures for governments. Two months of expenditures for the City of Fairburn is 17% of total expenditures. The Mayor and Council approved a policy to maintain a general fund balance of 20-30% of expenditures. Currently the City of Fairburn has 79% of expenditures in unassigned general fund balance. The City of Fairburn is placing an emphasis on financial stability which includes increasing revenues, reducing expenditures and minimizing debt.

The City has devoted attention to the redevelopment of various areas of the City. The City is also focused on developing the SR 74 corridor. Attracting more restaurants and businesses for both the downtown area and the SR 74 corridor are top priorities.

Relevant Financial Policies

The City of Fairburn operates under a set of fiscal policies to ensure the City is financially sound. These policies cover five financial areas: 1) budget, 2) capital, 3) revenue, 4) fund balance and 5) debt. Below is a summary of those policies which are relevant to understanding the financial statements and the financial condition of the City.

1. The City of Fairburn will finance all current expenditures with current revenues. Fairburn will avoid balancing current expenditures through the obligation of future resources. The City will adopt a balanced annual operating budget each year.
2. Capital budgeting is essential and prevents excessive costs in any one budget year. Capital purchases maintains the City's infrastructure. The City continued a multi-year initiative to resurface roads, build sidewalks, upgrade/replace traffic control devices and other transportation related purposes. Capital transportation projects are currently funded by the 2016 TSPLOST.
3. The City of Fairburn has a stable and diversified revenue structure. Revenues that are unique to a particular year and are considered one-time are not used for ongoing expenditures.
4. Fairburn strives to maintain an unassigned General Fund balance of at least 20-30% of expenditures to offset potential economic downturns and to ensure sufficient resources for current liabilities. Unassigned fund balances will only be used for one-time expenditures and not recurring operating expenditures.

Major Initiatives

The City is committed to promoting community development and improving the infrastructure. Among the City's top priorities is the redevelopment of various areas within the City including the downtown area and the SR 74 corridor. To address some of the priorities of the City, the citizens of Fairburn approved a 2016 TSPLOST to fund various transportation projects over the course of five years. The fiscal year 2019 projects included: 1) resurfacing and reconstructing roads, 2) installing sidewalks, 3) installing roadway lighting, 4) installing medians 5) constructing new roads and 6) installation of handicap ramps.

Other initiatives included the completion of the Gateway Project which was a joint venture with Union City to upgrade the pedestrian facilities at the intersection of SR 14/US 29 and SR 138. The project included enhancements such as a pedestrian plaza with decorative pavers, a seat wall, gateway signage and landscaping as well as a bus pull out lane.

The design for the Park and Ride lot was completed and construction began. Future expansion will include bus pull outs and shelters. The project will relieve traffic on SR 74 during peak hours.

Fairburn continues to improve and upgrade its public infrastructure with projects including the Frankie Mae Arnold Stage and Courtyard in the downtown area. The City constructed four fishing/viewing docks at Duncan Park. Security cameras were added to the Park as well as fencing around the basketball courts. City Hall, Municipal Court and the police station were renovated.

The City began the process of migration the software program utilized by utilities to place them on the same software as the Finance Department. The migration will prevent the Finance Department from re-entering information from one system into another and increasing the risk for human error. It will also provide real-time information.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairburn for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017. This was the thirtieth consecutive year and the thirty-third time that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for one year. We believe that our fiscal year (FY) 2018 CAFR as well as the FY 2019 CAFR continues to meet the Certificate of Achievement Program's requirements and we have submitted the FY 2018 CAFR and we are submitting the FY 2019 CAFR to GFOA to determine their eligibility for certificates. The results from the FY 2018 audit are not currently available due to the backlog at GFOA.

The preparation of this report was accomplished with the dedicated efforts of the Finance Department staff and through the cooperation of all City departments. We appreciate the dedication and support of each staff member for the contributions made in the preparation of this report. We would also like to thank the Mayor and City Council for the support and guidance they have given us in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,

Angela Jackson

Angela Jackson
Finance Director



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, 2017

Christopher P. Morrell

Executive Director/CEO

**CITY OF FAIRBURN, GEORGIA
CITY OFFICIALS
SEPTEMBER 30, 2019**

CITY COUNCIL

Elizabeth Carr-Hurst, Mayor
Linda J. Davis- Mayor Pro Tem
Alex Heath
Hattie Portis-Jones
Pat Pallend
Ulysses Smallwood
James Whitmore

CITY ADMINISTRATOR

Dennis Stroud

CITY CLERK

Arika Birdsong-Miller

HUMAN RESOURCE DIRECTOR

Linda Johnson

FINANCE DIRECTOR

Angela Jackson

CHIEF OF POLICE

Stoney Mathis

FIRE CHIEF

Cornelius Robinson

COMMUNITY DEVELOPMENT DIRECTOR

Lester Thompson

INTERIM UTILITY DIRECTOR

Lee Hauesler

BUILDING INSPECTOR

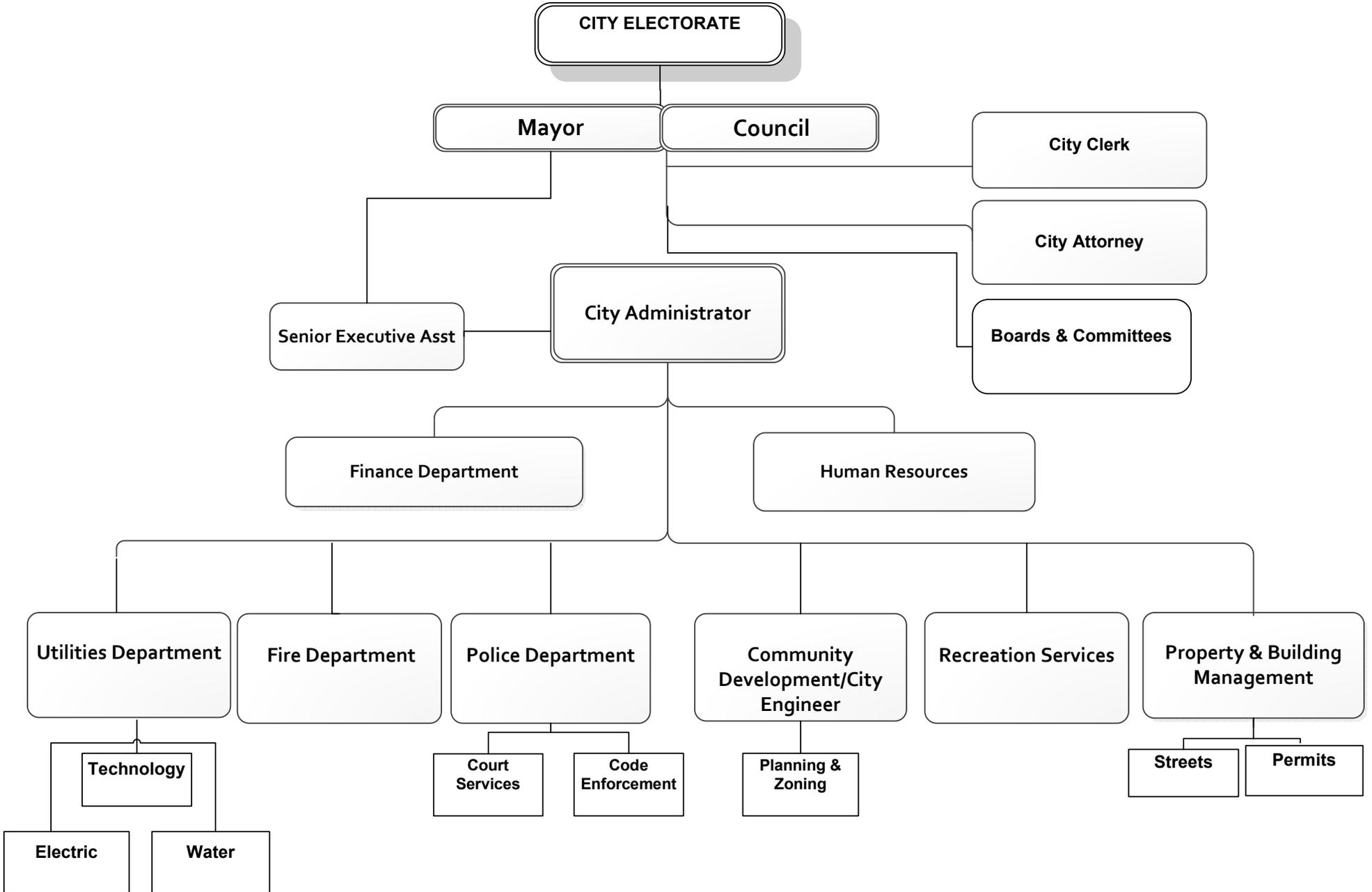
Harvey Stokes

CITY ATTORNEYS

Turner, Ross, Germain, LLC

City of Fairburn, Georgia

ORGANIZATIONAL CHART



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Fairburn, Georgia** (the "City") as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Fairburn, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairburn, Georgia, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, and the Schedule of City Contributions on pages (4 through 15 and pages 58 and 59, respectively) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairburn, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of projects constructed with transportation special purpose local option sales tax proceeds, and introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, and the schedule of projects constructed with transportation special purpose local option sales tax proceeds (collectively the “supplementary information”) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2020 on our consideration of the City of Fairburn, Georgia’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the City of Fairburn, Georgia’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fairburn, Georgia’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 23, 2020

City of Fairburn, Georgia
Management's Discussion and Analysis
September 30, 2019

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, 2019. 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 2019 are as follows:

- The assets and deferred outflows of resources for the City of Fairburn exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$79,646,701 (net position). Of this amount, \$45,901,963 is invested in capital assets, net of related debt; \$4,828,108 is restricted; and \$28,916,630 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 \$12,087,107 as compared to an increase of \$7,231,193 in the prior fiscal year.
- At the end of the current fiscal year, total fund balance for the General Fund was \$11,733,431, an increase of \$4,113,762 over the prior fiscal year.
- Transfers from Enterprise Funds for General Fund operations were \$1,246,992 and \$1,491,643 in fiscal 2019 and 2018, 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.

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.

City of Fairburn, Georgia
Management's Discussion and Analysis
September 30, 2019

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 16 and 17.

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 20, 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 18 and 19.

City of Fairburn, Georgia
Management's Discussion and Analysis
September 30, 2019

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 22 - 24.

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 16 and 17):

City of Fairburn Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 18,440,927	\$ 13,866,285	\$ 24,262,454	\$ 20,876,373	\$ 42,703,381	\$ 34,742,658
Capital assets, net	34,791,383	32,417,737	38,451,867	39,369,048	73,243,250	71,786,785
Total assets	53,232,310	46,284,022	62,714,321	60,245,421	115,946,631	106,529,443
Deferred outflows of resources	1,404,264	1,541,710	1,638,044	1,919,998	3,042,308	3,461,708
Liabilities:						
Other liabilities	2,573,326	3,893,612	5,028,764	4,160,435	7,602,090	8,054,047
Long-term liabilities	8,125,904	9,054,412	22,312,109	24,220,449	30,438,013	33,274,861
Total liabilities	10,699,230	12,948,024	27,340,873	28,380,884	38,040,103	41,328,908
Deferred inflows of resources	1,196,670	1,017,897	105,465	84,752	1,302,135	1,102,649
Net position:						
Net investment in capital assets	27,918,745	25,016,287	17,983,218	17,683,581	45,901,963	42,699,868
Restricted	3,673,598	2,367,845	1,154,510	1,119,371	4,828,108	3,487,216
Unrestricted	11,148,331	6,475,679	17,768,299	14,896,831	28,916,630	21,372,510
Total net position	\$ 42,740,674	\$ 33,859,811	\$ 36,906,027	\$ 33,699,783	\$ 79,646,701	\$ 67,559,594

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Financial Position

The total net position of the City increased \$12,087,107 or 17.89%, from \$67,559,594 to \$79,646,701 as noted in the following table.

City of Fairburn Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 4,207,409	\$ 2,936,355	\$ 19,039,757	\$ 18,412,160	\$ 23,247,166	\$ 21,348,515
Capital grants and contributions	4,254,341	3,208,554	1,090,640	1,162,300	5,344,981	4,370,854
General revenues:						
Property taxes	6,554,283	5,179,553	-	-	6,554,283	5,179,553
Sales taxes	4,343,841	4,063,620	-	-	4,343,841	4,063,620
Franchise taxes	1,215,781	951,504	-	-	1,215,781	951,504
Other taxes	1,993,682	1,874,092	-	-	1,993,682	1,874,092
Miscellaneous	101,787	59,186	-	-	101,787	59,186
Gain on sale of capital assets	-	-	31,274	-	31,274	-
Unrestricted investment earnings	324,509	27,150	51,258	14,796	375,767	41,946
Total revenues	22,995,633	18,300,014	20,212,929	19,589,256	43,208,562	37,889,270
Expenses:						
General government	3,483,825	3,354,065	-	-	3,483,825	3,354,065
Judicial	528,341	432,718	-	-	528,341	432,718
Public safety	7,084,748	6,637,237	-	-	7,084,748	6,637,237
Public works	1,874,254	2,007,720	-	-	1,874,254	2,007,720
Culture and recreation	811,373	874,273	-	-	811,373	874,273
Planning and development	727,888	609,865	-	-	727,888	609,865
Interest on long-term debt	363,333	478,766	-	-	363,333	478,766
Electric	-	-	8,032,839	7,683,352	8,032,839	7,683,352
Water & sewer	-	-	6,311,072	5,954,189	6,311,072	5,954,189
Education complex	-	-	966,323	1,179,563	966,323	1,179,563
Stormwater	-	-	274,249	712,463	274,249	712,463
Sanitation	-	-	663,210	733,866	663,210	733,866
Total expenses	14,873,762	14,394,644	16,247,693	16,263,433	31,121,455	30,658,077
Increase in net position before transfers	8,121,871	3,905,370	3,965,236	3,325,823	12,087,107	7,231,193
Transfers	758,992	762,000	(758,992)	(762,000)	-	-
Changes in net position	8,880,863	4,667,370	3,206,244	2,563,823	12,087,107	7,231,193
Net position, beginning of fiscal year	33,859,811	29,192,441	33,699,783	31,135,960	67,559,594	60,328,401
Net position, end of fiscal year	\$ 42,740,674	\$ 33,859,811	\$ 36,906,027	\$ 33,699,783	\$ 79,646,701	\$ 67,559,594

City of Fairburn, Georgia
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Governmental Activities

Net position for governmental activities increased \$8,880,863 or 26.23%. Total governmental revenues increased \$4,695,619 or 25.66%. Charges for services increased \$1,271,054 or 43.29% primarily from increases in license and permitting fees. Capital grants and contributions increased \$1,045,787 or 32.59% as a result of a \$725,540 increase in TSPLOST allocations along with increases from additional infrastructure improvements funded by intergovernmental agreements with the South Fulton Community Improvement District. Property taxes increased \$1,374,730 or 26.54% as assessed values for real property continue to rise in Fulton County. Sales taxes increased \$280,221 or 6.9% along with general increases in retail activity. Franchise taxes increased \$264,277 or 27.77% as the state and local economy continue to grow.

Overall expenses for governmental activities increased \$479,118 or 3.33%. General government, judicial, public works, and culture and recreation had modest increases or decreases based on dollar or percentage values. Public safety expenses increased \$447,511 or 6.74% primarily from increases in police salaries and benefits. Planning and development expenses increased \$118,023 primarily from general increases in expenses and a change in policy for allocating expenses to the Stormwater Fund. Interest on long term debt decreased \$115,433 as principal balances decreased along with the benefits of debt refinancing done in fiscal 2018.

