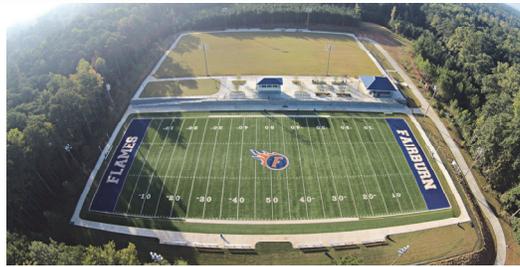


City of Fairburn, Georgia

Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 2016



Prepared by

Department of Finance
56 Malone Street
Fairburn, Georgia 30213

**CITY OF FAIRBURN, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED
 SEPTEMBER 30, 2016**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal.....	i-vi
GFOA Certificate of Achievement.....	vii
City Officials.....	viii
Organizational Chart.....	ix
FINANCIAL SECTION	
Independent Auditor's Report.....	1-3
Management's Discussion and Analysis.....	4-15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	21
Statement of Net Position – Proprietary Funds.....	22
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds.....	24
Notes to Financial Statements.....	25-55
Required Supplementary Information – Retirement Plan	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	56
Schedule of City Contributions	57
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	59
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Confiscated Assets Fund	60
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Grants Fund	61
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Improvement Fund	62

**CITY OF FAIRBURN, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED
 SEPTEMBER 30, 2016**

TABLE OF CONTENTS

	<u>Page</u>
Combining and Individual Fund Statements and Schedules (Continued):	
Schedule of Revenues, Expenditures, and Changes in Fund	
Balances – Budget and Actual – General Obligation Bond Capital Projects Fund	63
STATISTICAL SECTION (Unaudited)	
Net Position by Component	64
Changes in Net Position	65 and 66
Fund Balances of Governmental Funds	67
Changes in Fund Balances of Governmental Funds.....	68
Governmental Activities Tax Revenues by Source	69
Assessed Value and Estimated Actual Value – All Taxable Property.....	70
Direct and Overlapping Property Tax Rates	71
Principal Property Tax Payers.....	72
Property Tax Levies and Collections	73
Ratio of Outstanding Debt by Type	74
Direct and Overlapping Governmental Activities Debt	75
Legal Debt Margin	76
Pledged Revenue Bond Coverage – Water & Sewer Fund & Electric Fund.....	77
Pledged Revenue Bond Coverage – Educational Complex Fund.....	78
Demographic and Economic Statistics.....	79
Principal Employers	80
Full-Time Equivalent City Government Employees by Function/Program.....	81
Operating Indicators by Function/Program.....	82
Capital Assets by Function/Program	83

INTRODUCTORY SECTION
(Unaudited)



City of Fairburn
56 Malone Street
Fairburn, GA30213

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

March 29, 2017

Honorable Mario Avery, Mayor
and Members of the City Council
City of Fairburn
Fairburn, Georgia

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Fairburn, Georgia (the "City"), for the fiscal year ended September 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organization chart, and a list of principal officials. The transmittal letter includes general information about the City, services provided by the City, the organization of the City, economic

condition and outlook for the City, the major events of the fiscal year, and other information including the audit and acknowledgements.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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

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

General Information – City of Fairburn

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

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

Services Provided

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

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

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

The City's primary sources of General Fund revenue continue to be ad valorem taxes, sales taxes, and franchise fees.

The Organization of the Government

The City has a Mayor and Council – City Administrator form of government with a Mayor and six council members in the governing body. The Mayor, while a part-time position, is the City's Chief Executive Officer. The City Administrator is a full-time position appointed by and serving at the pleasure of the City Council.

The City Council annually adopts a balanced budget and establishes an ad valorem tax rate for the support of City programs. The City Administrator has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the City Council.

The City's management team includes a Police Chief, Fire Chief, City Engineer, Finance Director, Human Resources Director, City Clerk, Properties Manager, Utilities Director, and Recreation Director.

Strategic Direction

With our tagline, "Situated to Succeed" the City continues to encourage businesses and individuals to move here to benefit from all of the amenities offered. Mayor, Council and staff continue to make vital decisions that responsibly utilize City resources based on the needs and desires of the City's residents. Our strategic vision of a community with an array of live, work and play opportunities continues to be the focal point of Fairburn's growth.

Since 2011, the City has invested nearly \$50 million in public infrastructure projects including the Frankie Mae Arnold Stage & Courtyard in the downtown area; road improvements to support development in its highly successful industrial warehouse district; a proposed new fire station; upgrades and improvements to Clarence E. Duncan Park; various water and sewer improvements and upgrades; and the development of a two-story classroom building that is part of the Betty Hannah Education Campus.

These investments highlight the City's commitment to promoting community development and infrastructure investment which are major goals of its recently adopted Economic Development Strategic Plan (EDSP). The EDSP also articulates the attraction and recruitment of new businesses and development opportunities; promoting the growth and expansion of existing businesses; and developing a talented and qualified workforce as primary goals of the City's economic development platform.

Other efforts initiated and/or supported by members of City Council to expand economic and community development opportunities include, approval of a park & ride facility along S.R. 74; involvement in the Georgia Initiative for Community Housing (GICH) to improve housing conditions and expand housing opportunities in the Lightning and Summerwood neighborhoods; support for the establishment of the Main Street Program for the downtown area; and creation of a farmers market to support Georgia-grown produce and promote healthy lifestyles.

The City has experienced a recent increase in housing construction and purchase. This upsurge provides a favorable forecast for the City's expanding housing market.

Economic Condition and Outlook

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

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

Fairburn is the long-time home to several large manufacturing facilities. Nestle-Purina's Fairburn plant has laid claim to being the largest dry pet food manufacturing facility in the world. Owens-Corning and Porex celebrated their 40th and 50th anniversaries, respectively, during this decade. 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 Betty Hannah Education Campus aims to create a qualified workforce to meet the employment needs of its business sector.

New home construction has returned to pre-recession levels. Starter homes in the low-\$100s and larger homes in the \$300s are both selling well. Most of the renewed interest in residential construction is focused on the 900+ fully-developed residential lots that have sat vacant throughout the City for the last seven to nine years. And just this year, Fairburn welcomed the opening of *Solstice*, a 308-unit, upscale apartment development on Oakley Industrial Blvd. This project along with new single-family units in subdivisions such as Durham Lakes, Brookhaven, Fieldstone Manor, Asbury Park and others reflect the City's continued population growth and the demand for housing choices for every income level. Continuing the City's focus on quality, affordable housing for all residents the Manor at Broad fills this niche. Active seniors benefit from this affordable housing option.

The City's proximity to the Pinewood Atlanta Studio in adjoining Fayette County and Atlanta Metro Studios in Union City bodes well for future economic development. Fairburn's Highway 74 interchange on Interstate 85 is the gateway to Pinewood from both downtown Atlanta and

the Atlanta Airport, creating an opportunity for commercial and residential growth that caters to the Studio's users and suppliers. Fairburn 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.

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

Major Events in Fiscal Year 2016

The City's financial portfolio remains in the positive. During the last five fiscal years the General Fund's fund balance has climbed from negative \$90,000 to a positive \$4.6 million. The City's bond rating has simultaneously climbed from bbb+ to AA-. The City's fiscal responsibility with the ever-changing financial climate allows the City to remain out of crippling debt.

In May of last year the City opened a brand new aquatics facility at Duncan Park. This \$2 million investment includes a new swimming pool; splash pad and bath house; provision of parking areas; and various lighting and landscape enhancements.

As Fairburn moves forward from the recession, it has developed an overall vision and a focus on improving and expanding economic opportunities. In October of 2016, City Council adopted the City's first Economic Development Strategic Plan (EDSP). The plan sets forth the goals objectives and strategies that guide the City's economic development agenda.

Financial Information

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

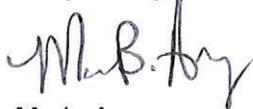
Independent Audit. State statues require an annual audit by independent certified public accountants. The accounting firm of Mauldin & Jenkins, LLC was selected. The independent auditor's report on the financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information and schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This was the twenty-eighth consecutive year and the thirty first time that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mario Avery', written in a cursive style.

Mario Avery
Mayor

March 29, 2017



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, 2015

Executive Director/CEO

**CITY OF FAIRBURN, GEORGIA
CITY OFFICIALS
SEPTEMBER 30, 2016**

CITY COUNCIL

Mario Avery, Mayor
Hattie Portis-Jones, Mayor Pro Tem
Pat Pallend
Alex Heath
Elizabeth “Liz” Hurst
Lydia Glaize
James Whitmore

CITY ADMINISTRATOR

Stephen Hood

CITY CLERK

Brenda James

HUMAN RESOURCE DIRECTOR

David Johnson

FINANCE DIRECTOR

Ed Holloway

CHIEF OF POLICE

Chip McCarthy

FIRE CHIEF

Stephen Hood

CITY ENGINEER

Brendetta Walker

UTILITY DIRECTOR

Tom Ridgway

BUILDING INSPECTOR

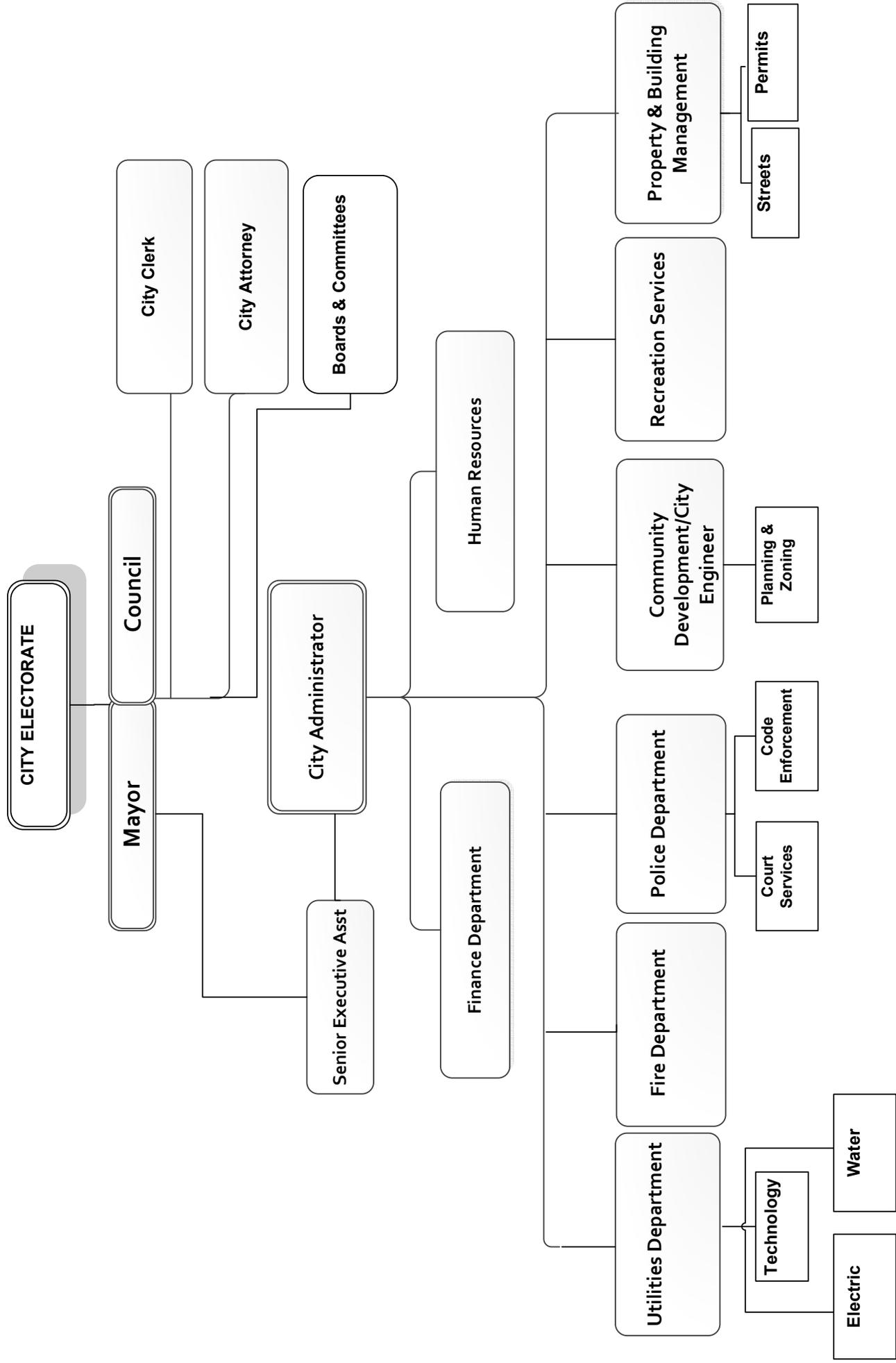
Harvey Stokes

CITY ATTORNEYS

Turner & Ross, LLC

City of Fairburn, Georgia

ORGANIZATIONAL CHART



FINANCIAL SECTION



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, 2016, 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, 2016, 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 56 and 57, respectively) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2017 on our consideration of the City of Fairburn, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fairburn, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 29, 2017

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

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, 2016. 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 2016 are as follows:

- The assets and deferred outflows of resources of the City of Fairburn exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$56,478,315 (net position). Of this amount, \$40,199,853 is invested in capital assets, net of related debt; \$2,232,238 is restricted; and \$14,046,224 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 \$5,935,915 as compared to an increase of \$6,491,450 in the prior fiscal year.
- At the end of the current fiscal year, total fund balance for the General Fund was \$4,649,908, an increase of \$1,224,549 over the prior fiscal year.
- The City issued \$10,415,000 of general obligation bonds in fiscal year 2011 for the purpose of acquiring and upgrading park facilities, construction of a fire station, road improvements, and downtown enhancements. The City spent \$3,768,849 and \$1,053,255 of these funds in fiscal years 2016 and 2015, respectively, for these purposes.
- Transfers from Enterprise Funds for General Fund operations were \$1,250,000 in fiscal 2016 and 2015, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

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

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

The business-type activities of the City include electric, water and sewer, educational complex, stormwater, and sanitation. The City's government-wide financial statements are presented on pages 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, 2016**

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	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 8,965,384	\$ 11,074,658	\$ 16,728,886	\$ 15,210,139	\$ 25,694,270	\$ 26,284,797
Capital assets, net	31,034,723	27,089,269	41,526,785	40,984,147	72,561,508	68,073,416
Total assets	40,000,107	38,163,927	58,255,671	56,194,286	98,255,778	94,358,213
Deferred outflows of resources	723,193	446,243	887,140	1,004,780	1,610,333	1,451,023
Liabilities:						
Other liabilities	2,793,264	2,146,644	4,015,546	2,403,188	6,808,810	4,549,832
Long-term liabilities	10,327,703	11,326,984	25,837,429	28,600,373	36,165,132	39,927,357
Total liabilities	13,120,967	13,473,628	29,852,975	31,003,561	42,973,942	44,477,189
Deferred inflows of resources	365,124	697,973	48,730	91,674	413,854	789,647
Net position:						
Net investment in capital assets	22,115,350	17,754,866	18,084,503	17,474,092	40,199,853	35,228,958
Restricted	1,718,140	4,597,718	514,098	1,763,687	2,232,238	6,361,405
Unrestricted	3,403,719	2,085,985	10,642,505	6,866,052	14,046,224	8,952,037
Total net position	\$ 27,237,209	\$ 24,438,569	\$ 29,241,106	\$ 26,103,831	\$ 56,478,315	\$ 50,542,400

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Financial Position

The total net position of the City increased \$5,935,915 or 11.74%, from \$50,542,400 to \$56,478,315 as noted in the following table.