Business-Type Activities

Net position for business type activities increased \$3,206,244 or 9.51% from the prior fiscal year. The activities of each enterprise fund are discussed below.

Electric Fund. Electric revenues increased \$294,935 or 3.14%. Overall expenses increased \$344,505 or 4.49%. General operating expenses increased \$225,012 or 24.16% primarily from increases in staffing levels. Transfers to meet General Fund obligations were \$700,000 and \$750,000 for 2019 and 2018, respectively.

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>	
OPERATING REVENUES					
Charges for sales and services / miscellaneous	\$ 9,693,920	\$ 9,398,985	\$ 294,935	3.14	%
OPERATING EXPENSES					
Cost of sales and services	6,503,464	6,403,759	99,705	1.56	
General operating expenses	1,156,374	931,362	225,012	24.16	
Depreciation and amortization	363,905	344,117	19,788	5.75	
Total operating expenses	<u>8,023,743</u>	<u>7,679,238</u>	<u>344,505</u>	<u>4.49</u>	
Operating income	<u>1,670,177</u>	<u>1,719,747</u>	<u>(49,570)</u>	<u>(2.88)</u>	
NON OPERATING REVENUES (EXPENSES)					
Interest income	139	-	139	-	
Interest expense	(9,096)	(4,114)	(4,982)	121.10	
Gain on sale assets	31,274	-	31,274	-	
Total non operating revenues (expenses)	<u>22,317</u>	<u>(4,114)</u>	<u>26,431</u>	<u>121</u>	
Transfers in (out)	<u>(700,000)</u>	<u>(750,000)</u>	<u>50,000</u>	<u>(6.67)</u>	
Change in net position	<u>\$ 992,494</u>	<u>\$ 965,633</u>	<u>\$ 26,861</u>	<u>2.78</u>	%

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Water and Sewer Fund. Operating income for the Water and Sewer fund was \$2,566,094 for fiscal year 2019 compared to \$2,591,724 in the prior fiscal year, a decrease of \$25,630 or less than 1%. Revenues and expenses increased \$274,715 and \$300,345, respectively, as the system added new customers. Transfers to meet General Fund obligations were \$450,000 for 2019 and 2018. This fund made an additional transfer of \$307,898 to the Educational Complex Fund to meet the obligations of that fund.

Water and Sewer, Summary of Changes in Net Position

	2019	2018	\$ Change	% Change
OPERATING REVENUES				
Charges for sales and services	\$ 7,251,522	\$ 6,976,807	\$ 274,715	3.94 %
OPERATING EXPENSES				
Cost of sales and services	2,905,044	2,616,326	288,718	11.04
General operating expenses	1,040,139	1,030,193	9,946	0.97
Depreciation and amortization	740,245	738,564	1,681	0.23
Total operating expenses	<u>4,685,428</u>	<u>4,385,083</u>	<u>300,345</u>	<u>6.85</u>
Operating income	<u>2,566,094</u>	<u>2,591,724</u>	<u>(25,630)</u>	<u>(0.99)</u>
NON OPERATING REVENUES (EXPENSE)				
Interest income	42,440	13,652	28,788	210.87
Interest expense	<u>(1,625,644)</u>	<u>(1,569,106)</u>	<u>(56,538)</u>	<u>3.60</u>
Total non-operating revenue (expenses)	<u>(1,583,204)</u>	<u>(1,555,454)</u>	<u>(27,750)</u>	<u>1.78</u>
Capital contributions - tap fees	<u>1,090,640</u>	<u>1,162,300</u>	<u>(71,660)</u>	<u>(6.17)</u>
Transfers in (out)	<u>(757,898)</u>	<u>(450,000)</u>	<u>(307,898)</u>	<u>68.42</u>
Change in net position	<u>\$ 1,315,632</u>	<u>\$ 1,748,570</u>	<u>\$ (432,938)</u>	<u>(24.76) %</u>

Educational Complex Fund. This fund had an operating losses of \$79,575 and \$77,838 for fiscal years 2019 and 2018, respectively. Revenues increased \$41,994 or 9.41% as a result of increases in monthly lease revenue from Georgia Military Academy. General operating expenses increased \$43,731 or 8.35% primarily from increases in depreciation expense. Transfers from other funds were \$795,898 and \$488,000 in 2019 and 2018, respectively.

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Educational Complex Fund, Summary of Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>	
OPERATING REVENUES					
Charges for sales and services / miscellaneous	\$ 488,148	\$ 446,154	\$ 41,994	9.41	%
OPERATING EXPENSES					
General operating expenses	40,575	37,010	3,565	9.63	
Depreciation and amortization	<u>527,148</u>	<u>486,982</u>	<u>40,166</u>	<u>8.25</u>	
Total operating expenses	<u>567,723</u>	<u>523,992</u>	<u>43,731</u>	<u>8.35</u>	
Operating income (loss)	<u>(79,575)</u>	<u>(77,838)</u>	<u>(1,737)</u>	<u>2.23</u>	
NON OPERATING REVENUES (EXPENSE)					
Bond issuance costs	-	(216,375)	216,375	-	
Interest income	8,679	1,144	7,535	658.65	
Interest expense	<u>(398,600)</u>	<u>(439,196)</u>	<u>40,596</u>	<u>(9.24)</u>	
Total non-operating revenue (expenses)	<u>(389,921)</u>	<u>(654,427)</u>	<u>264,506</u>	<u>(40.42)</u>	
Transfers in (out)	<u>795,898</u>	<u>488,000</u>	<u>307,898</u>	<u>63.09</u>	
Change in net position	<u>\$ 326,402</u>	<u>\$ (244,265)</u>	<u>\$ 570,667</u>	<u>(233.63)</u>	%

Stormwater Fund. This Fund was created during fiscal year 2010 to properly segregate infrastructure utility charges in accordance with State statutes. Revenues were consistent with prior years. Net income was \$515,895 in 2019 compared to \$77,554 as a result of a change in policy for allocating general fund costs to this fund. Depreciation expenses decreased \$45,721 or 15.00% as assets become fully depreciated.

Stormwater Fund, Summary of Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>	
OPERATING REVENUES					
Charges for sales and services	\$ 790,144	\$ 790,017	\$ 127	0.02	%
OPERATING EXPENSES					
Cost of sales and services	-	405,259	(405,259)	(100.00)	
General operating expenses	14,236	1,470	12,766	868.44	
Depreciation and amortization	<u>260,013</u>	<u>305,734</u>	<u>(45,721)</u>	<u>(15)</u>	
Total operating expenses	<u>274,249</u>	<u>712,463</u>	<u>(438,214)</u>	<u>(61.51)</u>	
Operating income (loss)	<u>515,895</u>	<u>77,554</u>	<u>438,341</u>	<u>565.21</u>	
Change in net position	<u>\$ 515,895</u>	<u>\$ 77,554</u>	<u>\$ 438,341</u>	<u>565.21</u>	%

Sanitation Fund. Operating income increased \$86,482 or 130.38%. Revenue increased slightly by \$15,826 or 1.98%. General operating expenses decreased \$70,656 or 9.63% and is primarily related to decreased refuse collection expenses. Transfers to the General Fund were \$96,992 and \$50,000 in fiscal 2019 and 2018, respectively.

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Sanitation Fund, Summary of Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
OPERATING REVENUES				
Charges for sales and services	\$ 816,023	\$ 800,197	\$ 15,826	1.98 %
OPERATING EXPENSES				
General operating expenses	663,210	733,866	(70,656)	(9.63)
Operating income	152,813	66,331	86,482	130.38
Transfers in (out)	(96,992)	(50,000)	(46,992)	93.98
Change in net position	\$ 55,821	\$ 16,331	\$ 39,490	241.81 %

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 18, were \$16,481,253 compared to \$10,849,008 in the prior fiscal year.

City of Fairburn Summary of Governmental Fund Balances

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>
General Fund	\$ 11,733,431	\$ 7,619,669	\$ 4,113,762
General Obligation Bond Capital Projects Fund	1,857,990	1,670,173	187,817
TSPLOST Fund	1,692,393	569,371	1,123,022
Other Governmental Funds	1,197,439	989,795	207,644
Total Governmental Fund Balances	\$ 16,481,253	\$ 10,849,008	\$ 5,632,245

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City of Fairburn, Georgia
Management's Discussion and Analysis
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City of Fairburn Summary Changes in Governmental Fund Balance

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Property taxes	\$ 6,492,086	\$ 5,162,122	\$ 1,329,964	25.76 %
Sales taxes	4,343,841	4,063,620	280,221	6.90
Franchise taxes	1,215,781	951,504	264,277	27.77
Other taxes	1,993,682	1,874,092	119,590	6.38
Licenses and permits	2,125,009	1,261,777	863,232	68.41
Intergovernmental	4,195,701	3,206,502	989,199	30.85
Fines and forfeitures	997,103	701,117	295,986	42.22
Charges for services	859,513	837,886	21,627	2.58
Interest revenue	352,619	29,202	323,417	1,107.52
Other revenues	330,101	194,761	135,340	69.49
Total revenues	<u>\$ 22,905,436</u>	<u>\$ 18,282,583</u>	<u>\$ 4,622,853</u>	<u>25.29</u>
Expenditures				
Current:				
General government	\$ 3,539,095	\$ 3,406,195	\$ 132,900	3.90
Judicial	534,186	437,400	96,786	22.13
Public safety	7,125,945	6,538,231	587,714	8.99
Public works	2,867,417	1,989,357	878,060	44.14
Parks and recreation	501,501	552,164	(50,663)	(9.18)
Planning and development	713,382	619,309	94,073	15.19
Capital outlays	1,983,051	2,944,718	(961,667)	(32.66)
Debt service:				
Principal	615,099	821,473	(206,374)	(25.12)
Interest	253,441	214,044	39,397	18.41
Issuance costs	-	134,684	(134,684)	-
Total expenditures	<u>18,133,117</u>	<u>17,657,575</u>	<u>475,542</u>	<u>2.69</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,772,319</u>	<u>625,008</u>	<u>4,147,311</u>	<u>663.56</u>
Other Financing Sources (Uses)				
Proceeds from refunding bonds	-	7,365,000	(7,365,000)	-
Payments to refund debt escrow agent	-	(7,230,316)	7,230,316	-
Proceeds from sale of capital assets	100,934	-	100,934	-
Financed purchases	-	165,380	(165,380)	-
Transfers in	1,579,203	1,687,817	(108,614)	(6.44)
Transfers out	(820,211)	(925,817)	105,606	(11.41)
Total other financing sources (uses)	<u>859,926</u>	<u>1,062,064</u>	<u>(202,138)</u>	<u>(19.03)</u>
Net change in fund balances	<u>\$ 5,632,245</u>	<u>\$ 1,687,072</u>	<u>\$ 3,945,173</u>	<u>233.85 %</u>

Excess of revenues over expenditures prior to other financing sources (uses) in the Governmental Funds for the current fiscal year was \$4,772,319 as compared to \$625,008 in the prior fiscal year. The General Fund had an excess of \$3,586,047; the General Obligation Bond Capital Projects Fund had an excess of \$187,817; the TSPLOST Fund had an excess of \$1,123,022; and non-major governmental funds had a deficiency of (\$124,567).

Total governmental revenues increased \$4,622,853 or 25.29%. Property taxes increased \$1,329,964 or 25.76% as assessed values of real property continue to increase. Sales taxes increased \$280,221 or 6.9% along with general increases in retail activity. Franchise taxes increased \$264,277 or 27.77% as the general economy continues to improve. Intergovernmental revenues increased \$989,199 or 30.85% as a result of intergovernmental agreements with the South Fulton Community Improvement District related to infrastructure

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improvements. Fines and forfeitures increased \$295,986 or 42.22% because of increased enforcement of traffic law and other ordinances. Licenses and permits increased \$863,232 or 68.41% as several significant construction projects were permitted in the current fiscal year. Interest revenues increased \$323,417 or 1,107% as a result of increased interest rates and better terms negotiated with the City's primary banker.

Total governmental expenditures increased \$475,542 or approximately 2.69%. Judicial expenditures increased \$96,786 or 22.13% as a result of general increases in all types of expenditures. Public safety expenditures increased \$587,714 or 8.99% because of increased staffing and related benefits. Public works expenditures increased \$878,060 or 44.14% because of increases in infrastructure projects funded by intergovernmental agreements with the South Fulton Community Improvement District. Capital outlays decreased \$961,667 or 32.66% as certain TSPLOST projects are deferred to future years. Changes in debt service requirements are related to certain bond refunding completed in fiscal year 2018. Other changes in expenditure categories did not have a significant impact on total expenditures.

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 \$5,083,762 better than budgeted.

A comparison of the final budgets to actual results are located on page 21.

- General Fund revenues in total were \$3,238,187 better than budgeted. Budgeted revenues are generally based on prior years' activity and trends. Property taxes were \$1,135,335 better than budgeted as assessed values continue to increase. Sales taxes were \$543,841 better than budgeted as overall retail activity continues to improve along with new retail establishments in the City. License and permits were \$600,842 better than budgeted as several large developments were permitted. Fines and forfeitures were \$378,763 better than budgeted as increased enforcement of ordinances has yielded better revenues than prior years. Interest income was \$295,464 better than budgeted as interest rates have increases and the City has negotiated better terms with its primary banker. The City experienced better than budgeted results in most other areas as the City remains very conservative in its budgeting.
- The actual expenditures of \$14,034,912 were \$2,076,852 less than budgeted as management continues control measures implemented in prior years as well as very conservative budget estimates.

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Capital Asset and Debt Administration

Capital Assets

The City has invested \$73,243,250 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 5,337,956	\$ 5,337,956	\$ 3,924,899	\$ 3,924,899	\$ 9,262,855	\$ 9,262,855
Construction in Progress	4,360,962	5,181,532	129,652	155,703	4,490,614	5,337,235
Buildings, grounds and improvements	6,824,331	7,206,065	17,409,664	18,195,980	24,233,995	25,402,045
Machinery and equipment	748,795	735,071	201,225	230,059	950,020	965,130
Infrastructure	16,266,866	12,609,674	13,809,412	14,034,731	30,076,278	26,644,405
Vehicles	1,252,473	1,347,439	2,977,015	2,827,676	4,229,488	4,175,115
	\$ 34,791,383	\$ 32,417,737	\$ 38,451,867	\$ 39,369,048	\$ 73,243,250	\$ 71,786,785

Net capital assets for governmental activities increased \$2,373,646 and is primarily related to infrastructure projects funded by TSPLOST funds as well as intergovernmental revenues from the South Fulton Community Improvement District. Net capital assets for business-type activities decreased \$917,181 as depreciation expenses exceeded asset purchases. 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 \$23,978,705 and \$8,718,207 for governmental activities. Bonds, notes, and financed purchases outstanding as of the fiscal year ended September 30, 2019 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.

The debt position of the City is summarized below and is more fully analyzed in Note 9 of the footnotes to the financial statements.

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City of Fairburn Outstanding Long-Term Liabilities

	<u>2019</u>	<u>2018</u>
Governmental Activities		
2011 General Obligation Bonds	\$ 1,415,000	\$ 1,855,000
2017 Refunding Bonds	7,145,000	7,265,000
Net Pension Liability	-	281,416
Financed Purchases	<u>158,207</u>	<u>112,372</u>
	\$ 8,718,207	\$ 9,513,788
Business-type Activities		
Series 2011 Education Campus Bonds	\$ 1,130,000	\$ 1,640,000
Series 2013 Revenue Refunding Bonds	5,970,000	6,835,000
Series 2014 Utility Bonds	3,900,000	4,085,000
Series 2017 Educational Revenue Refunding Bonds	12,930,000	13,065,000
Financed Purchases	57,705	83,774
Net Pension Liability	<u>-</u>	<u>105,805</u>
	\$ 23,987,705	\$ 25,814,579

Economic Factors and Next Fiscal Year's Budgets and Rates

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. Property taxes for general operations remained at 8.1 mills and debt service millage remained at 1.46 for the October 2019 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.

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET POSITION SEPTEMBER 30, 2019

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
	Cash and cash equivalents	\$ 15,413,582	\$ 12,106,607
Restricted cash and cash equivalents	1,023,867	3,671,605	4,695,472
Investments	107,293	5,834,804	5,942,097
Investments with fiscal agent (restricted assets)	-	69,510	69,510
Accounts receivable, net of allowances	-	2,338,223	2,338,223
Taxes receivable, net of allowances	478,221	-	478,221
Intergovernmental receivables	614,977	-	614,977
Inventory	7,789	-	7,789
Other receivables	386,564	209,000	595,564
Prepaid items	109,155	979	110,134
Prepaid bond insurance (unamortized balance)	13,944	-	13,944
Net pension asset	285,535	31,726	317,261
Capital assets:			
Non-depreciable	9,698,918	4,054,551	13,753,469
Depreciable, net of accumulated depreciation	25,092,465	34,397,316	59,489,781
Total assets	53,232,310	62,714,321	115,946,631
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	867,940	1,576,569	2,444,509
Pension related items	536,324	61,475	597,799
Total deferred outflows of resources	1,404,264	1,638,044	3,042,308
LIABILITIES			
Accounts payable	607,118	2,033,650	2,640,768
Retainage payable	30,724	-	30,724
Funds held in escrow (due to others)	656,002	-	656,002
Accrued liabilities	253,829	31,583	285,412
Accrued interest payable	82,826	95,873	178,699
Unearned revenue	826	-	826
Customer deposits payable	1,100	766,623	767,723
Compensated absences due within one fiscal year	279,953	35,999	315,952
Compensated absences due in more than one fiscal year	65,504	16,089	81,593
Financed purchases due within one fiscal year	80,948	27,912	108,860
Financed purchases due in more than one fiscal year	77,259	29,793	107,052
Notes payable due within one fiscal year	-	267,124	267,124
Bonds payable due within one fiscal year	580,000	1,770,000	2,350,000
Bonds payable due in more than one fiscal year	7,983,141	22,266,227	30,249,368
Total liabilities	10,699,230	27,340,873	38,040,103
DEFERRED INFLOWS OF RESOURCES			
Pension related items	1,196,670	105,465	1,302,135
Total deferred inflows of resources	1,196,670	105,465	1,302,135
NET POSITION			
Net investment in capital assets	27,918,745	17,983,218	45,901,963
Restricted for debt service	12,373	1,085,000	1,097,373
Restricted for capital construction	848,428	-	848,428
Restricted for transportation projects	1,692,393	-	1,692,393
Restricted for law enforcement activities	49,735	-	49,735
Restricted for corpus of perpetual care cemetery funds (nonspendable)	10,000	-	10,000
Restricted for cemetery operating capital	75,858	-	75,858
Restricted by third party as letter of credit	-	69,510	69,510
Restricted for federal and state programs	843,685	-	843,685
Restricted for tourism	141,126	-	141,126
Unrestricted	11,148,331	17,768,299	28,916,630
Total net position	\$ 42,740,674	\$ 36,906,027	\$ 79,646,701

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, 2019

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position						
	Expenses	Program Revenues			Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 3,483,825	\$ 2,125,009	\$ -	\$ -	\$ (1,358,816)	\$ -	\$ (1,358,816)
Judicial	528,341	933,763	-	-	405,422	-	405,422
Public safety	7,084,748	63,340	-	-	(7,021,408)	-	(7,021,408)
Public works	1,874,254	859,513	-	4,121,954	3,107,213	-	3,107,213
Culture and recreation	811,373	225,784	-	132,387	(453,202)	-	(453,202)
Planning and development	727,888	-	-	-	(727,888)	-	(727,888)
Interest and fiscal charges	363,333	-	-	-	(363,333)	-	(363,333)
Total governmental activities	14,873,762	4,207,409	-	4,254,341	(6,412,012)	-	(6,412,012)
Business-type activities:							
Electric	8,032,839	9,693,920	-	-	-	1,661,081	1,661,081
Water and sewer	6,311,072	7,251,522	-	1,090,640	-	2,031,090	2,031,090
Educational complex	966,323	488,148	-	-	-	(478,175)	(478,175)
Stormwater	274,249	790,144	-	-	-	515,895	515,895
Sanitation	663,210	816,023	-	-	-	152,813	152,813
Total business-type activities	16,247,693	19,039,757	-	1,090,640	-	3,882,704	3,882,704
Total primary government	\$ 31,121,455	\$ 23,247,166	\$ -	\$ 5,344,981	\$ (6,412,012)	\$ 3,882,704	\$ (2,529,308)
General revenues:							
Property taxes					\$ 6,554,283	\$ -	\$ 6,554,283
Franchise taxes					1,215,781	-	1,215,781
Insurance premium taxes					935,573	-	935,573
Sales and use taxes					4,343,841	-	4,343,841
Motor vehicle taxes					402,236	-	402,236
Beer, wine, and liquor taxes					250,078	-	250,078
Hotel/Motel taxes					257,125	-	257,125
Other taxes					148,670	-	148,670
Unrestricted investment earnings					324,509	51,258	375,767
Gain on disposal of capital assets					-	31,274	31,274
Miscellaneous					101,787	-	101,787
Transfers					758,992	(758,992)	-
Total general revenues and transfers					15,292,875	(676,460)	14,616,415
Change in net position					8,880,863	3,206,244	12,087,107
Net position, beginning of fiscal year					33,859,811	33,699,783	67,559,594
Net position, end of fiscal year					\$ 42,740,674	\$ 36,906,027	\$ 79,646,701

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

CITY OF FAIRBURN, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2019

ASSETS	General			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Obligation Bond Capital Projects Fund	TSPLOST Fund		
Cash and cash equivalents	\$ 12,279,045	\$ 832,236	\$ 1,512,646	\$ 789,655	\$ 15,413,582
Restricted cash and cash equivalents	-	1,023,867	-	-	1,023,867
Investments	21,323	-	-	85,970	107,293
Taxes receivable, net of allowances	462,029	16,192	-	-	478,221
Other receivables	386,564	-	-	-	386,564
Intergovernmental receivables	-	-	210,067	404,910	614,977
Due from other funds	200	-	-	-	200
Prepaid items	109,155	-	-	-	109,155
Inventory	7,789	-	-	-	7,789
Total assets	\$ 13,266,105	\$ 1,872,295	\$ 1,722,713	\$ 1,280,535	\$ 18,141,648
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 552,626	\$ -	\$ 30,120	\$ 24,372	\$ 607,118
Retainage payable	-	-	-	30,724	30,724
Funds held in escrow	656,002	-	-	-	656,002
Accrued liabilities	241,185	-	-	-	241,185
Due to other funds	-	-	200	-	200
Unearned revenue	826	-	-	-	826
Customer deposits	1,100	-	-	-	1,100
Other liabilities	12,644	-	-	-	12,644
Total liabilities	1,464,383	-	30,320	55,096	1,549,799
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	68,291	14,305	-	-	82,596
Unavailable revenue - intergovernmental grants	-	-	-	28,000	28,000
Total deferred inflows of resources	68,291	14,305	-	28,000	110,596
FUND BALANCES					
Fund balances:					
Nonspendable for:					
Prepaid items	109,155	-	-	-	109,155
Inventory	7,789	-	-	-	7,789
Corpus of perpetual care cemetery funds	-	-	-	10,000	10,000
Restricted for:					
Capital construction	-	1,845,617	-	-	1,845,617
Federal and state programs	-	-	-	815,685	815,685
Debt service	-	12,373	-	-	12,373
Law enforcement activities	-	-	-	49,735	49,735
Cemetery operating capital	-	-	-	75,858	75,858
Transportation projects	-	-	1,692,393	-	1,692,393
Tourism	141,126	-	-	-	141,126
Committed for:					
Tree bank	417,115	-	-	-	417,115
Assigned for:					
Capital construction	-	-	-	245,191	245,191
Planning and development	-	-	-	970	970
Unassigned	11,058,246	-	-	-	11,058,246
Total fund balances	11,733,431	1,857,990	1,692,393	1,197,439	16,481,253
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,266,105	\$ 1,872,295	\$ 1,722,713	\$ 1,280,535	

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.	34,791,383
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the governmental funds.	110,596
The deferred outflows of resources and deferred inflows of resources, related to pensions are not current financial resources and therefore, are not reported in the governmental funds.	(660,346)
The net pension asset is not a current financial resources and is not recorded in the governmental funds.	285,535
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.	(8,267,747)

Net position of governmental activities **\$ 42,740,674**

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, 2019

	General Fund	General Obligation Bond Capital Projects Fund	TSPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 13,053,639	\$ 991,751	\$ -	\$ -	\$ 14,045,390
Licenses and permits	2,125,009	-	-	-	2,125,009
Intergovernmental	-	-	3,077,963	1,117,738	4,195,701
Fines and forfeitures	933,763	-	-	63,340	997,103
Charges for services	859,513	-	-	-	859,513
Interest income	321,464	2,538	28,110	507	352,619
Miscellaneous revenue	327,571	2,530	-	-	330,101
Total revenues	<u>17,620,959</u>	<u>996,819</u>	<u>3,106,073</u>	<u>1,181,585</u>	<u>22,905,436</u>
Expenditures					
Current:					
General government	3,539,095	-	-	-	3,539,095
Judicial	534,186	-	-	-	534,186
Public safety	7,087,316	-	-	38,629	7,125,945
Public works	1,599,894	-	-	1,267,523	2,867,417
Culture and recreation	501,501	-	-	-	501,501
Planning and development	713,382	-	-	-	713,382
Capital outlay	-	-	1,983,051	-	1,983,051
Debt service:					
Principal retirements	55,099	560,000	-	-	615,099
Interest and fiscal charges	4,439	249,002	-	-	253,441
Total expenditures	<u>14,034,912</u>	<u>809,002</u>	<u>1,983,051</u>	<u>1,306,152</u>	<u>18,133,117</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,586,047</u>	<u>187,817</u>	<u>1,123,022</u>	<u>(124,567)</u>	<u>4,772,319</u>
Other financing sources (uses):					
Financed purchases	100,934	-	-	-	100,934
Transfers in	1,246,992	-	-	332,211	1,579,203
Transfers out	(820,211)	-	-	-	(820,211)
Total other financing sources	<u>527,715</u>	<u>-</u>	<u>-</u>	<u>332,211</u>	<u>859,926</u>
Net change in fund balances	4,113,762	187,817	1,123,022	207,644	5,632,245
Fund balances, beginning of fiscal year	<u>7,619,669</u>	<u>1,670,173</u>	<u>569,371</u>	<u>989,795</u>	<u>10,849,008</u>
Fund balances, end of fiscal year	<u>\$ 11,733,431</u>	<u>\$ 1,857,990</u>	<u>\$ 1,692,393</u>	<u>\$ 1,197,439</u>	<u>\$ 16,481,253</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, 2019

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

Net change in fund balances - total governmental funds	\$	5,632,245
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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.		2,373,646
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		90,197
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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 has; 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:

Principal payment on bonds payable	560,000	
Principal payment on financed purchases	55,099	
Issuance of financed purchases	(100,934)	
Amortization of deferred charges, prepaid bond insurance costs	(117,752)	
Amortization of bond premium	1,047	397,460

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		2,882
Change in deferred inflows and outflows- pension related items and net pension asset		364,553
Change in compensated absences		19,880

Change in net position - governmental activities	\$	<u>8,880,863</u>
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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, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 4,365,000	\$ 4,365,000	\$ 5,500,335	\$ 1,135,335
Sales taxes	3,800,000	3,800,000	4,343,841	543,841
Franchise taxes	1,094,000	1,094,000	1,215,781	121,781
Insurance premium taxes	867,515	867,515	935,573	68,058
Beer, liquor, and wine taxes	230,000	230,000	250,078	20,078
Motor vehicle taxes	325,000	325,000	402,236	77,236
Hotel motel taxes	265,000	265,000	257,125	(7,875)
Other taxes	93,832	93,832	148,670	54,838
Licenses and permits	1,524,167	1,524,167	2,125,009	600,842
Fines and forfeitures	555,000	555,000	933,763	378,763
Interest income	26,000	26,000	321,464	295,464
Charges for services	822,400	822,400	859,513	37,113
Miscellaneous	414,858	414,858	327,571	(87,287)
Total revenues	<u>14,382,772</u>	<u>14,382,772</u>	<u>17,620,959</u>	<u>3,238,187</u>
Expenditures				
Current:				
General government:				
Mayor and council	577,867	577,867	415,468	162,399
Administration	977,192	977,192	828,527	148,665
City Administrator	1,551,553	1,551,553	1,500,560	50,993
Finance	496,275	496,275	469,130	27,145
Technology	27,650	27,650	3,197	24,453
Property management	456,125	456,125	322,213	133,912
Total general government	<u>4,086,662</u>	<u>4,086,662</u>	<u>3,539,095</u>	<u>547,567</u>
Judicial:				
Municipal court	364,894	364,894	534,186	(169,292)
Total judicial	<u>364,894</u>	<u>364,894</u>	<u>534,186</u>	<u>(169,292)</u>
Public safety:				
Police	3,758,969	3,758,969	4,025,600	(266,631)
Fire	4,104,556	4,104,556	3,061,716	1,042,840
Total public safety	<u>7,863,525</u>	<u>7,863,525</u>	<u>7,087,316</u>	<u>776,209</u>
Public works:				
Public works administration	298,526	298,526	265,733	32,793
Highways and streets	1,564,620	1,564,620	1,208,005	356,615
Maintenance and shop	170,182	170,182	126,156	44,026
Total public works	<u>2,033,328</u>	<u>2,033,328</u>	<u>1,599,894</u>	<u>433,434</u>
Culture and recreation:				
Recreation	612,704	612,704	501,501	111,203
Total culture and recreation	<u>612,704</u>	<u>612,704</u>	<u>501,501</u>	<u>111,203</u>
Planning and development:				
Protective inspection and enforcement	574,056	574,056	453,379	120,677
Planning and zoning	290,330	290,330	260,003	30,327
Total planning and development	<u>864,386</u>	<u>864,386</u>	<u>713,382</u>	<u>151,004</u>
Debt service:				
Principal retirements	283,638	283,638	55,099	228,539
Interest and fiscal charges	2,627	2,627	4,439	(1,812)
Total debt service	<u>286,265</u>	<u>286,265</u>	<u>59,538</u>	<u>226,727</u>
Total expenditures	<u>16,111,764</u>	<u>16,111,764</u>	<u>14,034,912</u>	<u>2,076,852</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,728,992)</u>	<u>(1,728,992)</u>	<u>3,586,047</u>	<u>5,315,039</u>
Other financing sources (uses)				
Financed purchases	-	-	100,934	100,934
Transfers in	1,246,992	1,246,992	1,246,992	-
Transfers out	(488,000)	(488,000)	(820,211)	(332,211)
Total other financing sources	<u>758,992</u>	<u>758,992</u>	<u>527,715</u>	<u>(231,277)</u>
Net change in fund balances	(970,000)	(970,000)	4,113,762	5,083,762
Fund balance, beginning of fiscal year	<u>7,619,669</u>	<u>7,619,669</u>	<u>7,619,669</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 6,649,669</u>	<u>\$ 6,649,669</u>	<u>\$ 11,733,431</u>	<u>\$ 5,083,762</u>