City of Fairburn Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 3,066,529	\$ 2,714,155	\$ 17,794,173	\$ 16,656,800	\$ 20,860,702	\$ 19,370,955
Operating grants and contributions	-	19,076	-	-	-	19,076
Capital grants and contributions	1,621,498	3,221,515	1,553,000	548,090	3,174,498	3,769,605
General revenues:						
Property taxes	4,746,634	4,647,950	-	-	4,746,634	4,647,950
Sales taxes	3,819,892	3,762,572	-	-	3,819,892	3,762,572
Franchise taxes	1,047,515	1,088,695	-	-	1,047,515	1,088,695
Other taxes	1,638,509	1,675,348	-	-	1,638,509	1,675,348
Miscellaneous	402,696	83,601	-	-	402,696	83,601
Gain on sale of capital assets	22,424	52,915	-	-	22,424	52,915
Unrestricted investment earnings	51,911	51,157	26,768	28,140	78,679	79,297
Total revenues	16,417,608	17,316,984	19,373,941	17,233,030	35,791,549	34,550,014
Expenses:						
General government	2,930,921	2,394,281	-	-	2,930,921	2,394,281
Judicial	343,417	406,912	-	-	343,417	406,912
Public safety	6,600,498	6,322,171	-	-	6,600,498	6,322,171
Public works	2,981,768	2,540,254	-	-	2,981,768	2,540,254
Culture and recreation	488,046	455,175	-	-	488,046	455,175
Planning and development	565,895	512,178	-	-	565,895	512,178
Interest on long-term debt	470,423	458,373	-	-	470,423	458,373
Electric	-	-	7,320,222	7,141,969	7,320,222	7,141,969
Water & sewer	-	-	5,720,744	5,321,360	5,720,744	5,321,360
Education complex	-	-	1,093,164	1,146,332	1,093,164	1,146,332
Stormwater	-	-	723,063	724,079	723,063	724,079
Sanitation	-	-	617,473	635,480	617,473	635,480
Total expenses	14,380,968	13,089,344	15,474,666	14,969,220	29,855,634	28,058,564
Increase (decrease) in net position before contributions and transfers	2,036,640	4,227,640	3,899,275	2,263,810	5,935,915	6,491,450
Transfers	762,000	750,000	(762,000)	(750,000)	-	-
Changes in net position	2,798,640	4,977,640	3,137,275	1,513,810	5,935,915	6,491,450
Net position, beginning of fiscal year	24,438,569	19,460,929	26,103,831	24,590,021	50,542,400	44,050,950
Net position, end of fiscal year	\$ 27,237,209	\$ 24,438,569	\$ 29,241,106	\$ 26,103,831	\$ 56,478,315	\$ 50,542,400

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Governmental Activities

Net position for governmental activities increased \$2,798,640. Total governmental revenues decreased \$899,376 or 5.19%. Capital grants and contributions which decreased \$1,600,017 or 50% as work on Oakley Industrial Boulevard nears completion. Charges for services increased \$352,374 or 12.98% and include permitting fees and disposal fees which increased as building and construction growth continues. Other revenues increased \$319,095 or 382%. These revenues include new revenue streams for tree bank contributions of \$280,994 and pool admissions of \$74,297.

Expenses for governmental activities increased \$1,291,624 or 9.87%. General government expenses increased \$536,640 or 22.41% because of increases in outside professional expenses and increases in liability insurance. Public works expenses increased \$441,514 or 17.38% due to increases in staffing and more maintenance and shop expenses being performed internally. Public safety expenses increased \$278,327 or 4.4% due to general increases in salaries and other expenses.

Business-Type Activities

Net position for business type activities increased \$3,137,275 or 12.02% from the prior fiscal year. The activities of each enterprise fund are discussed below.

Electric Fund. Operating income for the Electric Fund increased \$208,479 or 14.5% from \$1,433,899 to \$1,642,378. Operating revenues increased \$386,732 or 4.51% and included additional revenues from two large new commercial customers, Google and Smuckers. Operating expenses increased \$178,253 or 2.5% as a result of general increases in operating costs and increased purchases of electricity related to new customers. Transfers to meet General Fund obligations for fiscal year 2016 were \$1,000,000 and was the same in the prior fiscal year.

Electric Fund, Summary of Changes in Net Position

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>	
OPERATING REVENUES					
Charges for sales and services	\$ 8,962,600	\$ 8,575,868	\$ 386,732	4.51	%
OPERATING EXPENSES					
Cost of sales and services	6,015,930	5,956,319	59,611	1.00	
General operating expenses	955,241	876,743	78,498	8.95	
Depreciation and amortization	349,051	308,907	40,144	13.00	
Total operating expenses	<u>7,320,222</u>	<u>7,141,969</u>	<u>178,253</u>	<u>2.50</u>	
Operating income	<u>1,642,378</u>	<u>1,433,899</u>	<u>208,479</u>	<u>14.54</u>	
NON OPERATING REVENUES					
Interest income	69	69	-	-	
Transfers in (out)	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	
Change in net position	<u>\$ 642,447</u>	<u>\$ 433,968</u>	<u>\$ 208,479</u>	<u>48.04</u>	%

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Water and Sewer Fund. Operating income for the Water and Sewer fund was \$2,401,984 for fiscal year 2016 compared to \$2,347,139 in the prior fiscal year, an increase of \$54,845 or 2.34%. Revenues increased \$431,058 or 7.11% because of significant growth in residential and commercial customers. Capital contributions increased by \$1,004,910 or 183.35% because of significant increases in tap fees related to increased commercial and residential construction activity. Cost of sales and services increased \$261,201 or 12.3% due to increases in maintenance supplies and increases in sewage treatment costs. Transfers to meet General Fund obligations were \$200,000 in both 2016 and 2015.

Water and Sewer, Summary of Changes in Net Position

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>	
OPERATING REVENUES					
Charges for sales and services	\$ 6,490,982	\$ 6,059,924	\$ 431,058	7.11	%
OPERATING EXPENSES					
Cost of sales and services	2,384,228	2,123,027	261,201	12.30	
General operating expenses	978,557	866,101	112,456	12.98	
Depreciation and amortization	726,213	723,657	2,556	0.35	
Total operating expenses	<u>4,088,998</u>	<u>3,712,785</u>	<u>376,213</u>	<u>10.13</u>	
Operating income	<u>2,401,984</u>	<u>2,347,139</u>	<u>54,845</u>	<u>2.34</u>	
NON OPERATING REVENUES (EXPENSE)					
Bond Issuance Costs	-	(5,181)	5,181	(100.00)	
Interest income	23,074	26,035	(2,961)	(11.37)	
Interest expense	(1,631,746)	(1,603,394)	(28,352)	1.77	
Total non-operating revenue (expenses)	<u>(1,608,672)</u>	<u>(1,582,540)</u>	<u>(26,132)</u>	<u>1.65</u>	
Capital contributions - tap fees	<u>1,553,000</u>	<u>548,090</u>	<u>1,004,910</u>	<u>183.35</u>	
Transfers in (out)	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	
Change in net position	<u>\$ 2,146,312</u>	<u>\$ 1,112,689</u>	<u>\$ 1,033,623</u>	<u>92.89</u>	%

Educational Complex Fund. Change in net position for this fund was a deficit of (\$64,529) compared to a deficit of (\$106,982) in the prior fiscal year. General operating expenses decreased \$43,695 or 32.5% due to a decrease in utility allocations. Transfers from the General Fund were \$488,000 in 2016 compared to \$500,000 in the prior fiscal year.

Educational Complex Fund, Summary of Changes in Net Position

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>	
OPERATING REVENUES					
Charges for sales and services	\$ 537,010	\$ 537,314	\$ (304)	(0.06)	%
OPERATING EXPENSES					
General operating expenses	90,732	134,427	(43,695)	(32.50)	
Depreciation and amortization	379,307	380,905	(1,598)	(0.42)	
Total operating expenses	<u>470,039</u>	<u>515,332</u>	<u>(45,293)</u>	<u>(8.79)</u>	
Operating income (loss)	<u>66,971</u>	<u>21,982</u>	<u>44,989</u>	<u>204.66</u>	
NON OPERATING REVENUES (EXPENSE)					
Interest income	3,625	2,036	1,589	78.05	
Interest expense	(623,125)	(631,000)	7,875	(1.25)	
Total non-operating revenue (expenses)	<u>(619,500)</u>	<u>(628,964)</u>	<u>9,464</u>	<u>(1.50)</u>	
Transfers in (out)	<u>488,000</u>	<u>500,000</u>	<u>(12,000)</u>	<u>(2.40)</u>	
Change in net position	<u>\$ (64,529)</u>	<u>\$ (106,982)</u>	<u>\$ 42,453</u>	<u>(39.68)</u>	%

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Stormwater Fund. This Fund was created during fiscal year 2010 to properly segregate infrastructure utility charges in accordance with State statutes. Operating income was \$349,029 in fiscal year 2016 as compared to \$47,385 in the prior fiscal year. Charges for services increased \$300,178 or 38.89% due to increases in development primarily commercial.

Stormwater Fund, Summary of Changes in Net Position

	2016	2015	\$ Change	% Change	
OPERATING REVENUES					
Charges for sales and services	\$ 1,072,092	\$ 771,914	\$ 300,178	38.89	%
OPERATING EXPENSES					
Cost of sales and services	405,352	401,018	4,334	1.08	
General operating expenses	17,262	54,952	(37,690)	(68.59)	
Depreciation and amortization	300,449	268,109	32,340	12	
Total operating expenses	<u>723,063</u>	<u>724,079</u>	<u>(1,016)</u>	<u>(0.14)</u>	
Operating income	<u>349,029</u>	<u>47,835</u>	<u>301,194</u>	<u>629.65</u>	
Change in net position	<u>\$ 349,029</u>	<u>\$ 47,835</u>	<u>\$ 301,194</u>	<u>629.65</u>	%

Sanitation Fund. Revenues for this fund were consistent with the prior fiscal year. General operating expenses decreased \$18,007 or 2.83% as a result of decreases in refuse collection costs. Transfers to the General Fund were \$50,000 in both fiscal 2016 and 2015.

Sanitation Fund, Summary of Changes in Net Position

	2016	2015	\$ Change	% Change	
OPERATING REVENUES					
Charges for sales and services	\$ 731,489	\$ 711,780	\$ 19,709	2.77	%
OPERATING EXPENSES					
General operating expenses	617,473	635,480	(18,007)	(2.83)	
Operating income	<u>114,016</u>	<u>76,300</u>	<u>37,716</u>	<u>49.43</u>	
Transfers in (out)	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	
Change in net position	<u>\$ 64,016</u>	<u>\$ 26,300</u>	<u>\$ 37,716</u>	<u>143.41</u>	%

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

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 \$7,045,652 compared to \$8,968,148 in the prior fiscal year.

City of Fairburn Summary of Governmental Fund Balances (Deficits)

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>
General Fund	\$ 4,649,908	\$ 3,425,359	\$ 1,224,549
General Obligation Bond Capital Projects Fund	1,765,910	5,268,628	(3,502,718)
Capital Improvements Fund	(18,564)	145	(18,709)
Other Governmental Funds	648,398	274,016	374,382
Total Governmental Fund Balances	<u>\$ 7,045,652</u>	<u>\$ 8,968,148</u>	<u>\$ (1,922,496)</u>

Changes in governmental fund balances are reflected in the table on the following page

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

City of Fairburn Summary Changes in Governmental Fund Balance

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Property taxes	\$ 4,739,739	\$ 4,662,005	\$ 77,734	1.67 %
Sales taxes	3,819,892	3,762,572	57,320	1.52
Franchise taxes	1,047,515	1,088,695	(41,180)	(3.78)
Other taxes	1,638,509	1,675,348	(36,839)	(2.20)
Licenses and permits	1,737,024	1,405,815	331,209	23.56
Intergovernmental	1,406,484	3,221,516	(1,815,032)	(56.34)
Fines and forfeitures	501,886	686,571	(184,685)	(26.90)
Charges for services	721,191	573,258	147,933	25.81
Interest revenue	51,911	51,157	754	1.47
Other revenues	584,279	151,187	433,092	286.46
Total revenues	<u>\$ 16,248,430</u>	<u>\$ 17,278,124</u>	<u>\$ (1,029,694)</u>	<u>(5.96)</u>
Expenditures				
Current:				
General government	\$ 2,878,496	\$ 2,410,195	\$ 468,301	19.43
Judicial	342,331	411,394	(69,063)	(16.79)
Public safety	6,181,773	6,143,312	38,461	0.63
Public works	2,782,641	2,363,652	418,989	17.73
Parks and recreation	586,329	351,519	234,810	66.80
Planning and development	527,173	486,107	41,066	8.45
Capital outlays	4,490,740	4,605,069	(114,329)	(2.48)
Debt service:				
Principal	715,814	619,425	96,389	15.56
Interest	472,155	473,437	(1,282)	(0.27)
Total expenditures	<u>18,977,452</u>	<u>17,864,110</u>	<u>1,113,342</u>	<u>6.23</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,729,022)</u>	<u>(585,986)</u>	<u>(2,143,036)</u>	<u>365.71</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	44,526	328,421	(283,895)	(86.44)
Capital leases	-	52,915	(52,915)	(100.00)
Transfers in	1,929,410	3,987,018	(2,057,608)	(51.61)
Transfers out	(1,167,410)	(3,237,018)	2,069,608	(63.94)
Total other financing sources (uses)	<u>806,526</u>	<u>1,131,336</u>	<u>(324,810)</u>	<u>(28.71)</u>
Net change in fund balances	<u>\$ (1,922,496)</u>	<u>\$ 545,350</u>	<u>\$ (2,467,846)</u>	<u>(452.53) %</u>

Deficiency of revenues under expenditures prior to other financing sources (uses) in the Governmental Funds for the current fiscal year was (\$2,729,022) as compared to (\$585,986) in the prior fiscal year, a decrease of (\$2,143,036). The General Fund had an excess of \$1,097,433 due to increased permit revenues from development in the City; the General Obligation Bond Capital Projects Fund had a deficiency of (\$3,692,718) due to construction of Duncan Park and general road resurfacing projects; The Capital Improvement Fund had a deficiency of \$118,709 due to grant revenues not collected within the availability period of 180 days; and non-major governmental funds had a deficiency of (\$15,028).

Overall, governmental revenues decreased by \$1,029,694 or 5.96%. Intergovernmental revenues decreased (\$1,815,032) or 56% because of decreased construction activity related to reimbursable federal transportation grants. Licenses and permit revenue increased \$331,209 or 23.56% as a result of increases in construction activity in the City. Other revenues increased \$433,092 primarily because of additional tree bank revenues and recreation fees.

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Overall governmental expenditures increased \$1,113,242 or 6.23% and is comprised of significant increases in various expenditure categories. General government expenditures increased \$468,301 or 19.43% due to increased professional services and equipment purchases. Public works expenditures increased \$418,989 or 17.73% due to increases in staffing and more maintenance and shop expenditures being performed internally. Parks and recreation expenditures increased \$234,810 or 66.8% because of increased focus on recreational activities in the City.

General Fund Budgetary Highlights

The final amended budgets passed by the City Council anticipated revenues and transfers from the Enterprise Funds being sufficient to meet operations of the General Fund. Actual results were \$1,224,549 better than budgeted.