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

CITY OF FAIRBURN, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS SEPTEMBER 30, 2019

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	\$ 2,181,573	\$ 6,699,852	\$ 896,440	\$ 1,651,254	\$ 677,488	\$ 12,106,607
Restricted cash and cash equivalents	-	3,104,025	567,580	-	-	3,671,605
Investments	5,834,804	-	-	-	-	5,834,804
Investments with fiscal agent (restricted assets)	69,510	-	-	-	-	69,510
Accounts receivable, net of allowances	1,234,027	900,540	-	96,973	106,683	2,338,223
Other receivable	207,000	-	2,000	-	-	209,000
Prepaid items	250	729	-	-	-	979
Total current assets	9,527,164	10,705,146	1,466,020	1,748,227	784,171	24,230,728
NONCURRENT ASSETS						
Net pension asset	22,208	9,518	-	-	-	31,726
Total noncurrent assets	22,208	9,518	-	-	-	31,726
CAPITAL ASSETS						
Non-depreciable	57,372	2,358,150	1,639,029	-	-	4,054,551
Depreciable, net of accumulated depreciation	5,003,384	13,320,452	10,729,036	5,344,444	-	34,397,316
Total capital assets	5,060,756	15,678,602	12,368,065	5,344,444	-	38,451,867
Total noncurrent assets	5,060,756	15,678,602	12,368,065	5,344,444	-	38,451,867
Total assets	14,610,128	26,393,266	13,834,085	7,092,671	784,171	62,714,321
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	38,131	23,344	-	-	-	61,475
Deferred loss on refunding of debt	-	309,914	1,266,655	-	-	1,576,569
Total deferred outflows of resources	38,131	333,258	1,266,655	-	-	1,638,044
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	717,378	1,195,938	5,481	-	114,853	2,033,650
Accrued liabilities	23,623	7,960	-	-	-	31,583
Accrued interest payable	-	-	95,873	-	-	95,873
Customer deposits	522,740	224,654	9,585	-	9,644	766,623
Compensated absences payable	26,309	9,690	-	-	-	35,999
Financed purchases payable	27,912	-	-	-	-	27,912
Notes payable	267,124	-	-	-	-	267,124
Revenue bonds payable	-	1,085,000	685,000	-	-	1,770,000
Total current liabilities	1,585,086	2,523,242	795,939	-	124,497	5,028,764
NONCURRENT LIABILITIES						
Compensated absences payable	16,089	-	-	-	-	16,089
Financed purchases payable	29,793	-	-	-	-	29,793
Revenue bonds payable	-	8,908,713	13,357,514	-	-	22,266,227
Total noncurrent liabilities	45,882	8,908,713	13,357,514	-	-	22,312,109
Total liabilities	1,630,968	11,431,955	14,153,453	-	124,497	27,340,873
DEFERRED INFLOWS OF RESOURCES						
Pension related items	64,583	40,882	-	-	-	105,465
Total deferred outflows of resources	64,583	40,882	-	-	-	105,465
NET POSITION						
Net investment (deficit) in capital assets	4,735,927	8,013,828	(110,981)	5,344,444	-	17,983,218
Restricted for debt service	-	1,085,000	-	-	-	1,085,000
Restricted by third party as letter of credit	69,510	-	-	-	-	69,510
Unrestricted	8,147,271	6,154,859	1,058,268	1,748,227	659,674	17,768,299
Total net position	\$ 12,952,708	\$ 15,253,687	\$ 947,287	\$ 7,092,671	\$ 659,674	\$ 36,906,027

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, 2019

	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	\$ 9,434,944	\$ 7,251,522	\$ 487,888	\$ 790,144	\$ 816,023	\$ 18,780,521
Miscellaneous income	258,976	-	260	-	-	259,236
Total operating revenues	<u>9,693,920</u>	<u>7,251,522</u>	<u>488,148</u>	<u>790,144</u>	<u>816,023</u>	<u>19,039,757</u>
OPERATING EXPENSES						
Cost of sales and services	6,503,464	2,905,044	-	-	-	9,408,508
General operating expenses	1,156,374	1,040,139	40,575	14,236	663,210	2,914,534
Depreciation and amortization	363,905	740,245	527,148	260,013	-	1,891,311
Total operating expenses	<u>8,023,743</u>	<u>4,685,428</u>	<u>567,723</u>	<u>274,249</u>	<u>663,210</u>	<u>14,214,353</u>
Operating income (loss)	<u>1,670,177</u>	<u>2,566,094</u>	<u>(79,575)</u>	<u>515,895</u>	<u>152,813</u>	<u>4,825,404</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest income	139	42,440	8,679	-	-	51,258
Interest expense	(9,096)	(1,625,644)	(398,600)	-	-	(2,033,340)
Gain on sale of assets	31,274	-	-	-	-	31,274
Total non-operating revenues (expenses)	<u>22,317</u>	<u>(1,583,204)</u>	<u>(389,921)</u>	<u>-</u>	<u>-</u>	<u>(1,950,808)</u>
Income (loss) before contributions and transfers	<u>1,692,494</u>	<u>982,890</u>	<u>(469,496)</u>	<u>515,895</u>	<u>152,813</u>	<u>2,874,596</u>
Capital contributions - tap fees	-	1,090,640	-	-	-	1,090,640
Transfers in	-	-	795,898	-	-	795,898
Transfers out	(700,000)	(757,898)	-	-	(96,992)	(1,554,890)
	<u>(700,000)</u>	<u>332,742</u>	<u>795,898</u>	<u>-</u>	<u>(96,992)</u>	<u>331,648</u>
Change in net position	992,494	1,315,632	326,402	515,895	55,821	3,206,244
Net position, beginning of fiscal year	<u>11,960,214</u>	<u>13,938,055</u>	<u>620,885</u>	<u>6,576,776</u>	<u>603,853</u>	<u>33,699,783</u>
Net position, end of fiscal year	<u>\$ 12,952,708</u>	<u>\$ 15,253,687</u>	<u>\$ 947,287</u>	<u>\$ 7,092,671</u>	<u>\$ 659,674</u>	<u>\$ 36,906,027</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, 2019

	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	\$ 9,630,296	\$ 7,341,606	\$ 488,148	\$ 804,511	\$ 816,441	\$ 19,081,002
Payments to suppliers	(6,746,192)	(3,285,756)	(39,794)	(14,236)	(658,211)	(10,744,189)
Payments to employees	(895,978)	(286,429)	-	-	-	(1,182,407)
Net cash provided by operating activities	<u>1,988,126</u>	<u>3,769,421</u>	<u>448,354</u>	<u>790,275</u>	<u>158,230</u>	<u>7,154,406</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers out to other funds	(700,000)	(757,898)	-	-	(96,992)	(1,554,890)
Transfers in from other funds	-	-	795,898	-	-	795,898
Net cash provided by (used in) non-capital financing activities	<u>(700,000)</u>	<u>(757,898)</u>	<u>795,898</u>	<u>-</u>	<u>(96,992)</u>	<u>(758,992)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(371,090)	(250,480)	-	(79,582)	-	(701,152)
Capital contributions - tap fees	-	1,090,640	-	-	-	1,090,640
Proceeds from issuance of notes payable	267,124	-	-	-	-	267,124
Insurance proceeds	31,274	-	-	-	-	31,274
Principal payment on financed purchases	(26,069)	-	-	-	-	(26,069)
Principal payment on bonds	-	(1,050,000)	(645,000)	-	-	(1,695,000)
Interest payments	(9,096)	(1,625,644)	(403,640)	-	-	(2,038,380)
Net cash used in capital and related financing activities	<u>(107,857)</u>	<u>(1,835,484)</u>	<u>(1,048,640)</u>	<u>(79,582)</u>	<u>-</u>	<u>(3,071,563)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	139	42,440	8,679	-	-	51,258
Purchases of investments	(480,162)	-	-	-	-	(480,162)
Net cash provided by (used in) investing activities	<u>(480,023)</u>	<u>42,440</u>	<u>8,679</u>	<u>-</u>	<u>-</u>	<u>(428,904)</u>
Net increase in cash and cash equivalents	700,246	1,218,479	204,291	710,693	61,238	2,894,947
Cash and cash equivalents, beginning of fiscal year	1,481,327	8,585,398	1,259,729	940,561	616,250	12,883,265
Cash and cash equivalents, end of fiscal year	<u>\$ 2,181,573</u>	<u>\$ 9,803,877</u>	<u>\$ 1,464,020</u>	<u>\$ 1,651,254</u>	<u>\$ 677,488</u>	<u>\$ 15,778,212</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 1,670,177	\$ 2,566,094	\$ (79,575)	\$ 515,895	\$ 152,813	\$ 4,825,404
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	363,905	740,245	527,148	260,013	-	1,891,311
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(78,944)	84,472	-	14,367	859	20,754
Deferred outflows for pension items	1,819	918	-	-	-	2,737
Increase (decrease) in:						
Accounts payable	83,055	423,317	781	-	4,999	512,152
Accrued liabilities and retainage payables	(705)	(4,226)	-	-	-	(4,931)
Deferred inflows for pension items	13,764	6,949	-	-	-	20,713
Net pension asset	(91,017)	(46,514)	-	-	-	(137,531)
Customer deposits	15,320	5,612	-	-	(441)	20,491
Compensated absences payable	10,752	(7,446)	-	-	-	3,306
Net cash provided by operating activities	<u>\$ 1,988,126</u>	<u>\$ 3,769,421</u>	<u>\$ 448,354</u>	<u>\$ 790,275</u>	<u>\$ 158,230</u>	<u>\$ 7,154,406</u>

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

NOTES TO FINANCIAL STATEMENTS

**CITY OF FAIRBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 for property taxes and 60 days for all other revenues. 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 **TSPLOST Fund** accounts for the proceeds of the transportation special purpose local option sales tax for the various improvement projects as approved by voter referendum.

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 fund** accounts for financial resources to be used for the acquisition and construction of major capital projects.

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 fund:

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 City Council 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

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principle (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of fiscal year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments (Continued)

The City's nonparticipating interest-earning investment contracts (certificates of deposit) are recorded at cost. The City's remaining investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

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 (if any), 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. The General Fund may report nonspendable fund balance related to interfund advances.

I. Inventory and Prepaid Items

Inventory 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, 2019, 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 acquisition 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, and (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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

The City also has deferred outflows and inflows of resources related to the recording of changes in its net pension asset. Certain changes in the net pension asset 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 asset 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 asset 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 asset 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 asset, 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 \$8,267,747 difference are as follows:

Bonds payable	\$ (8,560,000)
Financed purchases payable	(158,207)
Compensated absences	(345,457)
Accrued interest payable	(82,826)
Unamortized premium on bonds	(3,141)
Deferred loss on refunding	867,940
Prepaid bond insurance cost	<u>13,944</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u><u>\$ (8,267,747)</u></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 estimated 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 \$2,373,646 difference are as follows:

Capital outlay	\$ 3,898,123
Depreciation expense	<u>(1,524,477)</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><u>\$ 2,373,646</u></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, 2019, the following item and fund, had excesses of actual expenditures over appropriations:

General Fund - Judicial	\$	169,292
General Fund - Police		266,631
General Fund - Interest and Fiscal Charges		1,812
General Fund - Transfers Out		332,211
Confiscated Assets Fund - Public Safety		38,476
General Obligation Bond Fund - Principal Payments		120,000
Grants Fund - Public Works		338,049
TSPLOST Fund - Capital Outlay		618,012

NOTE 4. DEPOSITS AND INVESTMENTS

As of September 30, 2019, the City had the following investments:

Investment	Maturities/Weighted Average Maturity	Fair Value
Certificates of deposit	March 16, 2020 - June 17, 2022	\$ 96,607
Municipal Competitive Trust - intermediate	0.29	526,659
Municipal Competitive Trust - intermediate extended maturity	2.93	5,273,142
Municipal Competitive Trust - short term portfolio	0.07	35,003
Georgia Fund 1	26 days	10,686
Total		\$ 5,942,097

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	\$ 27,520,189
Restricted cash and cash equivalents	4,695,472
Investments	5,942,097
Investments with fiscal agent (restricted assets)	69,510
	<u>\$ 38,227,268</u>
Cash deposited with financial institutions	\$ 32,285,171
Certificates of deposit	96,607
Cash deposited with Georgia Fund 1	10,686
Municipal Competitive Trust - intermediate	526,659
Municipal Competitive Trust - intermediate extended maturity	5,273,142
Municipal Competitive Trust - short term portfolio	35,003
	<u>\$ 38,227,268</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. As of September 30, 2019, the City's investments in the Municipal Competitive Trust were rated between AA+ - AAA.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State 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, 2019, the City had no bank balances that were exposed to custodial credit risk.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued). The City has the following recurring fair value measurements as of September 30, 2019.

Investment	Level 1	Level 2	Level 3	Fair Value
Municipal Competitive Trust (Interm. Ext. Mat.)	\$ -	\$ 5,273,142	\$ -	\$ 5,273,142
Municipal Competitive Trust (Intermediate)	\$ -	\$ 526,659		526,659
Municipal Competitive Trust (Short Term)	\$ -	35,003	\$ -	35,003
 Total investments measured at fair value	 \$ -	 \$ 5,834,804	 \$ -	 5,834,804
Investments not subject to level disclosure:				
Georgia Fund 1				10,686
Investments recorded at cost:				
Certificates of Deposit				96,607
 Total investments				 \$ 5,942,097

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

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 15. After this date, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes are recorded as receivables and unavailable revenues when levied. Revenues are recognized in the governmental funds when available (received within 60 days of fiscal year-end).

Receivables at September 30, 2019, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	General Obligation Bond Capital Projects	TSPLOST Fund	Electric Fund	Water & Sewer Fund	Educational Complex Fund	Stormwater Fund	Other Nonmajor Funds
Receivables:								
Taxes	\$ 598,474	\$ 34,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts	-	-	-	1,292,027	1,027,540	-	102,973	137,683
Other	386,564	-	-	207,000	-	2,000	-	-
Intergovernmental	-	-	210,067	-	-	-	-	404,910
Less allowance for uncollectible receivables	(136,445)	(17,960)	-	(58,000)	(127,000)	-	(6,000)	(31,000)
Net total receivable	<u>\$ 848,593</u>	<u>\$ 16,192</u>	<u>\$ 210,067</u>	<u>\$ 1,441,027</u>	<u>\$ 900,540</u>	<u>\$ 2,000</u>	<u>\$ 96,973</u>	<u>\$ 511,593</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 5,337,956	\$ -	\$ -	\$ -	\$ 5,337,956
Construction in progress	5,181,532	3,525,620	-	(4,346,190)	4,360,962
Total	<u>10,519,488</u>	<u>3,525,620</u>	<u>-</u>	<u>(4,346,190)</u>	<u>9,698,918</u>
Capital assets, being depreciated:					
Buildings and improvements	10,727,404	60,000	-	-	10,787,404
Infrastructure	24,930,229	-	-	4,337,125	29,267,354
Machinery and equipment	1,764,251	140,919	-	9,065	1,914,235
Vehicles	4,779,583	171,584	(134,230)	-	4,816,937
Total	<u>42,201,467</u>	<u>372,503</u>	<u>(134,230)</u>	<u>4,346,190</u>	<u>46,785,930</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,521,339)	(441,734)	-	-	(3,963,073)
Infrastructure	(12,320,555)	(679,933)	-	-	(13,000,488)
Machinery and equipment	(1,029,180)	(136,260)	-	-	(1,165,440)
Vehicles	(3,432,144)	(266,550)	134,230	-	(3,564,464)
Total	<u>(20,303,218)</u>	<u>(1,524,477)</u>	<u>134,230</u>	<u>-</u>	<u>(21,693,465)</u>
Total capital assets, being depreciated, net	<u>21,898,249</u>	<u>(1,151,974)</u>	<u>-</u>	<u>4,346,190</u>	<u>25,092,465</u>
Governmental activities capital assets, net	<u>\$ 32,417,737</u>	<u>\$ 2,373,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,791,383</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 3,924,899	\$ -	\$ -	\$ -	\$ 3,924,899
Construction in progress	155,703	122,301	-	(148,352)	129,652
Total	<u>4,080,602</u>	<u>122,301</u>	<u>-</u>	<u>(148,352)</u>	<u>4,054,551</u>
Capital assets, being depreciated:					
Distribution system	17,555,131	232,145	-	148,352	17,935,628
Infrastructure	13,208,344	79,582	-	-	13,287,926
Buildings and improvements	25,626,576	-	-	-	25,626,576
Machinery and equipment	1,230,234	-	-	-	1,230,234
Vehicles	3,724,365	267,124	-	-	3,991,489
Total	<u>61,344,650</u>	<u>578,851</u>	<u>-</u>	<u>148,352</u>	<u>62,071,853</u>
Less accumulated depreciation for:					
Distribution system	(9,023,367)	(430,375)	-	-	(9,453,742)
Infrastructure	(7,705,377)	(255,023)	-	-	(7,960,400)
Buildings and improvements	(7,430,596)	(786,316)	-	-	(8,216,912)
Machinery and equipment	(1,000,175)	(28,834)	-	-	(1,029,009)
Vehicles	(896,689)	(117,785)	-	-	(1,014,474)
Total	<u>(26,056,204)</u>	<u>(1,618,333)</u>	<u>-</u>	<u>-</u>	<u>(27,674,537)</u>
Total capital assets, being depreciated, net	<u>35,288,446</u>	<u>(1,039,482)</u>	<u>-</u>	<u>148,352</u>	<u>34,397,316</u>
Business type activities capital assets, net	<u>\$ 39,369,048</u>	<u>\$ (917,181)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,451,867</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	\$ 21,319
Public safety	332,043
Public works	780,919
Culture and recreation	349,538
Planning and development	40,658
	40,658

Total depreciation expense – governmental activities	\$ 1,524,477
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Business-type activities:

Water and sewer	\$ 644,582
Electric	363,905
Education complex	349,833
Stormwater	260,013
	260,013

Total depreciation expense – business-type activities	\$ 1,618,333
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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, 2019, the City received \$487,888 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>
2020	\$ 24,000
2021	24,000
2022	24,000
Total Future Lease Revenues	\$ 72,000

NOTE 8. SHORT-TERM BORROWING (NOTE PAYABLE)

On February 11, 2019, the City entered into a short-term loan in the amount of \$267,124 to finance the purchase of a truck in the Electric Fund. The loan bears interest at 3.75%. As of September 30, 2019, the loan had a balance outstanding of \$267,124. A balloon payment of all principal and accrued interest is due December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT

Primary Government

Long-term liability and obligation activity for the fiscal year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Fiscal Year</u>
Governmental activities:					
Series 2011 General Obligation Bonds	\$ 1,855,000	\$ -	\$ (440,000)	\$ 1,415,000	\$ 455,000
Unamortized bond premium	4,188	-	(1,047)	3,141	-
Series 2017 Refunding Bonds	7,265,000	-	(120,000)	7,145,000	125,000
Financed purchases from direct borrowings	112,372	100,934	(55,099)	158,207	80,948
Net pension liability (asset)	281,416	1,379,765	(1,946,716)	(285,535)	-
Compensated absences	365,337	293,079	(312,959)	345,457	279,953
Governmental activities					
Long-term liabilities and obligations	<u>\$ 9,883,313</u>	<u>\$ 1,773,778</u>	<u>\$ (2,875,821)</u>	<u>\$ 8,781,270</u>	<u>\$ 940,901</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Fiscal Year</u>
Business-type activities:					
Series 2014 Revenue Bonds	\$ 4,085,000	\$ -	\$ (185,000)	\$ 3,900,000	\$ 190,000
Series 2013 Revenue Refunding Bonds	6,835,000	-	(865,000)	5,970,000	895,000
Series 2011 Educational Complex Revenue Bonds	1,640,000	-	(510,000)	1,130,000	545,000
Plus unamortized bond premium	138,695	-	(14,981)	123,714	-
Less unamortized original discount	(26,230)	-	8,743	(17,487)	-
Series 2017 Educational Complex Revenue Refunding Bonds	13,065,000	-	(135,000)	12,930,000	140,000
Financed purchases from direct borrowings	83,774	-	(26,069)	57,705	27,912
	<u>25,821,239</u>	<u>-</u>	<u>(1,727,307)</u>	<u>24,093,932</u>	<u>1,797,912</u>
Net pension liability (asset)	105,805	153,307	(290,838)	(31,726)	-
Compensated absences	48,782	39,998	(36,692)	52,088	35,999
Business-type activities					
Long-term liabilities and obligations	<u>\$ 25,975,826</u>	<u>\$ 193,305</u>	<u>\$ (2,054,837)</u>	<u>\$ 24,114,294</u>	<u>\$ 1,833,911</u>

All of the City's revenue bonds are direct placement bonds.

For governmental funds, compensated absences and the net pension liability are liquidated by the General Fund and financed purchases from direct borrowings are liquidated by the General 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 financed purchases from direct borrowings are liquidated by the Electric Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (CONTINUED)

The City has outstanding financed purchases from direct borrowings related to government activities totaling \$158,207 and outstanding general obligation bonds related to government activities of \$8,560,000. With respect to business-type activities, the City has outstanding financed purchases from direct borrowings of \$57,705 and direct placement revenue bonds of \$23,930,000. The City has pledged equipment as collateral for the financed purchases from direct borrowings related to government activities and business-type activities. There are no pledged collateral on any of the bonds for governmental activities or business-type activities. The full faith and credit of the City and net revenues from business-type activities are pledged as security on the bonds. All financed purchases from direct borrowings contain an event of default that allows the lender to demand full payment in the case of a missed payment.

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.

The series 2011 General Obligation bonds were partially refunded with the Series 2017 General Obligation Bonds discussed below.

On October 6, 2017, the City issued \$7,365,000 of Series 2017 General Obligation Refunding Bonds to refund all but \$1,855,000 of the Series 2011 General Obligation Bonds outstanding. The bonds were issued at an interest rate of 2.5% with annual maturities through fiscal year 2032. The net proceeds from the Series 2017 Bonds were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. The result of this transaction is a decrease in future debt service payments of \$648,970 and a present value savings, or economic gain, of \$556,430. The refunded bonds are considered defeased and thus the assets in the trust fund along with the \$6,100,000 in outstanding refunded bonds at September 30, 2019 are not reported in the City’s financial statements.

The remaining series 2011 general obligation bonds currently outstanding mature as follows:

	Principal	Interest	Total
Fiscal Year Ending September 30,			
2020	\$ 455,000	\$ 49,900	\$ 504,900
2021	470,000	30,813	500,813
2022	490,000	10,413	500,413
Total	\$ 1,415,000	\$ 91,126	\$ 1,506,126

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds – Governmental activities (Continued)

The series 2017 general obligation refunding bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 125,000	\$ 177,063	\$ 302,063
2021	125,000	173,938	298,938
2022	130,000	170,750	300,750
2023	640,000	161,125	801,125
2024	650,000	145,000	795,000
2025-2029	3,360,000	476,500	3,836,500
2030-2032	2,115,000	79,813	2,194,813
Total	<u>\$ 7,145,000</u>	<u>\$ 1,384,189</u>	<u>\$ 8,529,189</u>

Financed Purchases from Direct Borrowings – Governmental Activities - 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 financed purchases from direct borrowings 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, 2019, the City had vehicles and machinery and equipment with a total cost of \$266,314, accumulated depreciation of \$17,692 and a net book value of \$248,622 under financed purchases from direct borrowings as reported in its governmental activities.

The City's total financed purchases debt service requirements to maturity are as follows:

2020	\$ 87,928
2021	28,393
2022	28,393
2023	28,393
Total minimum lease payments	<u>173,107</u>
Less amount representing interest	<u>14,900</u>
Present Value of future minimum lease payments	<u>\$ 158,207</u>

Direct Placement 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 9. LONG-TERM DEBT (CONTINUED)

Direct Placement Revenue Refunding Bonds – Business-type activities (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 Series 2011 Educational Complex Revenue Bonds were partially refunded with the Series 2017 Education Bonds discussed below.

On October 6, 2017, the City issued \$13,125,000 of Series 2017 Educational Complex Refunding Bonds to refund all but \$2,100,000 of the Series 2011 Education Complex Bonds outstanding. The bonds were issued at an interest rate of 2.66% with annual maturities through fiscal year 2033. The net proceeds from the Series 2017 Educational Complex Refunding Bonds were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. The result of this transaction is a decrease in future debt service payments of \$780,305 and a present value savings, or economic gain, of \$643,630. The refunded bonds are considered defeased and thus the assets in the trust fund along with the \$11,620,000 in outstanding refunded bonds at September 30, 2019 are not reported in the City's financial statements.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT (CONTINUED)

Revenue bonds (Series 2011, 2013, 2014, and 2017) currently outstanding mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending September 30,			
2020	\$ 1,770,000	\$ 1,298,321	\$ 3,068,321
2021	1,850,000	1,237,063	3,087,063
2022	1,940,000	902,796	2,842,796
2023	2,030,000	575,146	2,605,146
2024	2,140,000	500,732	2,640,732
2025-2029	7,380,000	1,572,531	8,952,531
2030-2034	6,500,000	638,895	7,138,895
2035	320,000	6,400	326,400
Total	<u>\$ 23,930,000</u>	<u>\$ 6,731,884</u>	<u>\$ 30,661,884</u>
Plus unamortized bond premium	123,714		
Less unamortized bond discount	(17,487)		
	<u>\$ 24,036,227</u>		

Financed Purchases from Direct Borrowings – Business-type activities - The City has entered into lease agreements as lessee for financing the acquisition of electrical equipment. The lease agreements qualify as financed purchases from direct borrowings 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, 2019, the City had equipment with a total cost of \$139,750, accumulated depreciation of \$34,938 and net book value of \$104,812 under financed purchases from direct borrowings as reported in its business-type activities.

The City's total financed purchases debt service requirements to maturity are as follows:

	<u>Business-type Activities</u>
Fiscal Year Ending September 30,	
2020	\$ 30,045
2021	30,045
Total minimum lease payments	<u>60,090</u>
Less amount representing interest	2,385
Present Value of future minimum lease payments	<u>\$ 57,705</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2019 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	TSPLOST Fund	\$ 200

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The interfund balance owed to the General Fund by the TSPLOST Fund is for allowable TSPLOST expenditures. The amount owed to the General Fund by the nonmajor governmental funds will be repaid through interfund transfers.

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 450,000
General Fund	Electric Fund	700,000
General Fund	Nonmajor enterprise fund	96,992
Educational Complex Fund	General Fund	488,000
Educational Complex Fund	Water & Sewer Fund	307,898
Nonmajor governmental Funds	General Fund	332,211
	Total	\$ 2,375,101

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) to move unrestricted service revenues to the General Fund to supplant property taxes.

NOTE 11. 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 Council in its role as the Plan Sponsor, has the sole authority to amend the provisions, including specific benefit provisions and contribution requirements of the Plan as provided by the Plan document. Effective January 1, 2015, the Plan was amended to provide for immediate participation for 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 (GMA). 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. PENSION PLAN (CONTINUED)

Plan Description (Continued). The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. 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 or on the internet at www.gmanet.com.

Plan Membership. At January 1, 2019, the date of the most recent actuarial valuation, there were 291 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	63
Terminated vested participants not yet receiving benefits	92
Active employees - vested	131
Active employees - nonvested	5
Total	<u>291</u>

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of Plan members, as determined by the City Council. At this time, Plan members are not required to make contributions to the Plan. For the fiscal year ended September 30, 2019, the City's contribution rate was 8.77% of annual payroll. City contributions to the Plan were \$518,325 for the fiscal year ended September 30, 2019.

Net Pension Asset of the City. The City's net pension asset was measured as of September 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as January 1, 2018 with update procedures performed by the actuary to roll forward to the total pension asset measured as of September 30, 2018.

Actuarial Assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation	2.75%
- Salary increases	3.25% - 8.25%, including inflation
- Investment rate of return	7.50%, net of pension plan investment expense, including inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 11. PENSION PLAN (CONTINUED)

Mortality rates for the January 1, 2018 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014. Cost of living adjustments were assumed to be 2.75% 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, 2018 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	7.40
Real estate	10%	5.10
Global fixed income	5%	3.03
Domestic fixed income	20%	1.75
Cash	—%	
Total	100%	

* Rates shown are net of the 2.75% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. 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 11. PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability (Asset) of the City. The changes in the components of the net pension liability (asset) of the City for the fiscal year ended September 30, 2019, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 9/30/18	\$ 14,052,511	\$ 13,665,290	\$ 387,221
Changes for the fiscal year:			
Service cost	436,627	-	436,627
Interest	1,065,229	-	1,065,229
Differences between expected and actual experience	(379,192)	-	(379,192)
Contributions—employer	-	504,950	(504,950)
Net investment income	-	1,353,412	(1,353,412)
Benefit payments, including refunds of employee contributions	(572,166)	(572,166)	-
Administrative expense	-	(31,216)	31,216
Net changes	<u>550,498</u>	<u>1,254,980</u>	<u>(704,482)</u>
Balances at 9/30/19	<u>\$ 14,603,009</u>	<u>\$ 14,920,270</u>	<u>\$ (317,261)</u>

The required schedule of changes in the City's net pension liability (asset) 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 or asset.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate. The following presents the net pension asset of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension asset or liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's net pension liability (asset)	\$ 1,781,368	\$ (317,261)	\$ (2,024,643)

Changes in the Net Pension Asset 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, 2018 and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. PENSION PLAN (CONTINUED)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the fiscal year ended September 30, 2019, the City recognized pension expense of \$39,691. At September 30, 2019, 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	\$ 79,474	\$ 363,575
Changes in assumptions	-	143,088
Net difference between projected and actual earnings on pension plan investments	-	795,472
City contributions subsequent to the measurement date	518,325	-
Total	\$ 597,799	\$ 1,302,135

City contributions subsequent to the measurement date of \$518,325 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability or asset in the fiscal year ending September 30, 2020. 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 September 30:	
2020	\$ (379,036)
2021	(441,322)
2022	(335,862)
2023	(66,441)
Thereafter	-
Total	\$ (1,222,661)

NOTES TO FINANCIAL STATEMENTS

NOTE 12. 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, 2019, there were 30 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, 2019 were \$64,254.

NOTE 13. 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 14. 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 15. 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 15. 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 16. 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, 2019, the City had active construction contracts related to various construction projects. At fiscal year end, the City's commitments with contractors totaled approximately \$1,216,994.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. 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 insure to the benefit of the public.

The City of Fairburn is a participant in the Municipal Electric Authority of Georgia (MEAG Power) and has a contractual agreement to purchase a portion of its power requirements from Southeastern Power Administration (SEPA). All power requirements that are in excess of that provided by SEPA are purchased from MEAG Power at prices intended to cover the operating costs of the system and to retire any debt service incurred by MEAG on the City's behalf. 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 \$6,449,545 during fiscal year ended September 30, 2019.

At September 30, 2019, the outstanding debt of MEAG was approximately \$7.563 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$75 million at September 30, 2019.

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 year as of September 30, 2019 is \$0.00.