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

- General Fund revenues in total were \$584,035 better than budgeted. Property taxes were \$181,737 better than budgeted as a result of additional commercial development in the City. Licenses and permits were \$131,908 better than budgeted as construction activity in the City continues to improve. Motor vehicle revenues were (\$133,386) less than budgeted because the budget for motor vehicle taxes was based on prior fiscal year revenues which decreased by a similar amount from the prior fiscal year.
- The actual expenditures of \$12,797,967 were \$611,453 less than budgeted as management continues control measures implemented in prior years as well as very conservative budget estimates.

Remainder of page intentionally left blank

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Capital Asset and Debt Administration

Capital Assets

The City has invested \$72,561,508 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 5,337,956	\$ 5,129,390	\$ 3,924,899	\$ 3,924,899	\$ 9,262,855	\$ 9,054,289
Construction in Progress	3,179,478	7,070,588	285,205	535,123	3,464,683	7,605,711
Buildings, grounds and improvements	8,078,965	4,390,559	19,485,296	20,108,674	27,564,261	24,499,233
Machinery and equipment	595,250	544,826	207,402	229,766	802,652	774,592
Infrastructure	12,002,566	7,815,312	15,158,001	13,843,946	27,160,567	21,659,258
Vehicles	1,840,508	2,138,594	2,465,982	2,341,739	4,306,490	4,480,333
	<u>\$ 31,034,723</u>	<u>\$ 27,089,269</u>	<u>\$ 41,526,785</u>	<u>\$ 40,984,147</u>	<u>\$ 72,561,508</u>	<u>\$ 68,073,416</u>

Capital assets have increased primarily due to additional construction in progress funded by the G.O. Bonds. The detailed capital assets schedule is reported in Note 6 of the footnotes to the financial statements.

Long-term Debt

At the end of the current fiscal year, the City had long-term debt related to business-type activities of \$27,303,019 and \$10,942,244 for governmental activities. Bonds, notes, and capital leases outstanding as of the fiscal year ended September 30, 2016 are fully secured by the full faith and credit of the City. Business-type activities debt is secured by electric, water and sewer, and educational complex revenues while governmental debt is secured by general revenues.

During fiscal year 2011, the City issued General Obligation Bonds of \$10,415,000 to be used for park acquisition and upgrades, construction of a fire station, road improvements, and downtown revitalization. In addition, in 2011, the City, through its Downtown Development Authority, refinanced \$7,958,409 of the 2008 series Education complex bonds and acquired \$5,875,910 of additional financing to enlarge the facility. In 2013, the City refinanced the 2006 series utility bonds to take advantage of lower interest rates.

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

City of Fairburn Outstanding Long-Term Liabilities

	<u>2016</u>	<u>2015</u>
<u>Governmental Activities</u>		
2011 General Obligation Bonds	\$ 8,805,000	\$ 9,215,000
Net Pension Liability	1,665,244	1,014,231
Capital Leases	472,000	777,814
	<u>\$ 10,942,244</u>	<u>\$ 11,007,045</u>
<u>Business-type Activities</u>		
Series 2011 Education Campus Bonds	\$ 14,150,000	\$ 14,550,000
Series 2013 Revenue Refunding Bonds	8,500,000	9,310,000
Series 2014 Utility Bonds	4,440,000	4,610,000
Net Pension Liability	213,019	133,211
	<u>\$ 27,303,019</u>	<u>\$ 28,603,211</u>

**CITY OF FAIRBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Economic Factors and Next Fiscal Year's Budgets and Rates

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

Service levels continue to improve and revenue estimates are conservatively made. The City underspent its fiscal year 2016 budget as numerous vacant positions were allowed to remain unfilled. Property taxes for general operations remained at 8.1 mills for the October 2016 billing. In addition, the City's levy of additional property tax to cover the debt payments related to the 2011 general obligation bonds decreased from 1.63 mills to 1.466 mills for the October 2016 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, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,885,687	\$ 5,173,462	\$ 11,059,149
Restricted cash and cash equivalents	1,172,774	3,096,347	4,269,121
Investments	107,272	4,297,783	4,405,055
Investments with fiscal agent (restricted assets)	-	69,301	69,301
Accounts receivable, net of allowances	-	2,412,897	2,412,897
Taxes receivable, net of allowances	410,884	-	410,884
Intergovernmental receivables	744,032	204,046	948,078
Inventory	11,645	-	11,645
Other receivables	360,319	1,466,904	1,827,223
Prepaid items	175,168	250	175,418
Prepaid bond insurance (unamortized balance)	97,603	7,896	105,499
Capital assets:			
Non-depreciable	8,517,434	4,210,104	12,727,538
Depreciable, net of accumulated depreciation	22,517,289	37,316,681	59,833,970
Total assets	40,000,107	58,255,671	98,255,778
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	-	796,719	796,719
Pension related items	723,193	90,421	813,614
Total deferred outflows of resources	723,193	887,140	1,610,333
LIABILITIES			
Accounts payable	766,089	1,290,081	2,056,170
Retainage payable	74,153	82,902	157,055
Funds held in escrow (due to others)	579,725	-	579,725
Accrued liabilities	209,115	29,137	238,252
Accrued interest payable	155,108	390,998	546,106
Due to others	4,835	-	4,835
Unearned revenue	34,069	-	34,069
Customer deposits payable	1,100	756,743	757,843
Compensated absences due within one fiscal year	315,535	35,685	351,220
Compensated absences due in more than one fiscal year	16,136	9,921	26,057
Capital leases due within one fiscal year	233,535	-	233,535
Capital leases due in more than one fiscal year	238,465	-	238,465
Net pension liability due in more than one fiscal year	1,665,244	213,019	1,878,263
Bonds payable due within one fiscal year	420,000	1,430,000	1,850,000
Bonds payable due in more than one fiscal year	8,407,858	25,614,489	34,022,347
Total liabilities	13,120,967	29,852,975	42,973,942
DEFERRED INFLOWS OF RESOURCES			
Pension related items	365,124	48,730	413,854
Total deferred inflows of resources	365,124	48,730	413,854
NET POSITION			
Net investment in capital assets	22,115,350	18,084,503	40,199,853
Restricted for debt service	718,136	444,797	1,162,933
Restricted for capital construction	615,151	-	615,151
Restricted for law enforcement activities	102,755	-	102,755
Restricted for corpus of perpetual care cemetery funds (nonspendable)	10,000	-	10,000
Restricted for cemetery operating capital	75,307	-	75,307
Restricted by third party as letter of credit	-	69,301	69,301
Restricted for federal and state programs	50,476	-	50,476
Restricted for tourism	146,315	-	146,315
Unrestricted	3,403,719	10,642,505	14,046,224
Total net position	\$ 27,237,209	\$ 29,241,106	\$ 56,478,315

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, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total
			Operating Grants and Contributions	Capital Grants and Contributions			
Primary government:							
Governmental activities:							
General government	\$ 2,930,921	\$ 1,737,024	\$ -	\$ 75,155	\$ (1,118,742)	\$ -	\$ (1,118,742)
Judicial	343,417	496,787	-	-	153,370	-	153,370
Public safety	6,600,498	5,099	-	29,938	(6,565,461)	-	(6,565,461)
Public works	2,981,768	721,191	-	1,516,405	(744,172)	-	(744,172)
Culture and recreation	488,046	106,428	-	-	(381,618)	-	(381,618)
Planning and development	565,895	-	-	-	(565,895)	-	(565,895)
Interest on long-term debt	470,423	-	-	-	(470,423)	-	(470,423)
Total governmental activities	14,380,968	3,066,529	-	1,621,498	(9,692,941)	-	(9,692,941)
Business-type activities:							
Electric	7,320,222	8,962,600	-	-	-	1,642,378	1,642,378
Water and sewer	5,720,744	6,490,982	-	1,553,000	-	2,323,238	2,323,238
Educational complex	1,093,164	537,010	-	-	-	(556,154)	(556,154)
Stormwater	723,063	1,072,092	-	-	-	349,029	349,029
Sanitation	617,473	731,489	-	-	-	114,016	114,016
Total business-type activities	15,474,666	17,794,173	-	1,553,000	-	3,872,507	3,872,507
Total primary government	\$ 29,855,634	\$ 20,860,702	\$ -	\$ 3,174,498	\$ (9,692,941)	\$ 3,872,507	\$ (5,820,434)
General revenues:							
Property taxes					\$ 4,746,634	\$ -	\$ 4,746,634
Franchise taxes					1,047,515	-	1,047,515
Insurance premium taxes					750,679	-	750,679
Sales and use taxes					3,819,892	-	3,819,892
Motor vehicle taxes					307,241	-	307,241
Beer, wine, and liquor taxes					244,803	-	244,803
Hotel/Motel taxes					241,576	-	241,576
Other taxes					94,210	-	94,210
Unrestricted investment earnings					51,911	26,768	78,679
Gain on disposal of capital assets					22,424	-	22,424
Miscellaneous					402,696	-	402,696
Transfers					762,000	(762,000)	-
Total general revenues and transfers					12,491,581	(735,232)	11,756,349
Change in net position					2,798,640	3,137,275	5,935,915
Net position, beginning of fiscal year					24,438,969	26,103,831	50,542,800
Net position, end of fiscal year					\$ 27,237,209	\$ 29,241,106	\$ 56,478,315

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

CITY OF FAIRBURN, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

ASSETS	General	General	Capital	Nonmajor	Total
	Fund	Obligation Bond Capital Projects Fund	Improvements Fund	Governmental Funds	Governmental Funds
Cash and cash equivalents	\$ 3,502,503	\$ 1,016,461	\$ 858,291	\$ 508,432	\$ 5,885,687
Restricted cash and cash equivalents	-	1,172,774	-	-	1,172,774
Investments	21,302	-	-	85,970	107,272
Taxes receivable, net of allowances	407,996	2,888	-	-	410,884
Other receivables	360,319	-	-	-	360,319
Intergovernmental receivables	-	19,800	554,057	170,175	744,032
Due from other funds	1,325,604	-	-	-	1,325,604
Prepaid items	175,168	-	-	-	175,168
Inventory	11,645	-	-	-	11,645
Total assets	\$ 5,804,537	\$ 2,211,923	\$ 1,412,348	\$ 764,577	\$ 10,193,385
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 319,651	\$ 355,844	\$ -	\$ 90,594	\$ 766,089
Retainage payable	-	68,154	5,999	-	74,153
Funds held in escrow	579,725	-	-	-	579,725
Accrued liabilities	197,147	-	-	-	197,147
Due to others	-	-	-	4,835	4,835
Due to other funds	-	-	1,304,854	20,750	1,325,604
Unearned revenue	34,069	-	-	-	34,069
Customer deposits	1,100	-	-	-	1,100
Other liabilities	11,968	-	-	-	11,968
Total liabilities	1,143,660	423,998	1,310,853	116,179	2,994,690
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants	-	19,800	120,059	-	139,859
Unavailable revenue - property taxes	10,969	2,215	-	-	13,184
Total deferred inflows of resources	10,969	22,015	120,059	-	153,043
FUND BALANCES					
Fund balances:					
Nonspendable for:					
Prepaid items	175,168	-	-	-	175,168
Inventory	11,645	-	-	-	11,645
Corpus of perpetual care cemetery funds	-	-	-	10,000	10,000
Restricted for:					
Capital construction	-	1,047,774	-	-	1,047,774
Federal and state programs	-	-	-	50,476	50,476
Debt service	-	718,136	-	-	718,136
Law enforcement activities	-	-	-	102,755	102,755
Cemetery operating capital	-	-	-	75,307	75,307
Tourism	146,315	-	-	-	146,315
Committed for:					
Tree bank	280,994	-	-	-	280,994
Assigned for:					
Public works	-	-	-	408,890	408,890
Planning and development	-	-	-	970	970
Unassigned (deficit)	4,035,786	-	(18,564)	-	4,017,222
Total fund balances	4,649,908	1,765,910	(18,564)	648,398	7,045,652
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,804,537	\$ 2,211,923	\$ 1,412,348	\$ 764,577	

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.	31,034,723
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the governmental funds.	153,043
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available current financial resources and, therefore, are not reported in the governmental funds.	(1,307,175)
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.	(9,689,034)
Net position of governmental activities	\$ 27,237,209

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, 2016**

	General Fund	General Obligation Bond Capital Projects Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 10,385,780	\$ 859,875	\$ -	\$ -	\$ 11,245,655
Licenses and permits	1,737,024	-	-	-	1,737,024
Intergovernmental	-	-	603,182	803,302	1,406,484
Fines and forfeitures	496,787	-	-	5,099	501,886
Charges for services	721,191	-	-	-	721,191
Interest income	45,494	5,939	-	478	51,911
Miscellaneous revenue	509,124	75,155	-	-	584,279
Total revenues	<u>13,895,400</u>	<u>940,969</u>	<u>603,182</u>	<u>808,879</u>	<u>16,248,430</u>
Expenditures					
Current:					
General government	2,878,496	-	-	-	2,878,496
Judicial	342,331	-	-	-	342,331
Public safety	6,110,692	-	-	71,081	6,181,773
Public works	2,029,815	-	-	752,826	2,782,641
Culture and recreation	586,329	-	-	-	586,329
Planning and development	527,173	-	-	-	527,173
Capital outlay	-	3,768,849	721,891	-	4,490,740
Debt service:					
Principal retirements	305,814	410,000	-	-	715,814
Interest and fiscal charges	17,317	454,838	-	-	472,155
Total expenditures	<u>12,797,967</u>	<u>4,633,687</u>	<u>721,891</u>	<u>823,907</u>	<u>18,977,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,097,433</u>	<u>(3,692,718)</u>	<u>(118,709)</u>	<u>(15,028)</u>	<u>(2,729,022)</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	44,526	-	-	-	44,526
Transfers in	1,250,000	190,000	100,000	389,410	1,929,410
Transfers out	<u>(1,167,410)</u>	-	-	-	<u>(1,167,410)</u>
Total other financing sources (uses)	<u>127,116</u>	<u>190,000</u>	<u>100,000</u>	<u>389,410</u>	<u>806,526</u>
Net change in fund balances	1,224,549	(3,502,718)	(18,709)	374,382	(1,922,496)
Fund balances, beginning of fiscal year	<u>3,425,359</u>	<u>5,268,628</u>	<u>145</u>	<u>274,016</u>	<u>8,968,148</u>
Fund balances (deficit), end of fiscal year	<u>\$ 4,649,908</u>	<u>\$ 1,765,910</u>	<u>\$ (18,564)</u>	<u>\$ 648,398</u>	<u>\$ 7,045,652</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, 2016**

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

Net change in fund balances - total governmental funds	\$ (1,922,496)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period - see footnote 2 for detail of amount.	3,967,556
---	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	146,754
--	---------

The disposals of capital assets are not reflected on the governmental funds but the net effect of the disposal is reflected on the statement of activities.	(22,102)
---	----------

Repayment of long-term debt principal is an expenditure in the government funds but the repayment reduces long-term liabilities in the statement of 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	410,000	
Principal payment on capital lease	305,814	
Amortization of deferred charges, prepaid bond insurance costs	(10,383)	
Amortization of bond premium	2,431	707,862

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	(699)	
Change in deferred inflows and outflows- pension related items and net pension liability	(41,214)	
Change in compensated absences	(37,021)	

Change in net position - governmental activities	\$ 2,798,640
--	--------------

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, 2016**

	Budget		Actual	Variance With
	Original	Final		Final Budget
Revenues				
Property taxes	\$ 3,698,127	\$ 3,698,127	\$ 3,879,864	\$ 181,737
Sales taxes	3,828,417	3,828,417	3,819,892	(8,525)
Franchise taxes	1,063,257	1,063,257	1,047,515	(15,742)
Insurance premium taxes	750,679	750,679	750,679	-
Beer, liquor, and wine taxes	232,352	232,352	244,803	12,451
Motor vehicle taxes	440,627	440,627	307,241	(133,386)
Hotel motel taxes	190,000	190,000	241,576	51,576
Other taxes	87,664	87,664	94,210	6,546
Licenses and permits	1,605,116	1,605,116	1,737,024	131,908
Fines and forfeitures	439,022	439,022	496,787	57,765
Interest income	47,543	47,543	45,494	(2,049)
Charges for services	601,922	601,922	721,191	119,269
Miscellaneous	326,639	326,639	509,124	182,485
Total revenues	<u>13,311,365</u>	<u>13,311,365</u>	<u>13,895,400</u>	<u>584,035</u>
Expenditures				
Current:				
General government:				
Mayor and council	528,200	528,200	439,480	88,720
Administration	318,087	318,087	354,487	(36,400)
City Administrator	1,209,199	1,209,199	1,118,856	90,343
Finance	455,110	455,110	445,714	9,396
Technology	94,723	94,723	91,678	3,045
Property management	452,825	452,825	428,281	24,544
Total general government	<u>3,058,144</u>	<u>3,058,144</u>	<u>2,878,496</u>	<u>179,648</u>
Judicial:				
Municipal court	325,200	325,200	342,331	(17,131)
Total judicial	<u>325,200</u>	<u>325,200</u>	<u>342,331</u>	<u>(17,131)</u>
Public safety:				
Police	3,324,508	3,324,508	3,131,564	192,944
Fire	3,004,302	3,004,302	2,979,128	25,174
Total public safety	<u>6,328,810</u>	<u>6,328,810</u>	<u>6,110,692</u>	<u>218,118</u>
Public works:				
Public works administration	480,234	480,234	381,678	98,556
Highways and streets	1,354,186	1,354,186	1,435,218	(81,032)
Maintenance and shop	254,697	254,697	212,919	41,778
Total public works	<u>2,089,117</u>	<u>2,089,117</u>	<u>2,029,815</u>	<u>59,302</u>
Culture and recreation:				
Recreation	667,909	667,909	586,329	81,580
Total culture and recreation	<u>667,909</u>	<u>667,909</u>	<u>586,329</u>	<u>81,580</u>
Planning and development:				
Protective inspection and enforcement	390,573	390,573	319,939	70,634
Planning and zoning	234,550	234,550	207,234	27,316
Total planning and development	<u>625,123</u>	<u>625,123</u>	<u>527,173</u>	<u>97,950</u>
Debt service:				
Principal retirements	298,142	298,142	305,814	(7,672)
Interest and fiscal charges	16,975	16,975	17,317	(342)
Total debt service	<u>315,117</u>	<u>315,117</u>	<u>323,131</u>	<u>(8,014)</u>
Total expenditures	<u>13,409,420</u>	<u>13,409,420</u>	<u>12,797,967</u>	<u>611,453</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,055)</u>	<u>(98,055)</u>	<u>1,097,433</u>	<u>1,195,488</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	15,465	15,465	44,526	29,061
Transfers in	1,250,000	1,250,000	1,250,000	-
Transfers out	<u>(1,167,410)</u>	<u>(1,167,410)</u>	<u>(1,167,410)</u>	<u>-</u>
Total other financing sources	<u>98,055</u>	<u>98,055</u>	<u>127,116</u>	<u>29,061</u>
Net change in fund balances	-	-	1,224,549	1,224,549
Fund balance, beginning of fiscal year	<u>3,425,359</u>	<u>3,425,359</u>	<u>3,425,359</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 3,425,359</u>	<u>\$ 3,425,359</u>	<u>\$ 4,649,908</u>	<u>\$ 1,224,549</u>

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

CITY OF FAIRBURN, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016**

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	\$ 988,752	\$ 3,179,938	\$ 463,782	\$ 64,950	\$ 476,040	\$ 5,173,462
Restricted cash and cash equivalents	-	2,032,989	1,063,358	-	-	3,096,347
Investments	4,297,783	-	-	-	-	4,297,783
Investments with fiscal agent (restricted assets)	69,301	-	-	-	-	69,301
Accounts receivable, net of allowances	1,240,347	1,031,517	-	41,198	99,835	2,412,897
Intergovernmental receivable	-	-	-	204,046	-	204,046
Due from other funds	-	-	-	46,769	-	46,769
Other receivable	228,000	1,236,904	2,000	-	-	1,466,904
Prepaid items	250	-	-	-	-	250
Total current assets	<u>6,824,433</u>	<u>7,481,348</u>	<u>1,529,140</u>	<u>356,963</u>	<u>575,875</u>	<u>16,767,759</u>
CAPITAL ASSETS						
Non-depreciable	14,874	2,278,346	1,639,029	277,855	-	4,210,104
Depreciable, net of accumulated depreciation	5,138,432	14,560,478	11,778,535	5,839,236	-	37,316,681
Total capital assets	<u>5,153,306</u>	<u>16,838,824</u>	<u>13,417,564</u>	<u>6,117,091</u>	<u>-</u>	<u>41,526,785</u>
OTHER NONCURRENT ASSETS						
Prepaid bond insurance (unamortized balance)	-	7,896	-	-	-	7,896
Total noncurrent assets	<u>5,153,306</u>	<u>16,846,720</u>	<u>13,417,564</u>	<u>6,117,091</u>	<u>-</u>	<u>41,534,681</u>
Total assets	<u>11,977,739</u>	<u>24,328,068</u>	<u>14,946,704</u>	<u>6,474,054</u>	<u>575,875</u>	<u>58,302,440</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	54,792	35,629	-	-	-	90,421
Deferred loss on refunding of debt	-	673,957	122,762	-	-	796,719
Total deferred outflows of resources	<u>54,792</u>	<u>709,586</u>	<u>122,762</u>	<u>-</u>	<u>-</u>	<u>887,140</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	638,633	597,780	1,834	1,411	50,423	1,290,081
Due to other funds	-	46,769	-	-	-	46,769
Accrued liabilities	18,983	10,154	-	-	-	29,137
Retainage payable	-	-	-	82,902	-	82,902
Accrued interest payable	-	236,904	154,094	-	-	390,998
Customer deposits	487,742	252,648	9,585	-	6,768	756,743
Compensated absences payable	23,136	12,549	-	-	-	35,685
Revenue bonds payable	-	1,000,000	430,000	-	-	1,430,000
Total current liabilities	<u>1,168,494</u>	<u>2,156,804</u>	<u>595,513</u>	<u>84,313</u>	<u>57,191</u>	<u>4,062,315</u>
NONCURRENT LIABILITIES						
Compensated absences payable	9,921	-	-	-	-	9,921
Net pension liability	131,362	81,657	-	-	-	213,019
Revenue bonds payable	-	12,106,715	13,507,774	-	-	25,614,489
Total noncurrent liabilities	<u>141,283</u>	<u>12,188,372</u>	<u>13,507,774</u>	<u>-</u>	<u>-</u>	<u>25,837,429</u>
Total liabilities	<u>1,309,777</u>	<u>14,345,176</u>	<u>14,103,287</u>	<u>84,313</u>	<u>57,191</u>	<u>29,899,744</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related items	30,987	17,743	-	-	-	48,730
Total deferred outflows of resources	<u>30,987</u>	<u>17,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,730</u>
NET POSITION						
Net investment in capital assets	5,153,306	6,438,992	458,016	6,034,189	-	18,084,503
Restricted for debt service	-	236,904	207,893	-	-	444,797
Restricted by third party as letter of credit	69,301	-	-	-	-	69,301
Unrestricted	5,469,160	3,998,839	300,270	355,552	518,684	10,642,505
Total net position	<u>\$ 10,691,767</u>	<u>\$ 10,674,735</u>	<u>\$ 966,179</u>	<u>\$ 6,389,741</u>	<u>\$ 518,684</u>	<u>\$ 29,241,106</u>

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, 2016

	Business-type Activities - Enterprise Funds					Total
	Electric Fund	Water and Sewer Fund	Educational Complex Fund	Stormwater Fund	Nonmajor Sanitation Enterprise Fund	
OPERATING REVENUES						
Charges for sales and services	\$ 8,706,420	\$ 6,490,982	\$ 513,010	\$ 868,046	\$ 731,489	\$ 17,309,947
Miscellaneous income	256,180	-	24,000	204,046	-	484,226
Total operating revenues	8,962,600	6,490,982	537,010	1,072,092	731,489	17,794,173
OPERATING EXPENSES						
Cost of sales and services	6,015,930	2,384,228	-	405,352	-	8,805,510
General operating expenses	955,241	978,557	90,732	17,262	617,473	2,659,265
Depreciation and amortization	349,051	726,213	379,307	300,449	-	1,755,020
Total operating expenses	7,320,222	4,088,998	470,039	723,063	617,473	13,219,795
Operating income	1,642,378	2,401,984	66,971	349,029	114,016	4,574,378
NON-OPERATING REVENUES (EXPENSES)						
Interest income	69	23,074	3,625	-	-	26,768
Interest expense	-	(1,631,746)	(623,125)	-	-	(2,254,871)
Total non-operating revenue (expenses)	69	(1,608,672)	(619,500)	-	-	(2,228,103)
Income (loss) before contributions and transfers	1,642,447	793,312	(552,529)	349,029	114,016	2,346,275
Capital contributions - tap fees	-	1,553,000	-	-	-	1,553,000
Transfers in	-	-	488,000	-	-	488,000
Transfers out	(1,000,000)	(200,000)	-	-	(50,000)	(1,250,000)
	(1,000,000)	1,353,000	488,000	-	(50,000)	791,000
Change in net position	642,447	2,146,312	(64,529)	349,029	64,016	3,137,275
Net position, beginning of fiscal year	10,049,320	8,528,423	1,030,708	6,040,712	454,668	26,103,831
Net position, end of fiscal year	<u>\$ 10,691,767</u>	<u>\$ 10,674,735</u>	<u>\$ 966,179</u>	<u>\$ 6,389,741</u>	<u>\$ 518,684</u>	<u>\$ 29,241,106</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, 2016**

	Electric Fund	Water and Sewer Fund	Educational Complex Fund	Stormwater Fund	Nonmajor Sanitation Enterprise Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 8,872,638	\$ 6,538,549	\$ 514,082	\$ 812,695	\$ 748,258	\$ 17,486,222
Payments to suppliers	(6,192,383)	(3,096,628)	(94,573)	(410,019)	(613,885)	(10,407,488)
Payments to employees	(694,729)	(240,050)	-	-	-	(934,779)
Net cash provided by operating activities	<u>1,985,526</u>	<u>3,201,871</u>	<u>419,509</u>	<u>402,676</u>	<u>134,373</u>	<u>6,143,955</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers out to other funds	(1,000,000)	(200,000)	-	-	(50,000)	(1,250,000)
Transfers in from other funds	-	-	488,000	-	-	488,000
Net cash provided by (used in) non-capital financing activities	<u>(1,000,000)</u>	<u>(200,000)</u>	<u>488,000</u>	<u>-</u>	<u>(50,000)</u>	<u>(762,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(583,609)	(202,837)	(22,800)	(1,334,898)	-	(2,144,144)
Capital contributions - tap fees	-	1,553,000	-	-	-	1,553,000
Principal payment on bonds	-	(1,980,000)	(400,000)	-	-	(2,380,000)
Interest payments	-	(1,871,390)	(625,375)	-	-	(2,496,765)
Net cash used in capital and related financing activities	<u>(583,609)</u>	<u>(2,501,227)</u>	<u>(1,048,175)</u>	<u>(1,334,898)</u>	<u>-</u>	<u>(5,467,909)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	69	23,074	3,625	-	-	26,768
Purchases of investments	(424,173)	-	-	-	-	(424,173)
Net cash provided by (used in) investing activities	<u>(424,104)</u>	<u>23,074</u>	<u>3,625</u>	<u>-</u>	<u>-</u>	<u>(397,405)</u>
Net increase (decrease) in cash and cash equivalents	(22,187)	523,718	(137,041)	(932,222)	84,373	(483,359)
Cash and cash equivalents, beginning of fiscal year	1,010,939	4,689,209	1,664,181	997,172	391,667	8,753,168
Cash and cash equivalents, end of fiscal year	<u>\$ 988,752</u>	<u>\$ 5,212,927</u>	<u>\$ 1,527,140</u>	<u>\$ 64,950</u>	<u>\$ 476,040</u>	<u>\$ 8,269,809</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income	\$ 1,642,378	\$ 2,401,984	\$ 66,971	\$ 349,029	\$ 114,016	\$ 4,574,378
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	349,051	726,213	379,307	300,449	-	1,755,020
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(109,837)	(36,689)	(2,000)	(212,628)	16,518	(344,636)
Due from other funds	-	46,769	-	(46,769)	-	-
Deferred outflows for pension items	(17,941)	(13,870)	-	-	-	(31,811)
Prepaid items	(250)	-	-	-	-	(250)
Increase (decrease) in:						
Accounts payable	75,420	(22,606)	(3,841)	(2,658)	3,588	49,903
Due to other funds	-	46,769	-	(46,769)	-	-
Accrued liabilities and retainage payables	5,251	1,658	-	62,022	-	68,931
Deferred inflows for pension items	(26,652)	(16,292)	-	-	-	(42,944)
Net pension liability	47,606	32,202	-	-	-	79,808
Customer deposits	19,875	37,487	(20,928)	-	251	36,685
Compensated absences payable	625	(1,754)	-	-	-	(1,129)
Net cash provided by operating activities	<u>\$ 1,985,526</u>	<u>\$ 3,201,871</u>	<u>\$ 419,509</u>	<u>\$ 402,676</u>	<u>\$ 134,373</u>	<u>\$ 6,143,955</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, 2016**

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

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

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

The **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 the City Council's approval. The level of control does not allow expenditures to legally exceed budgeted appropriations at the department level. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. Encumbrance accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

E. Cash and Cash Equivalents

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

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

F. Deposits and Investments

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 AAf 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, 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 (if any) is valued at cost, using the first-in, first-out method. The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Prepaid items are accounted for using the consumption method. Payments made to vendors for services that will benefit periods beyond September 30, 2016, 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 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 liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement of Plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before fiscal year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. These items are reported in the government-wide financial statements and also in the fund level statements for the City's proprietary funds.

T. Pensions

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

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$9,689,034 difference are as follows:

Bonds payable	\$ (8,805,000)
Capital leases payable	(472,000)
Compensated absences	(331,671)
Accrued interest payable	(155,108)
Unamortized premium on bonds	(22,858)
Prepaid bond issuance cost	<u>97,603</u>
Net adjustment to reduce <i>fund balance - total governmental funds to arrive at net position - governmental activities</i>	<u><u>\$ (9,689,034)</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 \$3,967,556 difference are as follows:

Capital outlay	\$ 5,288,240
Depreciation expense	<u>(1,320,684)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ 3,967,556</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, 2016, the following item and fund, had excesses of actual expenditures over appropriations:

General Fund - Mayor & Council	36,400
General Fund - Municipal Court	17,131
General Fund - Public Works Administration	81,032
General Fund - Debt Service Principal	7,672
General Fund - Debt Service Interest	342
Confiscated Assets Fund- Public Safety	30,431
General Obligation Bond Fund - Capital Outlay	640,567

C. Deficit Fund Equity

At September 30, 2016 the Capital Improvements Fund is reporting a deficit fund balance of \$18,564. The deficit will be recovered as unavailable revenues are recognized in the subsequent fiscal year.