NOTES TO FINANCIAL STATEMENTS

NOTE 17. 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, 2019, the City collected \$257,125 in hotel/motel revenues which are recorded in the City's General Fund.

NOTE 18. 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, 2019, the City agreed to pay the Water and Sewer Authority \$1,227,788 (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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 18. JOINTLY GOVERNED ORGANIZATION (CONTINUED)

As of December 31, 2017 (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%:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending December 31,			
2019	\$ 1,335,000	\$ 1,311,350	\$ 2,646,350
2020	1,400,000	1,263,325	2,663,325
2021	1,490,000	1,205,525	2,695,525
2022	1,575,000	1,144,226	2,719,226
2023	1,675,000	1,070,850	2,745,850
2024-2028	10,070,000	4,045,123	14,115,123
2029-2033	13,310,000	1,483,587	14,793,587
Total	<u>\$ 30,855,000</u>	<u>\$ 11,523,986</u>	<u>\$ 42,378,986</u>

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 19. TAX ABATEMENTS

For the year ended September 30, 2019, City property tax revenues were reduced by \$370,050 under agreements entered into by Fulton County. Under the agreements, taxes on both real property and personal property are reduced based on investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

NOTE 20. CONDUIT DEBT

On September 24, 2019, the Development Authority issued \$5,000,000 in taxable revenue bonds for the purpose of funding the Landmark Christian School Project. The City, nor the Development Authority, is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FAIRBURN, GEORGIA
Required Supplementary Information – Retirement Plan

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 436,627	\$ 459,081	\$ 430,351	\$ 358,809	\$ 426,065
Interest on total pension liability	1,065,229	1,005,868	961,894	894,973	880,377
Other Changes	-	(286,177)	-	174,676	(352,216)
Differences between expected and actual experience	(379,192)	158,946	(316,723)	(95,851)	(331,710)
Benefit payments, including refunds of employee contributions	(572,166)	(528,299)	(487,933)	(450,275)	(418,094)
Net change in total pension liability	550,498	809,419	587,589	882,332	204,422
Total pension liability - beginning	14,052,511	13,243,092	12,655,503	11,773,171	11,568,749
Total pension liability - ending (a)	<u>\$ 14,603,009</u>	<u>\$ 14,052,511</u>	<u>\$ 13,243,092</u>	<u>\$ 12,655,503</u>	<u>\$ 11,773,171</u>
Plan fiduciary net position					
Contributions - employer	\$ 504,950	\$ 501,693	\$ 455,271	\$ 504,853	\$ 519,993
Net investment income	1,353,412	1,795,324	1,201,570	117,480	1,082,171
Benefit payments, including refunds of employee contributions	(572,166)	(528,299)	(487,933)	(450,275)	(418,094)
Administrative expenses	(31,216)	(32,353)	(17,223)	(20,547)	(15,930)
Net change in plan fiduciary net position	1,254,980	1,736,365	1,151,685	151,511	1,168,140
Plan fiduciary net position - beginning	13,665,290	11,928,925	10,777,240	10,625,729	9,457,589
Plan fiduciary net position - ending (b)	<u>\$ 14,920,270</u>	<u>\$ 13,665,290</u>	<u>\$ 11,928,925</u>	<u>\$ 10,777,240</u>	<u>\$ 10,625,729</u>
City's net pension liability (asset) - ending (a) - (b)	<u>\$ (317,261)</u>	<u>\$ 387,221</u>	<u>\$ 1,314,167</u>	<u>\$ 1,878,263</u>	<u>\$ 1,147,442</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.2%	97.2%	90.1%	85.2%	90.3%
Covered payroll	\$ 5,421,039	\$ 5,794,145	\$ 5,434,761	\$ 5,264,479	\$ 4,444,802
City's net pension liability (asset) as a percentage of - covered payroll	-5.9%	6.7%	24.2%	35.7%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 518,325	\$ 504,950	\$ 501,693	\$ 455,271
Contributions in relation to the actuarially determined contribution	<u>518,325</u>	<u>504,950</u>	<u>501,693</u>	<u>455,271</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,459,369	\$ 5,421,039	\$ 5,794,145	\$ 5,434,761
Contributions as a percentage of Covered payroll	9.49%	9.31%	8.66%	8.38%
	<u>2015</u>	<u>2014</u>		
Actuarially determined contribution	\$ 504,853	\$ 519,993		
Contributions in relation to the actuarially determined contribution	<u>504,853</u>	<u>519,993</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
Covered payroll	\$ 5,264,479	\$ 4,444,802		
Contributions as a percentage of Covered payroll	9.59%	11.70%		

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2018
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	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	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost-of-living Adjustment	2.75%
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**

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.

CAPITAL PROJECT FUND

Capital Improvement Fund – To account for the capital expenditures made by the City on long-term projects.

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, 2019

ASSETS	Special Revenue Funds			Capital Project Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Grants Fund	Development Authority Fund	Capital Improvement Fund	Cemetery Fund	
Cash and cash equivalents	\$ 49,735	\$ 739,062	\$ -	\$ -	\$ 858	\$ 789,655
Investments	-	-	970	-	85,000	85,970
Intergovernmental receivable	-	128,995	-	275,915	-	404,910
Total assets	\$ 49,735	\$ 868,057	\$ 970	\$ 275,915	\$ 85,858	\$ 1,280,535
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 24,372	\$ -	\$ -	\$ -	\$ 24,372
Retainage payable	-	-	-	30,724	-	30,724
Total liabilities	-	24,372	-	30,724	-	55,096
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - intergovernmental grants	-	28,000	-	-	-	28,000
Total deferred inflows of resources	-	28,000	-	-	-	28,000
FUND BALANCES						
Nonspendable for:						
Corpus of perpetual care cemetery funds	-	-	-	-	10,000	10,000
Restricted for:						
Federal and state programs	-	815,685	-	-	-	815,685
Law enforcement activities	49,735	-	-	-	-	49,735
Cemetery operating capital	-	-	-	-	75,858	75,858
Assigned for:						
Capital construction	-	-	-	245,191	-	245,191
Planning and development	-	-	970	-	-	970
Total fund balances	49,735	815,685	970	245,191	85,858	1,197,439
Total liabilities, deferred inflows of resources, and fund balances	\$ 49,735	\$ 868,057	\$ 970	\$ 275,915	\$ 85,858	\$ 1,280,535

CITY OF FAIRBURN, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds			Capital Project Fund	Permanent Fund	Total
	Confiscated Assets Fund	Grants Fund	Development Authority Fund	Capital Improvement Fund	Cemetery Fund	Nonmajor Governmental Funds
REVENUES						
Intergovernmental	\$ -	\$ 546,740	\$ -	\$ 570,998	\$ -	\$ 1,117,738
Fines and forfeitures	63,340	-	-	-	-	63,340
Interest	326	-	-	-	181	507
Total revenues	63,666	546,740	-	570,998	181	1,181,585
EXPENDITURES						
Current						
Public safety	38,629	-	-	-	-	38,629
Public works	-	653,049	-	614,474	-	1,267,523
Total expenditures	38,629	653,049	-	614,474	-	1,306,152
Excess (deficiency) of revenues over (under) expenditures	25,037	(106,309)	-	(43,476)	181	(124,567)
Other financing sources:						
Transfers in	-	43,544	-	288,667	-	332,211
Total other financing sources	-	43,544	-	288,667	-	332,211
Net change in fund balances	25,037	(62,765)	-	245,191	181	207,644
FUND BALANCES, beginning of fiscal year	24,698	878,450	970	-	85,677	989,795
FUND BALANCES, end of fiscal year	<u>\$ 49,735</u>	<u>\$ 815,685</u>	<u>\$ 970</u>	<u>\$ 245,191</u>	<u>\$ 85,858</u>	<u>\$ 1,197,439</u>

**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, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 63,340	\$ 63,340
Interest	153	153	326	173
Total revenues	153	153	63,666	63,513
EXPENDITURES				
Public safety	153	153	38,629	(38,476)
Net change in fund balances	-	-	25,037	25,037
FUND BALANCES, beginning of fiscal year	24,698	24,698	24,698	-
FUND BALANCES, end of fiscal year	<u>\$ 24,698</u>	<u>\$ 24,698</u>	<u>\$ 49,735</u>	<u>\$ 25,037</u>

**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, 2019**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 315,000	\$ 315,000	\$ 546,740	\$ 231,740
Total revenues	<u>315,000</u>	<u>315,000</u>	<u>546,740</u>	<u>231,740</u>
EXPENDITURES				
Public works	<u>315,000</u>	<u>315,000</u>	<u>653,049</u>	<u>(338,049)</u>
Total expenditures	<u>315,000</u>	<u>315,000</u>	<u>653,049</u>	<u>(338,049)</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(106,309)</u>	<u>(106,309)</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>43,544</u>	<u>43,544</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>43,544</u>	<u>43,544</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(62,765)</u>	<u>(62,765)</u>
FUND BALANCES, beginning of fiscal year	<u>878,450</u>	<u>878,450</u>	<u>878,450</u>	<u>-</u>
FUND BALANCES, end of fiscal year	<u>\$ 878,450</u>	<u>\$ 878,450</u>	<u>\$ 815,685</u>	<u>\$ (62,765)</u>

**CITY OF FAIRBURN, GEORGIA
TSPLOST FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,364,107	\$ 1,364,107	\$ 3,077,963	\$ 1,713,856
Interest	932	932	28,110	27,178
Total revenues	<u>1,365,039</u>	<u>1,365,039</u>	<u>3,106,073</u>	<u>1,741,034</u>
EXPENDITURES				
Capital outlay	<u>1,365,039</u>	<u>1,365,039</u>	<u>1,983,051</u>	<u>(618,012)</u>
Total expenditures	<u>1,365,039</u>	<u>1,365,039</u>	<u>1,983,051</u>	<u>(618,012)</u>
Net change in fund balances	-	-	1,123,022	1,123,022
FUND BALANCES, beginning of fiscal year	<u>569,371</u>	<u>569,371</u>	<u>569,371</u>	<u>-</u>
FUND BALANCES, end of fiscal year	<u>\$ 569,371</u>	<u>\$ 569,371</u>	<u>\$ 1,692,393</u>	<u>\$ 1,123,022</u>

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, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Tax revenue	\$ 771,057	\$ 771,057	\$ 991,751	\$ 220,694
Interest	2,966	2,966	2,538	(428)
Miscellaneous revenue	-	-	2,530	2,530
Total revenues	<u>774,023</u>	<u>774,023</u>	<u>996,819</u>	<u>222,796</u>
Expenditures				
Capital outlays	3,375	3,375	-	3,375
Debt service - principal payments	440,000	440,000	560,000	(120,000)
Debt service - interest and fiscal charges	411,687	411,687	249,002	162,685
Total expenditures	<u>855,062</u>	<u>855,062</u>	<u>809,002</u>	<u>46,060</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(81,039)</u>	<u>(81,039)</u>	<u>187,817</u>	<u>268,856</u>
Other financing sources:				
Transfers in	81,039	81,039	-	(81,039)
Total other financing sources	<u>81,039</u>	<u>81,039</u>	<u>-</u>	<u>(81,039)</u>
Net change in fund balances	-	-	187,817	187,817
Fund balance, beginning of fiscal year	<u>1,670,173</u>	<u>1,670,173</u>	<u>1,670,173</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 1,670,173</u>	<u>\$ 1,670,173</u>	<u>\$ 1,857,990</u>	<u>\$ 187,817</u>

CITY OF FAIRBURN, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
SERIES 2016
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019

Project Description	Priority	Project#	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
				Prior Fiscal Years	Current Fiscal Year	Total	
Road Resurfacing Phase I	Tier 1	1	\$ 7,737,167	\$ 2,495,201	\$ 1,291,446	\$ 3,786,647	48.94%
Pedestrian / Bicycle Improvements Phase I	Tier 1	2	136,891	-	77,266	77,266	56.44%
Park Road Extension, Oakley Industrial Boulevard Full Depth Reclamation	Tier 1	3	3,295,836	413,532	-	413,532	12.55%
Quick Response Projects	Tier 1	4	233,775	29,008	35,445	64,453	27.57%
Project Management / Construction Management	Tier 1	5	285,092	1,802	-	1,802	0.63%
Road Resurfacing Phase II	Tier 2	6	552,987	-	-	-	0.00%
Quiet Zone Railroad Crossings	Tier 2	7	750,000	-	-	-	0.00%
Pedestrian / Bicycle Improvements Phase II	Tier 2	8	353,171	-	-	-	0.00%
Oakley Industrial Boulevard Extension Design	Tier 2	9	315,000	-	-	-	0.00%
Quick Response Projects	Tier 2	10	41,254	-	-	-	0.00%
Project Management / Construction Management	Tier 2	11	50,310	-	-	-	0.00%
Congestion Relief	Tier 3	12	450,000	-	-	-	0.00%
Operation and Safety Improvements	Tier 3	13	541,902	-	-	-	0.00%
Pedestrian / Bicycle Improvements Phase III	Tier 3	14	184,316	-	-	-	0.00%
Road Projects (Dodd Street Roundabout)	Tier 3	15	802,717	-	-	-	0.00%
Quick Response Projects	Tier 3	16	41,417	-	-	-	0.00%
Project Management / Construction Management	Tier 3	17	50,509	-	-	-	0.00%
Totals			<u>\$ 15,822,344</u>	<u>\$ 2,939,543</u>	\$ 1,404,157	<u>\$ 4,343,700</u>	<u>146.13%</u>
				Plus expenditures using local funds	578,894		
				Total TSPLOST Expenditures	<u>\$ 1,983,051</u>		

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	67
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	72
These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.	
Debt Capacity	77
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	82
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	84
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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$ 27,918,745	\$ 25,016,287	\$ 22,594,407	\$ 22,115,350	\$ 17,754,866	\$ 14,409,108	\$ 14,079,774	\$ 13,762,645	\$ 13,449,772	\$ 14,043,159
Restricted	3,673,598	2,367,845	2,495,233	1,718,140	4,597,718	3,730,051	1,719,514	1,346,852	639,394	613,627
Unrestricted (deficit)	11,148,331	6,475,679	4,102,801	3,403,719	2,085,985	1,321,770	985,380	632,874	415,456	(169,035)
Total governmental activities net position	<u>\$ 42,740,674</u>	<u>\$ 33,859,811</u>	<u>\$ 29,192,441</u>	<u>\$ 27,237,209</u>	<u>\$ 24,438,569</u>	<u>\$ 19,460,929</u>	<u>\$ 16,784,668</u>	<u>\$ 15,742,371</u>	<u>\$ 14,504,622</u>	<u>\$ 14,487,751</u>
Business-type activities										
Net investment in capital assets	\$ 17,983,218	\$ 17,683,581	\$ 17,963,925	\$ 18,084,503	\$ 17,474,092	\$ 14,547,120	\$ 16,801,838	\$ 17,194,519	\$ 17,330,455	\$ 18,041,508
Restricted	1,154,510	1,119,371	69,371	514,098	1,763,687	3,178,531	471,521	607,292	1,344,040	65,200
Unrestricted	17,768,299	14,896,831	13,102,664	10,642,505	6,866,052	6,864,370	7,001,733	5,984,465	5,334,811	5,096,658
Total business-type activities net position	<u>\$ 36,906,027</u>	<u>\$ 33,699,783</u>	<u>\$ 31,135,960</u>	<u>\$ 29,241,106</u>	<u>\$ 26,103,831</u>	<u>\$ 24,590,021</u>	<u>\$ 24,275,092</u>	<u>\$ 23,786,276</u>	<u>\$ 24,009,306</u>	<u>\$ 23,203,366</u>
Primary government										
Net investment in capital assets	\$ 45,901,963	\$ 42,699,868	\$ 40,558,332	\$ 40,199,853	\$ 35,228,958	\$ 28,956,228	\$ 30,881,612	\$ 30,957,164	\$ 30,780,227	\$ 32,084,667
Restricted	4,828,108	3,487,216	2,564,604	2,232,238	6,361,405	6,908,582	2,191,035	1,954,144	1,983,434	678,827
Unrestricted	28,916,630	21,372,510	17,205,465	14,046,224	8,952,037	8,186,140	7,987,113	6,617,339	5,750,267	4,927,623
Total primary government net position	<u>\$ 79,646,701</u>	<u>\$ 67,559,594</u>	<u>\$ 60,328,401</u>	<u>\$ 56,478,315</u>	<u>\$ 50,542,400</u>	<u>\$ 44,050,950</u>	<u>\$ 41,059,760</u>	<u>\$ 39,528,647</u>	<u>\$ 38,513,928</u>	<u>\$ 37,691,117</u>

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

CITY OF FAIRBURN, GEORGIA

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
General government	\$ 3,483,825	\$ 3,354,065	\$ 3,419,943	\$ 2,930,921	\$ 2,394,281	\$ 2,296,568	\$ 2,104,230	\$ 1,823,964	\$ 1,763,115	\$ 2,022,054
Judicial	528,341	432,718	374,430	343,417	406,912	415,245	479,159	333,136	235,544	262,792
Public safety	7,084,748	6,637,237	6,304,295	6,600,498	6,322,171	6,110,784	6,057,633	5,851,586	6,127,643	6,758,087
Public works	1,874,254	2,007,720	3,042,932	2,981,768	2,540,254	2,243,308	1,757,055	1,857,152	1,726,760	1,747,445
Planning and development	727,888	609,865	556,660	565,895	455,175	464,196	366,955	367,715	327,158	433,145
Culture and recreation	811,373	874,273	848,402	488,046	512,178	371,838	298,124	252,863	228,225	270,198
Interest on long-term debt	363,333	478,766	442,138	470,423	458,373	493,266	499,027	508,703	299,264	25,411
Total governmental activities expenses	14,873,762	14,394,644	14,988,800	14,380,968	13,089,344	12,395,205	11,562,183	10,995,119	10,707,709	11,519,132
Business-type activities:										
Electric	8,032,839	7,683,352	7,731,021	7,320,222	7,141,969	6,888,429	6,420,188	6,383,795	5,381,210	6,080,267
Water and Sewer	6,311,072	5,954,189	5,725,971	5,720,744	5,321,360	5,641,267	5,022,941	4,797,117	4,576,383	4,371,584
Educational Complex	966,323	1,179,563	1,089,108	1,093,164	1,146,332	1,014,781	999,890	1,237,275	593,658	685,977
Stormwater	274,249	712,463	724,917	723,063	724,079	673,145	597,486	613,722	571,291	549,079
Sanitation	663,210	733,866	648,129	617,473	635,480	675,849	580,521	561,649	559,011	580,516
Total business-type activities expenses	16,247,693	16,263,433	15,919,146	15,474,666	14,969,220	14,893,471	13,621,026	13,593,558	11,681,553	12,267,423
Total primary government expenses	\$ 31,121,455	\$ 30,658,077	\$ 30,907,946	\$ 29,855,634	\$ 28,058,564	\$ 27,288,676	\$ 25,183,209	\$ 24,588,677	\$ 22,389,262	\$ 23,786,555
Program Revenues										
Governmental activities:										
Charges for services	\$ 4,207,409	\$ 2,936,355	\$ 2,967,781	\$ 3,066,529	\$ 2,714,155	\$ 2,132,445	\$ 1,854,075	\$ 1,539,479	\$ 1,129,351	\$ 1,481,525
Operating grants and contributions	-	-	-	-	19,076	69,451	42,793	15,270	-	19,265
Capital grants and contributions	4,254,341	3,208,554 ⁽²⁾	1,793,672	1,621,498	3,221,515	1,401,684	558,236	1,318,074	280,000	-
Total governmental activities program revenues	8,461,750	6,144,909	4,761,453	4,688,027	5,954,746	3,603,580	2,455,104	2,872,823	1,409,351	1,500,790
Business-type activities:										
Charges for services	19,039,757	18,412,160	17,451,224	17,794,173	16,865,395	16,631,066	15,485,677	15,298,333	14,241,961	13,751,183
Capital grants and contributions	1,090,640	1,162,300	1,085,970	1,553,000	548,090	300,000	-	-	-	121,040
Total business-type activities program revenues	20,130,397	19,574,460	18,537,194	19,347,173	17,413,485	16,931,066	15,485,677	15,298,333	14,241,961	13,872,223
Total primary government program revenues	\$ 28,592,147	\$ 25,719,369	\$ 23,298,647	\$ 24,035,200	\$ 23,368,231	\$ 20,534,646	\$ 17,940,781	\$ 18,171,156	\$ 15,651,312	\$ 15,373,013

CITY OF FAIRBURN, GEORGIA

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net (expense)/revenue										
Governmental activities	\$ (6,412,012)	\$ (8,249,735)	\$ (10,227,347)	\$ (9,692,941)	\$ (7,134,598)	\$ (8,791,625)	\$ (9,107,079)	\$ (8,122,296)	\$ (9,298,358)	\$ (10,018,342)
Business-type activities	3,882,704	3,311,027	2,618,048	3,872,507	2,235,670	2,037,595	1,864,651	1,704,775	2,560,408	1,604,800
Total primary government net (expense) revenue	<u>\$ (2,529,308)</u>	<u>\$ (4,938,708)</u>	<u>\$ (7,609,299)</u>	<u>\$ (5,820,434)</u>	<u>\$ (4,898,928)</u>	<u>\$ (6,754,030)</u>	<u>\$ (7,242,428)</u>	<u>\$ (6,417,521)</u>	<u>\$ (6,737,950)</u>	<u>\$ (8,413,542)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 6,554,283	\$ 5,179,553	\$ 4,564,177	\$ 4,746,634	\$ 4,647,950	\$ 4,755,788	\$ 4,798,827	\$ 4,567,666	\$ 4,060,431	\$ 2,853,789
Sales and use taxes	4,343,841	4,063,620	3,862,730	3,819,892	3,762,572	3,415,848 (1)	1,416,172	1,414,814	1,315,932	1,324,124
Other taxes	3,209,463	2,825,596	2,787,403	2,686,024	2,764,043	2,633,485	2,367,550	2,260,687	1,791,316	1,741,655
Miscellaneous revenue	101,787	59,186	167,441	402,696	83,601	53,704	113,268	87,798	287,908	139,915
Unrestricted investment earnings	324,509	27,150	23,298	51,911	51,157	55,044	62,924	69,897	94,642	34,694
Gain on disposal of capital assets	-	-	15,530	22,424	52,915	416,474	-	-	-	-
Transfers	758,992	762,000	762,000	762,000	750,000	1,543,985	1,390,635	1,191,000	1,765,000	3,689,629
Total governmental activities	<u>15,292,875</u>	<u>12,917,105</u>	<u>12,182,579</u>	<u>12,491,581</u>	<u>12,112,238</u>	<u>12,874,328</u>	<u>10,149,376</u>	<u>9,591,862</u>	<u>9,315,229</u>	<u>9,783,806</u>
Business-type activities:										
Unrestricted investment earnings	51,258	14,796	25,536	26,768	28,140	6,044	11,100	34,490	9,838	27,686
Gain on Sale of Assets	31,274	-	13,270	-	-	-	3,700	-	694	264,841
Transfers	(758,992)	(762,000)	(762,000)	(762,000)	(750,000)	(1,543,985)	(1,390,635)	(1,191,000)	(1,765,000)	(3,689,629)
Total business-type activities	<u>(676,460)</u>	<u>(747,204)</u>	<u>(723,194)</u>	<u>(735,232)</u>	<u>(721,860)</u>	<u>(1,537,941)</u>	<u>(1,375,835)</u>	<u>(1,156,510)</u>	<u>(1,754,468)</u>	<u>(3,397,102)</u>
Total primary government	<u>\$ 14,616,415</u>	<u>\$ 12,169,901</u>	<u>\$ 11,459,385</u>	<u>\$ 11,756,349</u>	<u>\$ 11,390,378</u>	<u>\$ 11,336,387</u>	<u>\$ 8,773,541</u>	<u>\$ 8,435,352</u>	<u>\$ 7,560,761</u>	<u>\$ 6,386,704</u>
Change in Net Position										
Governmental activities	\$ 8,880,863	\$ 4,667,370	\$ 1,955,232	\$ 2,798,640	\$ 4,977,640	\$ 4,082,703	\$ 1,042,297	\$ 1,469,566	\$ 16,871	\$ (234,536)
Business-type activities	3,206,244	2,563,823	1,894,854	3,137,275	1,513,810	499,654	488,816	548,265	805,940	(1,792,302)
Total primary government	<u>\$ 12,087,107</u>	<u>\$ 7,231,193</u>	<u>\$ 3,850,086</u>	<u>\$ 5,935,915</u>	<u>\$ 6,491,450</u>	<u>\$ 4,582,357</u>	<u>\$ 1,531,113</u>	<u>\$ 2,017,831</u>	<u>\$ 822,811</u>	<u>\$ (2,026,838)</u>

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.
- (2) Capital grants and contributions increased due to the TSPLOST beginning in April 2017

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,610
Unreserved	-	-	-	-	-	-	-	-	-	72,001
Nonspendable	116,944	122,541	99,203	186,813	246,026	149,285	164,419	134,922	134,338	-
Committed	417,115	385,533	382,976	280,994	-	-	-	-	-	-
Restricted	141,126	141,126	141,566	146,315	149,740	-	-	-	-	-
Unassigned	11,058,246	6,970,469	5,179,060	4,035,786	3,029,593	3,646,266	1,184,518	879,151	412,283	-
Total General Fund	<u>\$ 11,733,431</u>	<u>\$ 7,619,669</u>	<u>\$ 5,802,805</u>	<u>\$ 4,649,908</u>	<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>
All other governmental funds										
Reserved, Cemetery Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,762
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	538,818
Nonspendable	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	-
Restricted	4,491,661	3,218,369	3,348,161	1,994,448	5,531,677	4,616,280	6,464,093	8,113,648	10,390,989	-
Assigned	246,161	970	970	409,860	1,112	967	967	965	962	-
Unassigned (deficit)	-	-	-	(18,564)	-	-	(3,214)	-	-	-
Total all other governmental funds	<u>\$ 4,747,822</u>	<u>\$ 3,229,339</u>	<u>\$ 3,359,131</u>	<u>\$ 2,395,744</u>	<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>

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.

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Taxes	\$ 14,045,390 (3)	\$ 12,051,338	\$ 11,364,385	\$ 11,245,655	\$ 11,188,620	\$ 10,878,900 (1)	\$ 8,514,927	\$ 8,276,648	\$ 7,241,198	\$ 6,023,874
Licenses and permits	2,125,009	1,261,777	1,638,444	1,737,024	1,405,815	816,122	726,342	624,518	542,189	480,241
Intergovernmental	4,195,701	3,206,502 (2)	1,793,672	1,406,484	3,221,516	1,400,884	198,686	1,166,174	-	19,265
Fines and forfeitures	997,103	701,117	515,187	501,886	686,571	741,656	752,705	506,094	223,780	398,212
Charges for services	859,513	837,886	677,868	721,191	573,258	549,581	371,152	395,307	360,802	600,492
Interest income	352,619	29,202	23,298	51,911	51,157	55,044	62,924	69,897	94,642	34,694
Miscellaneous	330,101	194,761	303,723	584,279	151,187	149,041	519,487	116,628	287,854	142,495
Total revenues	<u>22,905,436</u>	<u>18,282,583</u>	<u>16,316,577</u>	<u>16,248,430</u>	<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>
Expenditures										
General government	3,539,095	3,406,195	3,416,997	2,878,496	2,410,195	2,261,908	2,050,041	1,790,985	1,724,112	1,993,378
Judicial	534,186	437,400	376,353	342,331	411,394	415,172	472,604	332,565	235,544	262,792
Public safety	7,125,945	6,538,231	6,207,250	6,181,773	6,143,312	6,022,743	5,834,889	5,757,817	5,993,068	6,578,133
Public works	2,867,417	1,989,357	2,814,324	2,782,641	2,363,652	1,915,233	1,503,387	2,645,111	1,358,955	1,269,111
Planning and development	713,382	552,164	523,412	527,173	486,107	461,352	365,540	368,225	327,158	433,145
Culture and recreation	501,501	619,309	531,522	586,329	351,519	299,003	225,307	192,905	165,690	209,493
Other	-	-	-	-	-	-	-	-	-	-
Capital outlay	1,983,051	2,944,718	19,472	4,490,740	4,605,059	3,903,395	2,513,359	2,794,532	219,133	-
Debt service										
Principal	615,099	821,473	653,535	715,814	619,425	622,796	651,801	130,540	160,690	223,196
Interest	253,441	214,044	451,808	472,155	473,437	490,547	505,602	511,360	134,223	25,411
Bond issuance costs	-	134,684	-	-	-	-	-	-	409,485	-
Total expenditures	<u>18,133,117</u>	<u>17,657,575</u>	<u>14,994,673</u>	<u>18,977,452</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	4,772,319	625,008	1,321,904	(2,729,022)	(585,976)	(1,800,921)	(2,976,307)	(3,368,774)	(1,977,593)	(3,295,386)
Other financing sources (uses)										
Bonds issued	-	7,365,000	-	-	-	-	-	-	10,415,000	-
Payments to refund debt escrow agent	-	(7,230,316)	-	-	-	-	-	-	-	-
Original bond premium	-	-	-	-	-	-	-	-	36,234	-
Financed purchases	100,934	165,380	-	-	328,421	371,613	228,424	367,888	-	123,000
Proceeds from sale of capital assets	-	-	32,380	44,526	52,915	487,338	39,345	-	3,740	-
Transfers in	1,579,203	1,687,817	1,690,339	1,929,410	3,987,018	3,216,141	1,617,260	1,350,000	3,232,866	3,743,142
Transfers out	(820,211)	(925,817)	(928,339)	(1,167,410)	(3,237,018)	(1,672,156)	(226,625)	(159,000)	(1,467,866)	(53,513)
Total other financing sources (uses)	<u>859,926</u>	<u>1,062,064</u>	<u>794,380</u>	<u>806,526</u>	<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>
Net change in fund balances	<u>\$ 5,632,245</u>	<u>\$ 1,687,072</u>	<u>\$ 2,116,284</u>	<u>\$ (1,922,496)</u>	<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>
Debt service as a percentage of noncapital expenditures	6.10%	7.39%	7.76%	8.68%	8.53%	9.22%	9.97%	5.47%	2.35%	2.35%

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.
(2) Intergovernmental revenues increased as a result of the TSPLOST program starting in April 2017
(3) Property taxes increase as the economy improved and assessed values increased.