NOTE 4. DEPOSITS AND INVESTMENTS

As of September 30, 2016, the City had the following investments:

Investment	Maturities/Weighted Average Maturity	Fair Value
Certificates of deposit	June 8, 2017 - September 20, 2017	\$ 176,573
Municipal Competitive Trust - intermediate	1.40	339,383
Municipal Competitive Trust - intermediate extended maturity	4.61	3,958,400
Georgia Fund 1	35 days	10,137
Total		\$ 4,484,493

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	\$ 11,059,149
Restricted cash and cash equivalents	4,269,121
Investments	4,405,055
Investments with fiscal agent (restricted assets)	69,301
	<u>\$ 19,802,626</u>
Cash deposited with financial institutions	\$ 15,318,133
Certificates of deposit	176,573
Cash deposited with Georgia Fund 1	10,137
Municipal Competitive Trust - intermediate	339,383
Municipal Competitive Trust - intermediate extended maturity	3,958,400
	<u>\$ 19,802,626</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, 2016, 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, 2016, 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, 2016.

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Municipal Competitive Trust (Short)	\$ -	\$ 339,383	\$ -	\$ 339,383
Municipal Competitive Trust (Intermediate)	-	3,958,400	-	3,958,400
Total investments measured at fair value	<u>\$ -</u>	<u>\$ 4,297,783</u>	<u>\$ -</u>	<u>4,297,783</u>
Investments not subject to level disclosure:				
Georgia Fund 1				10,137
Investments recorded at cost:				
Certificates of Deposit				<u>176,573</u>
Total investments				<u>\$ 4,484,493</u>

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, 2016, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>General Obligation Bond Capital Projects Fund</u>	<u>Capital Improvements Fund</u>	<u>Electric Fund</u>	<u>Water & Sewer Fund</u>	<u>Educational Complex Fund</u>	<u>Stormwater Fund</u>	<u>Other Nonmajor Funds</u>
Receivables:								
Taxes	\$ 511,116	\$ 14,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts	-	-	-	1,284,347	1,127,517	-	41,198	122,335
Other	360,319	-	-	228,000	-	2,000	-	-
Intergovernmental	-	19,800	554,057	-	-	-	204,046	170,175
Less allowance for uncollectible receivables	(103,120)	(11,957)	-	(44,000)	(96,000)	-	-	(22,500)
Net total receivable	<u>\$ 768,315</u>	<u>\$ 22,688</u>	<u>\$ 554,057</u>	<u>\$ 1,468,347</u>	<u>\$ 1,031,517</u>	<u>\$ 2,000</u>	<u>\$ 245,244</u>	<u>\$ 270,010</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended September 30, 2016, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 5,129,390	\$ -	\$ -	\$ 208,566	\$ 5,337,956
Construction in process	7,070,588	4,826,965	-	(8,718,075)	3,179,478
Total	<u>12,199,978</u>	<u>4,826,965</u>	<u>-</u>	<u>(8,509,509)</u>	<u>8,517,434</u>
Capital assets, being depreciated:					
Buildings and improvements	6,659,491	250,079	-	3,802,311	10,711,881
Infrastructure	18,365,595	-	-	4,707,198	23,072,793
Machinery and equipment	1,272,093	124,124	-	-	1,396,217
Vehicles	4,792,041	87,072	(213,676)	-	4,665,437
Total	<u>31,089,220</u>	<u>461,275</u>	<u>(213,676)</u>	<u>8,509,509</u>	<u>39,846,328</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,268,932)	(363,984)	-	-	(2,632,916)
Infrastructure	(10,550,283)	(519,944)	-	-	(11,070,227)
Machinery and equipment	(727,267)	(73,700)	-	-	(800,967)
Vehicles	(2,653,447)	(363,056)	191,574	-	(2,824,929)
Total	<u>(16,199,929)</u>	<u>(1,320,684)</u>	<u>191,574</u>	<u>-</u>	<u>(17,329,039)</u>
Total capital assets, being depreciated, net	<u>14,889,291</u>	<u>(859,409)</u>	<u>(22,102)</u>	<u>8,509,509</u>	<u>22,517,289</u>
Governmental activities capital assets, net	<u>\$ 27,089,269</u>	<u>\$ 3,967,556</u>	<u>\$ (22,102)</u>	<u>\$ -</u>	<u>\$ 31,034,723</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 3,924,899	\$ -	\$ -	\$ -	\$ 3,924,899
Construction in process	535,123	1,334,897	-	(1,584,815)	285,205
Total	<u>4,460,022</u>	<u>1,334,897</u>	<u>-</u>	<u>-</u>	<u>4,210,104</u>
Capital assets, being depreciated:					
Distribution system	16,659,064	588,786	-	-	17,247,850
Infrastructure	11,327,066	-	-	1,584,815	12,911,881
Building and improvements	25,603,776	22,800	-	-	25,626,576
Machinery and equipment	1,156,088	-	-	-	1,156,088
Vehicles	2,993,005	197,661	-	-	3,190,666
Total	<u>57,738,999</u>	<u>809,247</u>	<u>-</u>	<u>1,584,815</u>	<u>60,133,061</u>
Less accumulated depreciation for:					
Distribution system	(7,333,108)	(564,088)	-	-	(7,897,196)
Infrastructure	(6,809,076)	(295,458)	-	-	(7,104,534)
Building and improvements	(5,495,102)	(646,178)	-	-	(6,141,280)
Machinery and equipment	(926,322)	(22,364)	-	-	(948,686)
Vehicles	(651,266)	(73,418)	-	-	(724,684)
Total	<u>(21,214,874)</u>	<u>(1,601,506)</u>	<u>-</u>	<u>-</u>	<u>(22,816,380)</u>
Total capital assets, being depreciated, net	<u>36,524,125</u>	<u>(792,259)</u>	<u>-</u>	<u>1,584,815</u>	<u>37,316,681</u>
Business-type activities capital assets, net	<u>\$ 40,984,147</u>	<u>\$ 542,638</u>	<u>\$ -</u>	<u>\$ 1,584,815</u>	<u>\$ 41,526,785</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	\$ 28,789
Public safety	382,150
Public works	605,189
Culture and recreation	265,809
Planning and development	38,747
Total depreciation expense - governmental activities	\$ 1,320,684
Business-type activities:	
Water and sewer	\$ 602,934
Electric	349,051
Education complex	349,073
Stormwater	300,448
Total depreciation expense - business-type activities	\$ 1,601,506

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, 2016, the City received \$513,010 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>
2017	\$ 404,738
2018	237,298
Total Future Lease Revenues	\$ 642,036

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

Primary Government

Long-term liability and obligation activity for the fiscal year ended September 30, 2016, 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	\$ 9,215,000	\$ -	\$ (410,000)	\$ 8,805,000	\$ 420,000
Unamortized bond premium	25,289	-	(2,431)	22,858	-
Capital leases	777,814	-	(305,814)	472,000	233,535
Net pension liability	1,014,231	1,290,769	(639,756)	1,665,244	-
Compensated absences	294,650	430,602	(393,581)	331,671	315,535
Governmental activities					
Long-term liabilities and obligations	<u>\$ 11,326,984</u>	<u>\$ 1,721,371</u>	<u>\$ (1,751,582)</u>	<u>\$ 11,296,773</u>	<u>\$ 969,070</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	\$ 4,610,000	\$ -	\$ (170,000)	\$ 4,440,000	\$ 175,000
Series 2013 Revenue Refunding Bonds	9,310,000	-	(810,000)	8,500,000	825,000
Series 2011 Educational Complex Revenue Bonds	14,550,000	-	(400,000)	14,150,000	430,000
Plus unamortized bond premium	181,806	-	(15,092)	166,714	-
Less unamortized original discount	(231,379)	-	19,154	(212,225)	-
	28,420,427	-	(1,375,938)	27,044,489	1,430,000
Net pension liability	133,211	158,236	(78,428)	213,019	-
Compensated absences	46,735	36,546	(37,675)	45,606	35,685
Business-type activities					
Long-term liabilities and obligations	<u>\$ 28,600,373</u>	<u>\$ 194,782</u>	<u>\$ (1,492,041)</u>	<u>\$ 27,303,114</u>	<u>\$ 1,465,685</u>

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

The general obligation bonds currently outstanding mature as follows:

Fiscal Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 420,000	\$ 441,813	\$ 861,813
2018	430,000	427,463	857,463
2019	440,000	411,687	851,687
2020	455,000	394,338	849,338
2021	470,000	375,250	845,250
2022-2026	2,635,000	1,514,200	4,149,200
2027-2031	3,220,000	690,000	3,910,000
2032	735,000	21,131	756,131
Total	<u>\$ 8,805,000</u>	<u>\$ 4,275,882</u>	<u>\$ 13,080,882</u>

Capital Leases. The City has entered into lease agreements as lessee for financing the acquisition of various public safety and public works vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception. As of September 30, 2016, the City had vehicles and machinery and equipment with a total cost of \$928,365 under capital leases as reported in its governmental activities. Current fiscal year depreciation expense was \$127,499 and ending accumulated depreciation on these leased capital assets was \$306,711.

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

Fiscal Year Ending September 30,	<u>Governmental Activities</u>
2017	\$ 243,505
2018	243,505
Total minimum lease payments	487,010
Less amount representing interest	15,010
Present Value of future minimum lease payments	<u>\$ 472,000</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

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

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

The Downtown Development Authority is responsible for promoting industrial and commercial development within the City of Fairburn. However, the City of Fairburn does provide financial support each year and has contractually obligated itself to use its taxing powers to guarantee the repayment of principal and interest on the Series 2011 Educational Complex revenue bonds issued by the Downtown Development Authority.

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

	Principal	Interest	Total
Fiscal Year Ending September 30,			
2017	\$ 1,430,000	\$ 1,080,567	\$ 2,510,567
2018	1,480,000	1,044,944	2,524,944
2019	1,560,000	1,009,684	2,569,684
2020	1,630,000	960,875	2,590,875
2021	1,705,000	904,525	2,609,525
2022-2026	8,875,000	3,433,688	12,308,688
2027-2031	6,535,000	1,907,807	8,442,807
2032-2035	3,875,000	383,131	4,258,131
Total	\$ 27,090,000	\$ 10,725,221	\$ 37,815,221
Plus unamortized bond premium	166,714		
Less unamortized original discount	(212,225)		
	\$ 27,044,489		

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2016 is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Improvements Fund	\$ 1,304,854
General Fund	Nonmajor governmental Funds	20,750
Stormwater Fund	Water and Sewer Fund	46,759
	Total	<u><u>\$ 1,372,363</u></u>

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.

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 200,000
General Fund	Electric Fund	1,000,000
General Fund	Nonmajor enterprise fund	50,000
Educational Complex Fund	General Fund	488,000
Nonmajor governmental Funds	General Fund	389,410
Capital Improvements Fund	General Fund	100,000
General Obligation Bond Capital Projects Fund	General Fund	190,000
	Total	<u><u>\$ 2,417,410</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) to move unrestricted service revenues to the General Fund to supplant property taxes.

NOTE 10. PENSION PLAN

Plan Description. The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Fairburn Retirement Plan) covering all full-time employees. The City 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 10. 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, 2016, the date of the most recent actuarial valuation, there were 258 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	53
Terminated vested participants not yet receiving benefits	71
Active employees - vested	129
Active employees - nonvested	5
Total	<u>258</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, 2016, the City's contribution rate was 9.10% of annual payroll. City contributions to the Plan were \$455,271 for the fiscal year ended September 30, 2016.

Net Pension Liability of the City. The City's net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2015.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 3.25%
- Salary increases 3.75% - 8.75%, including inflation
- Investment rate of return 7.75%, net of pension plan investment expense, including inflation

Mortality rates for the January 1, 2015 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2013. Cost of living adjustments were assumed to be 3.25% although the Plan allowance for annual cost of living adjustment is variable, as established by the City Council, in an amount not to exceed 4%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended September 30, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/15	\$ 11,773,171	\$ 10,625,729	\$ 1,147,442
Changes for the fiscal year:			
Service cost	358,809	-	358,809
Interest	894,973	-	894,973
Differences between expected and actual experience	(95,851)	-	(95,851)
Other Changes	174,676	-	174,676
Contributions—employer	-	504,853	(504,853)
Net investment income	-	117,480	(117,480)
Benefit payments, including refunds of employee contributions	(450,275)	(450,275)	-
Administrative expense	-	(20,547)	20,547
Net changes	882,332	151,511	730,821
Balances at 9/30/16	\$ 12,655,503	\$ 10,777,240	\$ 1,878,263

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 3,763,856	\$ 1,878,263	\$ 345,239

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the City. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2015 and the current sharing pattern of costs between employer and employee.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the fiscal year ended September 30, 2016, the City recognized pension expense of \$501,538. At September 30, 2016, 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	\$ -	\$ 247,997
Changes in assumptions	-	165,857
Net difference between projected and actual earnings on pension plan investments	358,343	-
City contributions subsequent to the measurement date	455,271	-
Total	\$ 813,614	\$ 413,854

City contributions subsequent to the measurement date of \$455,271 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2017. 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:	
2017	\$ (122,653)
2018	(122,653)
2019	48,329
2020	141,466
2021	-
Thereafter	-
Total	\$ (55,511)

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFERRED COMPENSATION PLAN

The City of Fairburn, Georgia offers its employees an Internal Revenue Code Section 457 Plan (the "Plan") which is a deferred compensation plan that qualifies as a defined contribution pension plan. The Plan is administered by a third party administrator, ICMA. The City has no fiduciary relationship with the trust. Accordingly, the Plan assets are not reported in the City's financial statements. Plan provisions and contribution requirements are established and may be amended by the City's Mayor and Council. At September 30, 2016, there were 44 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, 2016 were \$106,601.

NOTE 12. JOINT VENTURE

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

NOTE 13. RELATED ORGANIZATIONS

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

NOTE 14. RISK MANAGEMENT

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

NOTES TO FINANCIAL STATEMENTS

NOTE 14. RISK MANAGEMENT (CONTINUED)

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

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

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

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

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation:

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

Contractual Commitments

For the fiscal year ended September 30, 2016, the City had active construction contracts related to various construction projects. At fiscal year end, the City's commitments with contractors totaled approximately \$907,422.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grant Contingencies:

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

Agreements with the Municipal Electric Authority of Georgia:

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit, unless any such profits 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 \$5,798,553 during fiscal year ended September 30, 2016.

At September 30, 2016, the outstanding debt of MEAG was approximately \$6.414 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$60.8 million at September 30, 2016.

During fiscal year 2009, MEAG and MEAG's bond holders authorized the usage of Municipal Competitive Trust ("MCT") funds. The original intended use of the MCT funds were to reduce MEAG's costs and thus charge individual participants, such as the City of Fairburn, less in power on a monthly basis. The MCT funds were only to be used in response to remedy potential deregulation in the State of Georgia. Since deregulation has not occurred in the State of Georgia, MEAG and MEAG's bond holders authorized the usage of the MCT funds as if deregulation had actually occurred. As a result, the City will receive a credit reduction in its monthly purchased power invoice; effectively reducing the City's cost. The projected benefits of this reduction over the next four (4) years as of September 30, 2016 are \$445,208.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. HOTEL/MOTEL LODGING TAX

The City established a 3% tax under O.C.G.A. 48-13-51(a)(1) on gross hotel occupancy revenues for the purpose of promoting tourism, conventions, and trade shows. Local governments imposing a tax under this code section are required to expend in each fiscal year at least the same percentage of hotel/motel tax revenues they expended in the previous fiscal year for the promotion of tourism, conventions, and trade shows. The City has not set a precedent resulting in a restriction of the City's hotel/motel tax funds. Therefore, none of the revenue collected by the City under this authorization is restricted. For the fiscal year ended September 30, 2016, the City collected \$241,576 in hotel/motel revenues which are recorded in the City's General Fund.