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
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
2016	4,766,434	3,819,892	307,241	1,047,515	750,679	244,803	241,576	94,210	11,272,350
2017	4,564,177	3,862,730	326,482	1,021,148	813,131	249,041	220,251	157,350	11,214,310
2018	5,179,553	4,063,620	331,566	951,504	867,515	264,586	285,075	125,350	12,068,769
2019	6,554,283	4,343,841	402,236	1,215,781	935,573	250,078	257,125	148,670	14,107,587

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

Note:

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

CITY OF FAIRBURN, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
ALL TAXABLE PROPERTY
LAST TEN YEARS
(accrual basis of accounting)

Tax Digest Year	Real Property		Personal Property		Public Utility		Total Property		Total Direct Tax Rate	Ratio of Total	Percent Increase
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value		Assessed to Total Estimated Actual Value	in Estimated Actual Value Over Prior Year
2009	\$ 410,862,770	\$ 1,048,830,675	\$ 186,820,120	\$ 467,050,300	\$ 13,732,050	\$ 34,330,125	\$ 611,414,940	(1) \$ 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	(1) 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 (2)	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 (3)	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 (4)	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%
2015	367,717,060	919,292,650	339,414,250	848,535,625	14,501,454	36,253,635	721,632,764	1,804,081,910	9.73	40%	5.63%
2016	399,791,020	999,477,550	324,570,010	811,425,025	14,734,532	36,836,330	739,095,562	1,847,738,905	9.56	40%	2.42%
2017	458,002,930	1,145,007,325	425,312,310	1,063,280,775	14,679,795	36,699,488	897,995,035	2,244,987,588	9.56	40%	21.50%
2018	512,748,060	1,281,870,150	746,741,225	1,866,853,063	13,580,161	33,950,403	1,273,069,446	3,182,673,615	9.56	40%	41.77%

Source: City of Fairburn Finance Department

Notes:

- (1) Assessed values have dropped from 2009 to 2010 due to the decline in the value of residential real properties.
- (2) Includes Property taxes for general operations at 8.1 mills and additional property tax to cover the debt payments related to the 2011 general obligation bonds at 1.83 mills.
- (3) Includes Property taxes for general operations at 8.1 mills and additional property tax to cover the debt payments related to the 2011 general obligation bonds at 1.88 mills.
- (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 1.60 mills.

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

<u>Tax Digest Year</u>	<u>Direct Rates</u>			<u>Overlapping Rates</u>			<u>Total Direct and Overlapping Millage Rate</u>
	<u>City of Fairburn</u>			<u>State of Georgia</u>	<u>Fulton County</u>	<u>County School System</u>	
	<u>Operating Millage</u>	<u>Debt Service</u>	<u>Total</u>				
2009	5.000	0.000	5.000	0.250	10.280	17.500	33.030
2010	7.500	0.000	7.500	0.250	10.280	18.500	36.530
2011	8.100	1.830	9.930	0.250	10.550	18.500	39.230
2012	8.100	1.880	9.980	0.200	10.550	18.500	39.230
2013	8.100	1.600	9.700	0.150	10.480	18.500	38.830
2014	8.100	1.720	9.820	0.100	12.050	18.500	40.470
2015	8.100	1.630	9.730	0.050	10.750	18.500	39.030
2016	8.100	1.460	9.560	0.050	10.700	18.480	38.790
2017	8.100	1.460	9.560	0.050	10.630	18.546	38.786
2018	8.100	1.460	9.560	0.050	10.430	17.796	37.836

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA

PRINCIPAL PROPERTY TAX PAYERS CURRENT AND NINE FISCAL YEARS AGO

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Development Authority of Fulton County	\$ 71,018,392	1	5.58%	\$		
Google	60,273,384	2	4.73%			
Duracell Distributing, Inc	52,973,641	3	4.16%			
Helicopter Support Inc	46,117,424	4	3.62%			
Nestle Purina Petcare Company	40,481,668	5	3.18%			
Owens Corning	34,264,879	6	2.69%			
Toto USA, Inc.	30,009,540	7	2.36%			
Electrolux Home Products, Inc.	20,377,132	8	1.60%			
U.S. Foods, Inc	17,051,306	9	1.34%			
J L G Industries, Inc	16,466,545	10	1.29%			
Porex	-		-	5,934,200	1	0.97%
South Creek Distributor	-		-	2,282,720	2	0.37%
B & K Marketing	-		-	967,920	3	0.16%
Carolina Builders Co	-		-	827,550	4	0.14%
Fairburn Health Care	-		-	782,460	5	0.13%
Newnan Trading Corp	-		-	637,300	6	0.10%
CCA Electronics	-		-	567,310	7	0.09%
Fairburn Banking	-		-	533,170	8	0.09%
Estex Manufacturing	-		-	497,030	9	0.08%
Strack Family LLC	-		-	416,360	10	0.07%
All Others	884,035,536		69.44%	597,968,920		97.80%
Totals	<u>\$ 1,273,069,446</u>		<u>100.00%</u>	<u>\$ 611,414,940</u>		<u>100.00%</u>

Source: City of Fairburn Finance Department

Note: The 2018 tax digest was billed during fiscal year ending September 30, 2019. The 2018 column related taxes are based on the 2018 tax digest that were billed during fiscal year ended September 30, 2019. The 2009 column related taxes are based on the 2009 tax digest that were billed during fiscal year ended September 30, 2010.

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
2009	\$ 2,966,005	\$ 2,814,985	97.17%	\$ 145,651	\$ 2,960,636	\$ 5,369	0.18%	5.00	\$ 1,287,811
2010	4,074,329	3,933,168	94.91%	134,545	4,067,713	6,616	0.16%	7.50	1,315,932
2011	4,491,344	4,406,360	96.54%	77,240	4,483,600	7,744	0.17%	9.93	1,414,814
2012	4,616,738	4,492,199	96.54%	111,883	4,604,082	12,655	0.27%	9.98	1,416,172
2013	4,762,586	4,187,985	87.94%	562,466	4,750,451	12,135	0.25%	9.70	3,415,848 (1)
2014	4,569,262	4,520,945	98.94%	35,659	4,556,604	12,658	0.28%	9.82	3,762,572
2015	4,579,384	4,554,466	99.46%	12,665	4,567,131	12,253	0.27%	9.73	3,819,892
2016	4,668,151	4,650,813	99.63%	1,581	4,652,394	15,757	0.34%	9.56	3,862,730
2017	5,133,569	5,056,723	98.50%	57,390	5,114,113	19,457	0.38%	9.56	4,063,620
2018	6,561,997	6,439,602	98.13%	-	6,439,602	122,395	1.87%	9.56	4,343,841

Source: City of Fairburn Finance Department

Notes:

(1) 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	Net Amount of General Bonded debt	Financed Purchases	Net Bonded Debt to Actual Value of Taxable Property	Per Capita	Water & Sewer	Educational Complex	Net Position Restricted to Debt Service	Notes Payable	Financed Purchases	Net Total Primary Government	Percent of Personal Income	Per Capita	
2010	\$ -	\$ -	\$ -	\$ 466,270	-	41	\$ 11,500,000	\$ 8,702,250	\$ -	\$ 39,538	\$ 71,199	\$ 20,779,257	8.09%	1,833	
2011	10,450,629	-	10,450,629	306,030	0.71%	932	10,755,000	14,974,732	1,344,040	17,361	6,212	35,165,924	12.85%	3,047	
2012	10,447,972	583,860	9,864,112	543,378	0.66%	779	10,035,000	14,990,032	607,292	-	-	34,825,230	11.73%	2,606	
2013	10,050,347	533,489	9,516,858	515,001	0.63%	731	9,310,000	15,009,635	471,521	-	-	33,879,973	11.58%	2,469	
2014	9,647,786	590,223	9,057,563	663,818	0.60%	710	14,117,463	14,674,263	675,752	-	-	37,837,355	13.71%	2,763	
2015	9,240,289	738,226	8,502,063	777,814	0.50%	678	14,101,806	14,318,621	800,832	-	-	36,899,472	13.37%	2,694	
2016	8,827,858	718,136	8,109,722	472,000	0.45%	614	13,106,714	13,937,775	514,098	-	-	35,112,113	12.56%	2,514	
2017	8,405,496	215,777	8,189,719	238,465	0.44%	594	12,091,993	13,526,653	69,371	-	109,705	34,087,164	11.73%	2,404	
2018	9,124,188	12,361	9,111,827	112,372	0.41%	649	11,058,695	14,678,770	1,050,000	-	83,774	33,995,438	11.91%	2,391	
2019	8,563,141	12,373	8,550,768	158,207	0.27%	611	9,993,714	14,042,513	1,085,000	-	57,705	31,717,907	11.46%	2,225	

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT SEPTEMBER 30, 2019

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	\$ 21,199,000	1.803%	\$ 382,201
Library General Obligation Bonds	245,227,000	1.803%	4,421,250
Economic Recovery Zone Bonds	59,651,000	1.803%	1,075,461
Fulton County Board of Education			
General Obligation Bonds	32,715,000	1.803%	589,826
	358,792,000		6,468,737
City of Fairburn, Georgia			
2011 General Obligation Bonds	8,563,141	100.00%	8,563,141
Financed Purchases	158,207	100.00%	158,207
Total Direct Debt	8,721,348		8,721,348
Total direct and overlapping debt	\$ 367,513,348		\$ 15,190,085

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

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Percent</u>	<u>Debt Limit</u>	<u>Amount Applicable (1)</u>	<u>Legal Debt Margin</u>
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
2016	721,632,764	10%	72,163,276	8,827,858	63,335,418
2017	739,095,562	10%	73,909,556	8,405,496	65,504,060
2018	897,995,035	10%	89,799,504	9,124,188	80,675,316
2019	1,273,069,446	10%	127,306,945	8,563,141	118,743,804

Source: City of Fairburn Finance Department

Note: (1) The City of Fairburn had no general obligation bonds outstanding during fiscal year 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**

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Direct Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest (1)</u>	<u>Total</u>	
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	14,635,792	9,822,190	4,813,602	-	489,612	489,612	9.83
2016	15,453,582	10,333,956	5,119,626	980,000	473,808	1,453,808	3.52
2017	15,351,316	10,694,171	4,657,145	1,000,000	454,575	1,454,575	3.20
2018	16,375,792	10,981,640	5,394,152	1,050,000	416,109	1,466,109	3.68
2019	16,945,442	11,605,021	5,340,421	1,050,000	397,856	1,447,856	3.69

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
PLEDGED REVENUE BOND COVERAGE - EDUCATIONAL COMPLEX FUND
EDUCATIONAL COMPLEX REVENUE BONDS - SERIES 2017, 2011 AND 2008
LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2016	537,010	90,732	446,278	400,000	623,125	1,023,125	0.44
2017	498,543	96,326	402,217	430,000	603,475	1,033,475	0.39
2018	446,154	37,010	409,144	520,000	487,625	1,007,625	0.41
2019	488,148	40,575	447,573	645,000	403,640	1,048,640	0.43

Source: City of Fairburn Finance Department

Notes: The Series 2008 Series Revenue Bonds were refunded during fiscal year 2011. The Series 2011 Bonds were refunded in 2017.

(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)
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
2016	13,967	279,549,505	20,015	32.0	12	5,270	5.50
2017	14,182	290,504,088	20,484	32.0	12	5,390	4.20
2018	14,220	285,371,146	20,069	32.0	12	5,354	3.20
2019	14,257	276,799,655	19,415	32.3	12	5,354	3.90

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.

CITY OF FAIRBURN, GEORGIA

**PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE FISCAL YEARS PRIOR**

<u>Employer</u>	<u>2019</u>		<u>2010</u>	
	<u>Number of Employees</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Rank</u>
Exel Logistics	842	1	249	6
U.S Food Services	659	2	795	1
Strack, Inc.	378	3	300	4
Nestle Purina Petcare Co.	336	4	310	3
Porex Corporation	330	5	256	5
XPO Logistics Supply Chaing, Inc.	311	6		
Owens Corning	246	7	388	2
DSC Logistics, Inc.	217	8		
Material In Motion	150	9		
Adesa Atlanta LLC	120	10	200	8
Reynolds, Inc.			200	7
Prism Pointe Technology			150	9
Fairburn Healthcare			108	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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Administrative	26	26	23	27	27	29	30	30	29	28
Police	33	36	45	37	37	43	39	39	39	45
Fire	44	43	44	44	44	45	42	40	40	40
Streets, Parks, and Recreation	15	13	14	13	12	17	18	18	18	19
E-911 (1)	8	2	-	-	-	-	-	-	-	-
Electric	8	9	8	10	9	10	9	9	9	9
Water and Sewer	4	6	6	6	8	8	8	9	9	9
	<u>138</u>	<u>135</u>	<u>140</u>	<u>137</u>	<u>137</u>	<u>152</u>	<u>146</u>	<u>145</u>	<u>144</u>	<u>150</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.

CITY OF FAIRBURN, GEORGIA

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical Arrests	514	605	1,485	967	1,268	633	549	729	775	803
Traffic Violations	1,725	2,081	2,428	5,455	4,640	3,982	3,252	5,638	5,681	11,321
Fire										
Number of Calls Answered	1,655	1,855	2,020	2,078	2,168	2,414	2,879	2,955	3,031	3,281
Inspections	258	573	496	673	723	990	886	518	401	456
Highways and Streets										
Streets Resurfaced (miles)	0.44	1.00	-	2.12	4.50	1.94	-	1.81	13.00	10.34
Potholes Repaired	79	66	88	99	90	100	120	115	25	122
Sanitation										
Refuse Collected (tons/day)	4,310	3,567	6,030	3,599	3,661	3,661	4,015	3,916	3,770	4,059
Recyclables Collected (tons/day)	145	119	598	622	637	650	730	667	661	537
Water										
Water Mains (miles)	91.6	91.6	91.9	92.2	93.1	70.9	71.1	71.1	71.1	71.1
Fire Hydrants	900	900	903	903	903	826	824	824	824	947
Water Main Breaks	8	20	15	10	6	6	8	6	6	4
Average Daily Consumption (thousands of gallons)	835	778	811	817	845	807	886	212	1,061	784
Wastewater and Sewer										
Stormwater system (miles)	37.25	37.98	38.21	38.45	38.45	36.76	36.76	36.76	36.76	36.76
Sanitary system (miles)	69.00	69.00	69.00	69.00	69.00	62.00	61.62	61.62	61.62	61.62
Public Safety										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	40	41	45	33	62	50	47	49	49	49
Highways and Streets										
Miles Paved	96.5	96.5	96.8	96.8	96.8	96.8	96.8	96.8	96.8	96.8
Miles Unpaved	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Street Lights	695	695	702	709	712	712	712	712	712	760
Caution Lights	1	1	1	1	1	1	2	2	2	1
Electric										
Lines (miles)	79	79	79	79	79	81	81	81	81	81
Plant Capacity (KVA)	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,470	12,470	12,470

Source: City of Fairburn Finance Department

Notes:

n/a - Information is not readily available.

CITY OF FAIRBURN, GEORGIA

CAPITAL ASSETS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water										
Water Mains (miles)	91.6	91.6	91.9	91.9	91.9	70.9*	71.1	71.1	71.1	71.1
Fire Hydrants	900	900	903	903	903	826**	824	824	824	947
Water Main Breaks	8	20	15	15	6	6	8	6	6	4
Wastewater and Sewer										
Stormwater system (miles)	37.25	37.98	38.21	38.21	38.21	36.76	36.76	36.76	36.76	36.76
Sanitary system (miles)	69	69	69	69	69	62	61.62	61.62	61.62	61.62
Public Safety										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	40	41	45	33	62	50	47	49	49	49
Highways and Streets										
Miles Paved	96.5	96.5	96.5	96.5	96.8	96.8	96.8	96.8	96.8	96.8
Miles Unpaved	3	3	3	3	3	3	3	3	3	3
Street Lights	695	695	702	712	712	712	712	712	712	760
Caution Lights	1	1	1	1	1	1	2	2	2	1
Electric										
Lines (miles)	79	79	79	79	79	81	81	81	81	81
Number of substations	2	2	2	2	2	2	2	2	2	2
Number of service connections	2,928	2,865	2,902	2,955	3,183	3,153	3,187	3,470	3,470	3,574
Culture and recreation										
Parks acreage	2	2	142	144	144	144	144	146	146	146
Parks	1	1	1	2	2	2	2	3	3	3
Community centers	1	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