NOTE 17. JOINTLY GOVERNED ORGANIZATION

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

The City does not provide financial support to the Water and Sewer Authority, but has contractually obligated itself to use its full taxing power to guarantee the repayment of approximately 34.72% of the principal and interest on the Water and Sewer Authority's Series 2007 Variable Rate Revenue Bonds if the Water and Sewer Authority's resources can not cover the debt service. During the fiscal year ended September 30, 2016, the City agreed to pay the Water and Sewer Authority \$1,157,938 (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.

NOTES TO FINANCIAL STATEMENTS

NOTE 17. JOINTLY GOVERNED ORGANIZATION (CONTINUED)

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

As of December 31, 2015 (from the most recent available audited financial statements), the Water and Sewer Authority's debt service requirements on the Series 2014 Variable Rate Revenue Bonds were as follows using the current variable interest rate of 3.670%:

Fiscal Year Ending December 31,	Principal	Interest	Total
2016	\$ 1,150,000	\$ 1,423,025	\$ 2,573,025
2017	1,210,000	1,387,625	2,597,625
2018	1,270,000	1,350,425	2,620,425
2019	1,335,000	1,311,350	2,646,350
2020	1,400,000	1,263,325	2,663,325
2021-2025	8,420,000	5,297,550	13,717,550
2026-2030	11,280,000	3,121,113	14,401,113
2031-2033	8,420,000	530,650	8,950,650
Total	\$ 34,485,000	\$ 15,685,063	\$ 50,170,063

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FAIRBURN, GEORGIA
Required Supplementary Information – Retirement Plan

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

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 358,809	\$ 426,065
Interest on total pension liability	894,973	880,377
Other Changes	174,676	(352,216)
Differences between expected and actual experience	(95,851)	(331,710)
Benefit payments, including refunds of employee contributions	(450,275)	(418,094)
Net change in total pension liability	882,332	204,422
Total pension liability - beginning	11,773,171	11,568,749
Total pension liability - ending (a)	<u>\$ 12,655,503</u>	<u>\$ 11,773,171</u>
Plan fiduciary net position		
Contributions - employer	504,853	519,993
Net investment income	117,480	1,082,171
Benefit payments, including refunds of employee contributions	(450,275)	(418,094)
Administrative expenses	(20,547)	(15,930)
Net change in plan fiduciary net position	151,511	1,168,140
Plan fiduciary net position - beginning	10,625,729	9,457,589
Plan fiduciary net position - ending (b)	<u>\$ 10,777,240</u>	<u>\$ 10,625,729</u>
City's net pension liability - ending (a) - (b)	<u>\$ 1,878,263</u>	<u>\$ 1,147,442</u>
Plan fiduciary net position as a percentage of the total pension liability	85.2%	90.3%
Covered-employee payroll	\$ 5,264,479	\$ 4,444,802
City's net pension liability as a percentage of covered - employee payroll	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>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 455,271	\$ 504,853	\$ 519,993
Contributions in relation to the actuarially determined contribution	<u>455,271</u>	<u>504,853</u>	<u>519,993</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	5,002,978	4,681,832	4,601,481
Contributions as a percentage of Covered-employee payroll	9.10%	10.78%	11.30%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date

Cost Method

Actuarial Asset Valuation Method

Projected Unit Credit

Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Assumed Rate of Return

On Investments

7.75%

Projected Salary Increases

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

Cost-of-living Adjustment

3.25%

Amortization Method

Closed level dollar for unfunded liability

Remaining Amortization Period

None remaining

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

**COMBINING AND INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES**

CITY OF FAIRBURN, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

Development Authority Fund – To provide services exclusively to the City as a financing instrument for developing and promoting for the public good and general welfare, trade, commerce, industry, and employment opportunities, and to promote the general welfare within the City.

PERMANENT FUND

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

CITY OF FAIRBURN, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

ASSETS	Special Revenue Funds			Permanent Fund	Total
	Confiscated	Grants	Development	Cemetery	Nonmajor
	Assets Fund	Fund	Authority Fund	Fund	Governmental Funds
Cash and cash equivalents	\$ 107,590	\$ 400,535	\$ -	\$ 307	\$ 508,432
Investments	-	-	970	85,000	85,970
Intergovernmental receivable	-	170,175	-	-	170,175
Total assets	\$ 107,590	\$ 570,710	\$ 970	\$ 85,307	\$ 764,577
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to others	\$ 4,835	\$ -	\$ -	\$ -	\$ 4,835
Due to other funds	-	20,750	-	-	20,750
Accounts payable	-	90,594	-	-	90,594
Total liabilities	4,835	111,344	-	-	116,179
FUND BALANCES					
Nonspendable for:					
Corpus of perpetual care cemetery funds	-	-	-	10,000	10,000
Restricted for:					
Federal and state programs	-	50,476	-	-	50,476
Law enforcement activities	102,755	-	-	-	102,755
Cemetery operating capital	-	-	-	75,307	75,307
Assigned for:					
Public works	-	408,890	-	-	408,890
Planning and development	-	-	970	-	970
Total fund balances	102,755	459,366	970	85,307	648,398
Total liabilities and fund balances	\$ 107,590	\$ 570,710	\$ 970	\$ 85,307	\$ 764,577

CITY OF FAIRBURN, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	<u>Special Revenue Funds</u>			<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Confiscated Assets Fund</u>	<u>Grants Fund</u>	<u>Development Authority Fund</u>	<u>Cemetery Fund</u>	
REVENUES					
Intergovernmental	\$ -	\$ 803,302	\$ -	\$ -	\$ 803,302
Fines and forfeitures	5,099	-	-	-	5,099
Interest	265	-	3	210	478
Total revenues	<u>5,364</u>	<u>803,302</u>	<u>3</u>	<u>210</u>	<u>808,879</u>
EXPENDITURES					
Current					
Public safety	71,081	-	-	-	71,081
Public works	-	752,826	-	-	752,826
Total expenditures	<u>71,081</u>	<u>752,826</u>	<u>-</u>	<u>-</u>	<u>823,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(65,717)</u>	<u>50,476</u>	<u>3</u>	<u>210</u>	<u>(15,028)</u>
Other financing sources:					
Transfers in	-	389,410	-	-	389,410
Total other financing sources	<u>-</u>	<u>389,410</u>	<u>-</u>	<u>-</u>	<u>389,410</u>
Net change in fund balances	(65,717)	439,886	3	210	374,382
FUND BALANCES, beginning of fiscal year	<u>168,472</u>	<u>19,480</u>	<u>967</u>	<u>85,097</u>	<u>274,016</u>
FUND BALANCES, end of fiscal year	<u>\$ 102,755</u>	<u>\$ 459,366</u>	<u>\$ 970</u>	<u>\$ 85,307</u>	<u>\$ 648,398</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, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 45,000	\$ 45,000	\$ 5,099	\$ (39,901)
Interest	300	300	265	(35)
Total revenues	<u>45,300</u>	<u>45,300</u>	<u>5,364</u>	<u>(39,936)</u>
EXPENDITURES				
Public safety	<u>40,650</u>	<u>40,650</u>	<u>71,081</u>	<u>(30,431)</u>
Net change in fund balances	4,650	4,650	(65,717)	(70,367)
FUND BALANCES, beginning of fiscal year	<u>168,472</u>	<u>168,472</u>	<u>168,472</u>	<u>-</u>
FUND BALANCES, end of fiscal year	<u>\$ 173,122</u>	<u>\$ 173,122</u>	<u>\$ 102,755</u>	<u>\$ (70,367)</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, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,501,650	\$ 1,501,650	\$ 803,302	\$ (698,348)
Total revenues	<u>1,501,650</u>	<u>1,501,650</u>	<u>803,302</u>	<u>(698,348)</u>
EXPENDITURES				
Public works	<u>1,706,165</u>	<u>1,706,165</u>	<u>752,826</u>	<u>953,339</u>
Total expenditures	<u>1,706,165</u>	<u>1,706,165</u>	<u>752,826</u>	<u>953,339</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(204,515)</u>	<u>(204,515)</u>	<u>50,476</u>	<u>254,991</u>
Other financing sources:				
Transfers in	<u>469,575</u>	<u>469,575</u>	<u>389,410</u>	<u>(80,165)</u>
Total other financing sources	<u>469,575</u>	<u>469,575</u>	<u>389,410</u>	<u>(80,165)</u>
Net change in fund balances	265,060	265,060	439,886	174,826
FUND BALANCES, beginning of fiscal year	<u>19,480</u>	<u>19,480</u>	<u>19,480</u>	<u>-</u>
FUND BALANCES, end of fiscal year	<u>\$ 284,540</u>	<u>\$ 284,540</u>	<u>\$ 459,366</u>	<u>\$ 174,826</u>

**CITY OF FAIRBURN, GEORGIA
CAPITAL IMPROVEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 558,962	\$ 558,962	\$ 603,182	\$ 44,220
Total revenues	558,962	558,962	603,182	44,220
EXPENDITURES				
Capital outlay	1,012,060	1,012,060	721,891	290,169
Total expenditures	1,012,060	1,012,060	721,891	290,169
Excess (deficiency) of revenues over (under) expenditures	(453,098)	(453,098)	(118,709)	334,389
Other financing sources:				
Transfers in	30,000	30,000	100,000	70,000
Total other financing sources	30,000	30,000	100,000	70,000
Net change in fund balances	(423,098)	(423,098)	(18,709)	404,389
FUND BALANCES, beginning of fiscal year	145	145	145	-
FUND BALANCES (DEFICITS), end of fiscal year	<u>\$ (422,953)</u>	<u>\$ (422,953)</u>	<u>\$ (18,564)</u>	<u>\$ 404,389</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, 2016**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Tax revenue	\$ 1,109,841	\$ 1,109,841	\$ 859,875	\$ (249,966)
Interest	6,355	6,355	5,939	(416)
Miscellaneous Revenue	-	-	75,155	75,155
Total revenues	<u>1,116,196</u>	<u>1,116,196</u>	<u>940,969</u>	<u>(175,227)</u>
Expenditures				
Capital outlays	3,128,282	3,128,282	3,768,849	(640,567)
Debt service - principal payments	410,000	410,000	410,000	-
Debt service - interest and fiscal charges	454,838	454,838	454,838	-
Total expenditures	<u>3,993,120</u>	<u>3,993,120</u>	<u>4,633,687</u>	<u>(640,567)</u>
Deficiency of revenues under expenditures	<u>(2,876,924)</u>	<u>(2,876,924)</u>	<u>(3,692,718)</u>	<u>(815,794)</u>
Other financing sources:				
Transfers in	<u>126,667</u>	<u>126,667</u>	<u>190,000</u>	<u>63,333</u>
Total other financing sources	<u>126,667</u>	<u>126,667</u>	<u>190,000</u>	<u>63,333</u>
Net change in fund balances	(2,750,257)	(2,750,257)	(3,502,718)	(752,461)
Fund balance, beginning of fiscal year	<u>5,268,628</u>	<u>5,268,628</u>	<u>5,268,628</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 2,518,371</u>	<u>\$ 2,518,371</u>	<u>\$ 1,765,910</u>	<u>\$ (752,461)</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	64
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	69
These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.	
Debt Capacity	74
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	79
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	81
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)

	2016	2015	2015	2015	2013	2012	2011	2010	2009	2008	2007
Governmental activities											
Net investment in capital assets	\$ 22,115,350	\$ 17,754,866	\$ 14,409,108	\$ 14,079,774	\$ 13,762,645	\$ 13,449,772	\$ 14,043,159	\$ 20,438,489	\$ 19,629,347	\$ 20,213,262	
Restricted	1,718,140	4,597,718	3,730,051	1,719,514	1,346,852	639,394	613,627	80,003	136,223	127,299	
Unrestricted (deficit)	3,403,719	2,085,985	1,321,770	985,380	632,874	415,456	(169,035)	(209,590)	(176,511)	286,922	
Total governmental activities net position	\$ 27,237,209	\$ 24,438,569	\$ 19,460,929	\$ 16,784,668	\$ 15,742,371	\$ 14,504,622	\$ 14,487,751	\$ 20,308,912	\$ 19,589,059	\$ 20,627,483	
Business-type activities											
Net investment in capital assets	\$ 18,084,503	\$ 17,474,092	\$ 14,547,120	\$ 16,801,838	\$ 17,194,519	\$ 17,330,455	\$ 18,041,508	\$ 9,311,194	\$ 8,271,525	\$ 8,102,036	
Restricted	514,098	1,763,687	3,176,531	471,521	607,292	1,344,040	65,200	480,215	3,169,261	521,835	
Unrestricted	10,642,505	6,865,052	6,864,370	7,001,733	5,984,465	5,334,811	5,096,658	7,472,476	8,926,965	10,791,732	
Total business-type activities net position	\$ 29,241,106	\$ 26,103,831	\$ 24,590,021	\$ 24,275,092	\$ 23,786,276	\$ 24,009,306	\$ 23,203,366	\$ 17,263,885	\$ 20,367,751	\$ 19,415,603	
Primary government											
Net investment in capital assets	\$ 40,199,853	\$ 35,228,958	\$ 28,956,228	\$ 30,881,612	\$ 30,957,164	\$ 30,780,227	\$ 32,084,667	\$ 29,749,693	\$ 27,900,872	\$ 28,315,298	
Restricted	2,232,238	6,361,405	6,908,582	2,191,035	1,954,144	1,983,434	678,827	560,218	3,305,484	649,134	
Unrestricted	14,046,224	8,957,037	8,186,140	7,987,113	6,617,339	5,750,267	4,927,623	7,262,886	8,750,454	11,078,654	
Total primary government net position	\$ 56,478,315	\$ 50,542,400	\$ 44,050,950	\$ 41,059,760	\$ 39,528,647	\$ 38,513,928	\$ 37,691,117	\$ 37,572,797	\$ 39,956,810	\$ 40,043,086	

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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008 (1) (2)	2007 (2)
Expenses										
Governmental activities:										
General government	\$ 2,930,921	\$ 2,394,281	\$ 2,295,568	\$ 2,104,230	\$ 1,823,964	\$ 1,765,115	\$ 2,022,064	\$ 1,917,381	\$ 2,391,830	\$ 2,332,872
Judicial	343,417	406,912	415,245	479,159	333,136	235,544	262,792	279,684	289,188	285,194
Public safety	6,600,498	6,322,171	6,110,784	6,057,633	5,851,586	6,127,643	6,758,087	6,622,873	6,432,050	5,511,614
Public works	2,981,768	2,540,254	2,243,308	1,757,055	1,857,152	1,747,445	1,747,445	2,175,196	1,670,873	1,433,380
Planning and development	565,895	455,175	464,196	368,955	367,715	327,158	433,145	584,404	405,233	525,973
Culture and recreation	488,046	512,178	371,838	298,124	252,863	228,225	270,198	80,226	24,180	-
Other	-	-	-	-	-	-	-	59,925	24,066	-
Interest on long-term debt	470,423	458,373	493,266	499,027	508,703	299,264	25,411	37,401	26,490	28,876
Total governmental activities expenses	14,380,968	13,089,344	12,395,205	11,562,183	10,995,119	10,107,709	11,519,132	11,757,090	11,263,910	10,087,709
Business-type activities:										
Electric	7,320,222	7,141,969	6,888,429	6,420,188	6,383,795	5,381,210	6,080,267	5,988,466	5,945,283	5,305,917
Water and Sewer	5,720,744	5,321,360	5,641,267	5,022,941	4,707,117	4,576,383	4,371,584	3,879,022	3,434,169	3,139,049
Educational Complex	1,093,164	1,146,332	1,014,781	999,890	1,237,275	593,658	685,977	686,067	110	-
Stormwater	723,063	724,079	673,145	597,486	613,722	571,291	549,079 (3)	-	-	-
Sanitation	617,473	635,480	675,849	580,521	561,649	559,011	580,516	618,527	766,875	689,203
Cable TV	-	-	-	-	-	-	-	-	-	654,148 (2)
Telecom	-	-	-	-	-	-	-	-	157,999 (2)	185,887
Total business-type activities expenses	15,474,666	14,989,220	14,893,471	13,621,026	13,593,558	11,881,553	12,267,423	11,152,082	10,304,436	9,974,204
Total primary government expenses	\$ 29,855,634	\$ 28,058,564	\$ 27,288,676	\$ 25,183,209	\$ 24,588,677	\$ 22,989,262	\$ 23,786,555	\$ 22,909,172	\$ 21,568,346	\$ 20,061,913
Program Revenues										
Governmental activities:										
Charges for services	\$ 3,066,529	\$ 2,714,155	\$ 2,132,445	\$ 1,854,075	\$ 1,539,479	\$ 1,128,351	\$ 1,481,525	\$ 1,604,707	\$ 1,827,188	\$ 2,276,983
Operating grants and contributions	-	19,076	69,451	42,793	15,270	-	19,265	424,049	154,562	95,897
Capital grants and contributions	1,621,498	3,221,515	1,401,684	558,236	1,318,074	280,000	-	-	-	-
Total governmental activities program revenues	4,688,027	5,954,746	3,603,580	2,455,104	2,872,823	1,408,351	1,500,790	2,028,756	1,981,750	2,372,880
Business-type activities:										
Charges for services	17,794,173	16,865,395	16,631,066	15,485,677	15,298,333	14,241,961	13,751,183	12,559,295	12,552,333	13,840,371
Capital grants and contributions	1,553,000	548,090	300,000	-	-	-	121,040	-	-	-
Total business-type activities program revenues	19,347,173	17,413,485	16,931,066	15,485,677	15,298,333	14,241,961	13,872,223	12,559,295	12,552,333	13,840,371
Total primary government program revenues	\$ 24,035,200	\$ 23,368,231	\$ 20,534,646	\$ 17,940,781	\$ 18,171,156	\$ 15,651,312	\$ 15,373,013	\$ 14,588,051	\$ 14,534,083	\$ 16,213,251

CITY OF FAIRBURN, GEORGIA

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

	2016	2015	2014	2013	2012	2011	2010 (3)	2009	2008 (1) (2)	2007 (2)
Net (expense)/revenue										
Governmental activities	\$ (9,692,941)	\$ (7,134,598)	\$ (8,791,625)	\$ (9,107,079)	\$ (8,122,296)	\$ (9,298,358)	\$ (10,016,342)	\$ (9,728,334)	\$ (9,282,160)	\$ (7,714,829)
Business-type activities	3,872,507	2,235,670	2,037,595	1,864,651	1,704,775	2,660,408	1,604,800	1,407,213	2,247,897	3,866,167
Total primary government net (expense)/revenue	\$ (5,820,434)	\$ (4,898,928)	\$ (6,754,030)	\$ (7,242,428)	\$ (6,417,521)	\$ (6,637,950)	\$ (8,411,542)	\$ (8,321,121)	\$ (7,034,263)	\$ (3,848,662)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 4,746,634	\$ 4,647,950	\$ 4,755,768	\$ 4,798,827	\$ 4,567,666	\$ 4,060,431	\$ 2,853,789	\$ 2,831,173	\$ 2,268,758	\$ 1,344,682
Sales and use taxes	3,816,892	3,762,572	3,415,848	1,416,172	1,414,814	1,315,932	1,324,124	1,287,811	1,440,218	1,442,080
Other taxes	2,696,024	2,764,043	2,633,485	2,367,550	2,260,687	1,791,316	1,741,655	1,951,473	1,517,717	1,075,173
Miscellaneous revenue	402,696	83,601	57,704	113,268	87,798	287,908	139,915	65,260	34,703	-
Unrestricted investment earnings	51,911	51,157	55,044	62,924	69,897	94,642	34,694	49,027	49,227	79,327
Gain on disposal of capital assets	22,424	52,915	416,474	-	-	-	-	-	-	-
Transfers	762,000	750,000	1,543,985	1,390,635	1,191,000	1,765,000	3,689,629	4,598,560	2,953,113	6,603,693
Total governmental activities	12,491,581	12,112,238	12,874,328	10,149,376	9,591,862	9,315,229	9,783,806	10,783,324	8,243,736	10,544,955
Business-type activities:										
Unrestricted investment earnings	26,768	28,140	6,044	11,100	34,490	9,838	27,686	87,501	416,809	575,362
Rental income	-	-	-	-	-	-	-	-	-	326,613
Loss of Refinancing Revenue Bonds	-	-	-	-	-	-	-	-	-	(1,288,562)
Sale of Sewer Contractual Rights	-	-	-	-	-	-	-	-	-	492,436
Gain on Sale of Assets	-	-	-	3,700	-	694	264,841	-	-	762,026
Transfers	(762,000)	(750,000)	(1,543,985)	(1,390,635)	(1,191,000)	(1,765,000)	(3,689,629)	(4,598,560)	(2,953,113)	(6,603,693)
Total business-type activities	(735,232)	(721,860)	(1,537,941)	(1,375,635)	(1,156,510)	(1,754,468)	(3,397,102)	(4,511,079)	(2,516,304)	(5,735,819)
Total primary government	\$ 11,756,349	\$ 11,390,378	\$ 11,336,387	\$ 8,773,541	\$ 8,435,352	\$ 7,560,761	\$ 6,386,704	\$ 6,272,245	\$ 5,727,432	\$ 4,809,137
Change in Net Position										
Governmental activities	\$ 2,798,640	\$ 4,977,640	\$ 4,082,703	\$ 1,042,297	\$ 1,469,566	\$ 16,871	\$ (234,536)	\$ 1,054,990	\$ (1,038,424)	\$ 2,830,126
Business-type activities	3,137,275	1,513,810	499,654	488,816	548,265	805,940	(1,792,302)	(3,103,866)	(268,407)	(1,869,651)
Total primary government	\$ 5,935,915	\$ 6,491,450	\$ 4,582,357	\$ 1,531,113	\$ 2,017,831	\$ 822,811	\$ (2,026,838)	\$ (2,048,876)	\$ (1,306,831)	\$ 960,475

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

Notes:

- (1) The allocation of charges for services to the various functions was changed in 2006 and again in 2008 to more accurately reflect the nature of the City's activities.
- (2) During 2007 and 2008, the City eliminated the Cable TV and telecom services, respectively.
- (3) During 2010, the City has created the Stormwater Enterprise Fund which was previously recorded in the Water & Sewer Fund.
- (4) Sales taxes increased as a result of increased allocations from Fulton County based on population increases.

CITY OF FAIRBURN, GEORGIA

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,610	\$ 86,290	\$ 157,421	\$ 41,364
Unreserved	-	-	-	-	-	-	72,001	(406,291)	(411,217)	168,052
Nonspendable	186,813	246,026	149,285	164,419	134,922	134,338	-	-	-	-
Committed	280,994	-	-	-	-	-	-	-	-	-
Restricted	146,315	149,740	-	-	-	-	-	-	-	-
Unassigned	4,035,786	3,029,593	3,646,266	1,184,518	879,151	412,283	-	-	-	-
Total General Fund	\$ 4,649,908	\$ 3,425,359	\$ 3,795,551	\$ 1,348,937	\$ 1,014,073	\$ 546,621	\$ 91,611	\$ (320,001)	\$ (253,796)	\$ 209,416
All other governmental funds										
Reserved, Cemetery Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,762	\$ 8,003	\$ 199,089	\$ 131,590
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	538,818	39,161	136,223	36,764
Nonspendable	10,000	10,000	10,000	10,000	10,000	10,000	-	-	-	-
Restricted	1,994,448	5,531,677	4,616,280	6,464,093	8,113,648	10,390,989	-	-	-	-
Assigned	409,860	1,112	967	967	965	962	-	-	-	-
Unassigned (deficit)	(18,564)	-	(3,214)	-	-	-	-	-	-	-
Total all other governmental funds	\$ 2,395,744	\$ 5,542,789	\$ 4,627,247	\$ 6,471,846	\$ 8,124,613	\$ 10,401,951	\$ 614,580	\$ 47,164	\$ 335,312	\$ 168,354

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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 11,245,655	\$ 11,188,820	\$ 10,878,900	(1) \$ 8,514,927	\$ 8,276,648	\$ 7,241,198	\$ 6,023,874	\$ 6,098,692	\$ 5,224,467	\$ 3,857,279
Licenses and permits	1,737,024	1,405,815	816,122	726,342	624,518	542,189	480,241	542,957	741,349	1,119,998
Intergovernmental	1,406,484	3,221,516	1,400,884	198,686	1,166,174	-	19,265	424,049	191,784	95,897
Fines and forfeitures	501,886	686,571	741,656	752,705	506,094	223,780	388,212	350,884	383,499	430,046
Charges for services	721,191	573,258	549,581	371,152	395,307	360,802	600,492	710,866	704,273	726,939
Interest income	51,911	51,157	55,044	62,924	69,897	94,642	34,694	49,027	49,227	79,417
Miscellaneous	584,279	151,187	149,041	519,487	116,628	287,854	142,495	-	-	-
Total revenues	16,248,430	17,278,124	14,591,228	11,146,223	11,155,266	8,750,465	7,699,273	8,176,475	7,294,599	6,309,576
Expenditures										
General government	2,878,496	2,410,195	2,261,908	2,050,041	1,790,985	1,724,112	1,993,378	3,166,567	2,749,487	4,059,794
Judicial	342,331	411,394	415,172	472,604	332,565	235,544	262,792	279,684	289,188	255,194
Public safety	6,181,773	6,143,312	6,022,743	5,834,889	5,757,817	5,993,068	6,578,133	7,066,933	6,359,138	6,483,466
Public works	2,782,641	2,363,652	1,915,233	1,503,387	2,645,111	1,358,955	1,269,111	1,505,312	1,109,432	1,332,026
Planning and development	527,173	486,107	461,352	365,540	388,225	327,158	433,145	584,404	405,233	525,973
Culture and recreation	586,329	351,519	299,003	225,307	192,905	165,690	209,493	79,287	24,180	-
Other	-	-	-	-	-	-	-	59,925	24,066	-
Capital outlay	4,490,740	4,605,059	3,903,395	2,513,359	2,794,532	219,133	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	715,814	619,425	622,796	651,801	130,540	160,690	223,196	296,729	306,564	267,780
Interest	472,155	473,437	490,547	505,602	511,360	134,223	25,411	37,401	26,490	28,876
Bond issuance costs	-	-	-	-	-	409,485	-	-	-	-
Total expenditures	18,977,452	17,864,100	16,392,149	14,122,530	14,524,040	10,728,058	10,994,659	13,076,242	11,293,778	12,953,109
Excess (deficiency) of revenues over (under) expenditures	(2,729,022)	(585,976)	(1,800,921)	(2,976,307)	(3,368,774)	(1,977,593)	(3,295,386)	(4,899,767)	(3,999,179)	(6,643,533)
Other financing sources (uses)										
Bonds issued	-	-	-	-	-	10,415,000	-	510,000	241,958	184,781
Original bond premium	-	-	-	-	-	36,234	-	-	-	-
Capital leases	-	328,421	371,613	228,424	367,888	-	123,000	-	-	-
Proceeds from sale of capital assets	44,526	52,915	487,338	39,345	-	3,740	-	-	-	-
Transfers in	1,929,410	3,987,018	3,216,141	1,617,260	1,350,000	3,232,866	3,743,142	4,713,867	3,778,243	6,603,693
Transfers out	(1,167,410)	(3,237,018)	(1,672,156)	(226,625)	(159,000)	(1,467,866)	(53,513)	(115,287)	(473,305)	-
Total other financing sources (uses)	806,526	1,131,336	2,402,936	1,658,404	1,558,888	12,219,974	3,812,629	5,108,590	3,546,896	6,788,474
Net change in fund balances	(1,922,496)	(545,360)	602,015	(1,317,903)	(1,809,866)	10,242,381	517,243	208,813	(452,283)	144,941
Debt service as a percentage of noncapital expenditures	8.68%	8.53%	9.22%	9.97%	5.47%	2.35%	2.35%	3.12%	3.26%	3.25%

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

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

CITY OF FAIRBURN, GEORGIA

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

Fiscal Year	Property Tax	Sales Tax	Motor Vehicle Tax	Franchise Tax	Insurance Premium Tax	Beer, Wine and Liquor Tax	Hotel Motel Tax	Other Taxes	Total
2007	\$ 1,344,682	\$ 1,442,080	\$ 137,477	\$ 225,448	\$ 286,313	\$ 246,653	\$ 46,587	\$ 132,695	3,861,935
2008	2,266,758	1,440,218	160,970	596,064	298,656	254,959	97,371	109,697	5,224,693
2009	2,831,173	1,287,811	168,930	1,053,234	305,810	259,878	115,287	113,594	6,135,717
2010	2,853,789	1,324,124	180,995	903,161	302,941	240,762	86,369	27,427	5,919,568
2011	4,060,431	1,315,932	221,656	888,278	294,137	234,805	118,499	33,941	7,167,679
2012	4,567,666	1,414,814	271,463	997,510	607,409	225,028	123,964	35,313	8,243,167
2013	4,798,827	1,416,172	310,474	954,200	645,170	215,282	190,252	52,172	8,582,549
2014	4,755,788	3,415,848 (1)	458,803	1,015,129	668,012	218,456	178,468	94,617	10,805,121
2015	4,647,950	3,762,572	449,619	1,088,695	702,662	232,352	207,009	83,706	11,174,565
2016	4,766,434	3,819,892	307,241	1,047,515	750,679	244,803	241,576	94,210	11,272,350

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

Note:

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

CITY OF FAIRBURN, GEORGIA

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

Tax Digest Year	Real Property		Personal Property		Public Utility		Total Property		Total Direct Tax Rate	Ratio of Total Assessed to Total Estimated Actual Value	Percent Increase in Estimated Actual Value Over Prior Year
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value			
2006	\$ 424,182,960	\$ 565,101,955	\$ 52,602,070	\$ 131,505,175	\$ 5,328,691	\$ 13,321,728	\$ 482,113,721	(1) \$ 709,928,858	5.00	40%	31.22%
2007	480,625,730	998,615,500	178,761,030	446,902,575	8,338,020	20,845,050	667,724,780	(2) 1,466,363,125	5.00	40%	106.55%
2008	469,416,680	1,181,614,400	203,254,900	508,137,250	9,888,331	24,720,828	682,559,911	1,714,472,478	5.00	40%	16.92%
2009	410,862,770	1,048,830,675	186,820,120	467,050,300	13,732,050	34,330,125	611,414,940	(3) 1,550,211,100	5.00	40%	-9.58%
2010	386,726,700	966,816,750	189,290,310	473,225,775	13,732,050	34,330,125	589,749,060	(3) 1,474,372,650	7.50	40%	-4.89%
2011	372,887,190	932,217,975	209,712,150	524,280,375	11,866,310	29,665,775	594,465,650	1,486,164,125	9.93	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	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	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%

Source: City of Fairburn Finance Department

Notes:

- (1) Property values increased from 2006 to 2007 due to annexation activities and reassessment of property values by Fulton County.
- (2) Personal property values increased from 2007 to 2008 due to annexation activities which included several large industrial companies.
- (3) Assessed values have dropped from 2009 to 2010 due to the decline in the value of residential real properties.
- (4) Includes Property taxes for general operations at 8.1 mills and additional property tax to cover the debt payments related to the 2011 general obligation bonds at 1.83 mills.
- (5) Includes Property taxes for general operations at 8.1 mills and additional property tax to cover the debt payments related to the 2011 general obligation bonds at 1.88 mills.
- (6) Includes Property taxes for general operations at 8.1 mills and additional property tax to cover the debt payments related to the 2011 general obligation bonds at 1.60 mills.

CITY OF FAIRBURN, GEORGIA

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

Tax Digest Year	Direct Rates			Overlapping Rates				Total Direct and Overlapping Millage Rate
	City of Fairburn			State of Georgia	Fulton County	County School System	County School System	
	Operating Millage	Debt Service	Total					
2006	5.00	-	5.00	0.25	21.81	18.11	45.17	
2007	5.00	-	5.00	0.25	20.55	18.09	43.89	
2008	5.00	-	5.00	0.25	10.28	17.50	33.03	
2009	5.00	-	5.00	0.25	10.28	17.50	33.03	
2010	7.50	-	7.50	0.25	10.28	18.50	36.53	
2011	8.10	1.83	9.93	0.25	10.55	18.50	39.23	
2012	8.10	1.88	9.98	0.20	10.55	18.50	39.23	
2013	8.10	1.60	9.70	0.15	10.48	18.50	38.83	
2014	8.10	1.72	9.82	0.10	12.05	18.50	40.47	
2015	8.10	1.63	9.73	0.05	10.75	18.50	39.03	

Source: City of Fairburn Finance Department

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

Taxpayer	2016				2007				
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Helicopter Support, Inc	\$ 90,148,547	1	18.59%	\$ -	-	-	-	-	-
Ralston/Nestle Purina Petcare Company	38,440,916	2	7.93%	-	-	-	-	-	-
Toto USA, Inc.	22,799,101	3	4.70%	-	-	-	-	-	-
Development Authority of Fulton County	21,365,380	4	4.41%	30,220,360	2	6.27%	30,220,360	2	6.27%
Owens Corning	20,597,414	5	4.25%	10,564,200	9	2.19%	10,564,200	9	2.19%
Electrolux Home Products, Inc.	18,156,550	6	3.74%	-	-	-	-	-	-
U.S. Foods, Inc	15,523,554	7	3.20%	-	-	-	-	-	-
Navistar, Inc	14,694,697	8	3.03%	-	-	-	-	-	-
Clorox Manufacturing Company	11,348,516	9	2.34%	-	-	-	-	-	-
Excel Logistics	9,886,941	10	2.04%	20,791,700	5	4.31%	20,791,700	5	4.31%
MD Hodges Enterprises	-	-	-	42,390,129	1	8.79%	42,390,129	1	8.79%
DCT Southcreek Eagles	-	-	-	27,518,700	3	5.71%	27,518,700	3	5.71%
AJT Acquisitions	-	-	-	21,753,700	4	4.51%	21,753,700	4	4.51%
South Atlanta Portfolio	-	-	-	14,934,400	6	3.10%	14,934,400	6	3.10%
AEW/JTC Southpark	-	-	-	14,122,200	7	2.93%	14,122,200	7	2.93%
Southcreek VI Atlanta LLC	-	-	-	13,976,500	8	2.90%	13,976,500	8	2.90%
Eagles Landing	-	-	-	9,338,000	10	1.94%	9,338,000	10	1.94%
All Others	458,671,148		45.77%	276,503,832		57.35%	276,503,832		57.35%
Totals	\$ 721,632,764		100.00%	\$ 482,113,721		100.00%	\$ 482,113,721		100.00%

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Tax Digest Year	Total Tax Levy		Collections of Current Years Taxes		Percentage of Levy Collected		Collection of Prior Years Taxes		Total Collections		Accumulated Uncollected Taxes by Digest Year		Ratio of Accumulated Uncollected Taxes to Current Year's Levy		Local Option Sales Tax Collected	
	\$		\$		During Year		During Year		\$		\$		%			
2006	1,141,681		1,097,286		96.14%		41,852		1,139,138		2,543		0.22%		5.00	1,443,222
2007	1,309,390		1,257,805		96.11%		47,561		1,305,366		4,024		0.31%		5.00	1,442,080
2008	2,266,532		2,202,345		96.06%		56,872		2,259,217		7,315		0.32%		5.00	1,449,755
2009	2,966,005		2,814,985		97.17%		142,337		2,957,322		8,683		0.29%		5.00	1,287,811
2010	4,074,329		3,933,168		94.91%		131,608		4,064,776		9,553		0.23%		7.50	1,315,932
2011	4,491,344		4,406,360		96.54%		73,399		4,479,759		11,585		0.26%	(1)	9.93	1,414,814
2012	4,616,738		4,492,199		96.54%		109,746		4,601,945		14,792		0.32%	(2)	9.98	1,416,172
2013	4,762,586		4,187,985		87.94%		559,384		4,747,369		15,217		0.32%	(3)	9.70	3,415,848
2014	4,569,262		4,520,945		98.94%		29,564		4,550,510		18,752		0.41%	(3)	9.82	3,762,572
2015	4,579,384		4,554,466		99.46%		-		4,554,466		24,918		0.54%	(4)	9.73	3,819,892

Source: City of Fairburn Finance Department

Notes:

- (1) Includes Property taxes for general operations at 8.1 mills and additional property tax to cover the debt payments related to the 2011 general obligation bonds at 1.83 mills.
- (2) Includes Property taxes for general operations at 8.1 mills and additional property tax to cover the debt payments related to the 2011 general obligation bonds at 1.88 mills.
- (3) Includes Property taxes for general operations at 8.1 mills and additional property tax to cover the debt payments related to the 2011 general obligation bonds at 1.60 mills.
- (4) Sales taxes increased as a result of increased allocations from Fulton County based on population increases.

CITY OF FAIRBURN, GEORGIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					Business-type Activities									
	General Obligation Bonds	Fund Balance Restricted to Debt Service	Net Amount of General Bonded debt	Capital Leases	Actual Value of Taxable Property	Net Bonded Debt to Actual Value of Taxable Property	Water & Sewer	Educational Complex	Net Position Restricted to Debt Service	Notes Payable	Capital Leases	Net Total Primary Government	Percent of Personal Income	Per Capita	
2007	\$ -	\$ -	\$ -	\$ 418,251	-	39	\$ 13,145,000	\$ -	\$ -	\$ -	\$ 99,217	\$ 100,002	13,762,470	6.81%	1,287
2008	-	-	-	353,645	-	32	12,685,000	9,750,202	-	80,340	197,709	23,066,896	11.14%	2,104	
2009	-	-	-	566,916	-	50	12,135,000	9,236,166	-	60,442	173,899	22,172,423	9.34%	1,956	
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%	905	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%	782	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%	733	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%	705	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%	675	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%	632	13,106,714	13,937,775	514,098	-	-	35,112,113	12.56%	2,514	

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2016**

<u>Governmental Unit</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Fairburn (1)</u>	<u>Amount Applicable to City of Fairburn</u>
Fulton County Board of Commissioners, Georgia			
Certificates of Participation	\$ 72,035,000	1.247%	\$ 898,276
Library General Obligation Bonds	146,770,000	1.247%	1,830,222
Economic Recovery Zone Bonds	23,243,000	1.247%	289,840
Fulton County Board of Education			
General Obligation Bonds	71,840,000	1.247%	895,845
	<u>313,888,000</u>		<u>3,914,183</u>
City of Fairburn, Georgia			
2011 General Obligation Bonds	8,827,858	100.00%	8,827,858
Capital Leases	472,000	100.00%	472,000
Total Direct Debt	<u>9,299,858</u>		<u>9,299,858</u>
Total direct and overlapping debt	<u>\$ 323,187,858</u>		<u>\$ 13,214,041</u>

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

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

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

CITY OF FAIRBURN, GEORGIA

LEGAL DEBT MARGIN LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value	Percent	Debt Limit	Amount Applicable (1)	Legal Debt Margin
2007	\$ 482,113,721	10%	\$ 48,211,372	-	\$ 48,211,372
2008	667,724,780	10%	66,772,478	-	66,772,478
2009	682,559,911	10%	68,255,991	-	68,255,991
2010	611,414,940	10%	61,141,494	-	61,141,494
2011	589,749,060	10%	58,974,906	10,450,629	48,524,277
2012	594,465,650	10%	59,446,565	10,447,972	48,998,593
2013	601,179,850	10%	60,117,985	10,050,347	50,067,638
2014	608,641,556	10%	60,864,156	9,647,786	51,216,370
2015	683,177,684	10%	68,317,768	9,240,289	59,077,479
2016	721,632,764	10%	72,163,276	8,827,858	63,335,418

Source: City of Fairburn Finance Department

Note: (1) The City of Fairburn had no general obligation bonds outstanding during fiscal years 2007 - 2010.

CITY OF FAIRBURN, GEORGIA

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

Fiscal Year	Operating Revenue	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest (1)	Total	
2007	\$ 12,079,266	\$ 6,963,278	\$ 5,115,988	\$ 355,000	\$ 777,934	\$ 1,132,934	4.52
2008	11,677,764	7,408,224	4,269,540	460,000	529,644	989,644	4.31
2009	11,616,283	8,051,886	3,564,397	550,000	508,934	1,058,934	3.37
2010	12,170,305	8,163,511	4,006,794	635,000	471,615	1,106,615	3.62
2011	12,580,304	8,884,652	3,695,652	745,000	441,062	1,186,062	3.12
2012	13,532,137	8,980,824	4,551,313	720,000	412,084	1,132,084	4.02
2013	13,621,290	10,600,700	3,020,590	725,000	374,385	1,099,385	2.75
2014	14,669,539	9,982,534	4,687,005	-	334,901	334,901	14.00
2015	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

Source: City of Fairburn Finance Department

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

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

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

CITY OF FAIRBURN, GEORGIA

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

Fiscal Year	Operating Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$ 255,948	\$ 291,419	\$ (35,471)	\$ 514,038	\$ 368,558	\$ 882,596	(0.04)
2010	435,173	79,324	355,849	533,916	345,274	879,190	0.40
2011	493,319	55,095	438,224	863,920	329,176	1,193,096	0.37
2012	497,474	278,580	218,894	-	(2)	642,098	0.34
2013	503,377	86,976	416,401	-	(2)	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

Source: City of Fairburn Finance Department

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

(1) Direct operating expenses excludes depreciation and amortization expenses.

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

CITY OF FAIRBURN, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (1)	Per Capita Income (1)	Median Age (1)	Median Education Level in Years of Formal Schooling (1)		School Enrollment (3)	Unemployment Rate (2)
					Schooling (1)	Enrollment (3)		
2007	10,693	\$ 202,076,314	\$ 18,898	33.3	12	-	4.20	
2008	10,961	207,140,978	18,898	33.3	12	-	9.30	
2009	11,335	237,490,920	20,952	36.1	12	-	10.01	
2010	11,335	256,873,770	22,662	32.1	12	4,971	10.30	
2011	11,542	273,660,820	23,710	32.7	12	5,042	9.30	
2012	13,363	296,939,223	22,221	32.0	12	4,982	9.40	
2013	13,720	292,579,000	21,325	32.0	12	4,897	9.50	
2014	13,693	275,941,336	20,152	32.0	12	4,908	7.90	
2015	13,696	276,001,792	20,152	32.0	12	4,822	7.40	
2016	13,967	279,549,505	20,015	32.0	12	5,270	5.50	

Notes:

- (1) Source: U.S. Census.
- (2) Source: Georgia Department of Labor.
- (3) Includes: Creekside High School; Bear Creek Middle School; Campbell Elementary School; Evelyn C. West Elementary School and Landmark Christian School. Information prior to Fiscal Year 2010 is not readily available.

CITY OF FAIRBURN, GEORGIA

PRINCIPAL EMPLOYERS

CURRENT FISCAL YEAR AND NINE FISCAL YEARS PRIOR (Earliest Available)

Employer	2016		2007	
	Number of Employees	Rank	Number of Employees	Rank
U.S. Food Services	664	1	756	1
Porex Corporation	349	2	272	4
Nestle Purina Petcare Co.	338	3		
Exel Logistics	383	4	132	6
Owen's Corning	268	5		
XPO Logistics Supply Chain	240	6		
DSC Logistics, Inc.	235	7		
Adesa Atlanta, LLC	144	8	180	5
LTI Flexible Products	137	9		
Strack, Inc.	115	10	320	3
Reynolds, Inc			750	2
Estex Manufacturing Co., Inc.			100	7
Fairburn Healthcare			99	8
Kingswere Furniture LLC			75	9
Georgia Renaissance Vendors			64	10

Source: City of Fairburn Finance Department

CITY OF FAIRBURN, GEORGIA
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administrative	27	28	35	26	26	23	27	27	29	30
Police	41	35	31	33	36	45	37	37	43	39
Fire	41	28	47	44	43	44	44	44	45	42
Streets, Parks, and Recreation	11	11	13	15	13	14	13	12	17	18
E-911 (1)	10	9	10	8	2	-	-	-	-	-
Electric	7	5	9	8	9	8	10	9	10	9
Water and Sewer	4	4	5	4	6	6	6	8	8	8
Cable (2)	2	2	-	-	-	-	-	-	-	-
	<u>143</u>	<u>122</u>	<u>150</u>	<u>138</u>	<u>135</u>	<u>140</u>	<u>137</u>	<u>137</u>	<u>152</u>	<u>146</u>

Source: City of Fairburn Finance Department

Notes:

(1) Note that the City outsourced its E911 operations in fiscal year 2012; therefore, there are no employees beginning in fiscal year 2012.

(2) Note that the City eliminated cable tv and telecom in 2008.

CITY OF FAIRBURN, GEORGIA

OPERATING INDICATORS BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical Arrests	700	779	614	514	605	1,485	967	1,268	633	549
Traffic Violations	2,810	2,519	1,136	1,725	2,081	2,428	5,455	4,640	3,982	3,252
Fire										
Number of Calls Answered	1,739	1,707	1,786	1,655	1,855	2,020	2,078	2,168	2,414	2,879
Inspections	36	510	420	258	573	496	673	723	990	886
Highways and Streets										
Streets Resurfaced (miles)	-	1.00	0.45	0.44	1.00	-	2.12	4.50	1.94	-
Potholes Repaired	38	44	48	79	66	88	99	90	100	120
Sanitation										
Refuse Collected (tons/day)	3,416	3,094	5,806	4,310	3,567	6,030	3,599	3,661	3,661	4,015
Recyclables Collected (tons/day)	181	135	243	145	119	598	622	637	650	730
Water										
Water Mains (miles)	90.5	90.5	91.5	91.6	91.6	91.9	92.2	93.1	70.9	71.1
Fire Hydrants	767	900	900	900	900	903	903	903	826	824
Water Main Breaks	8	10	6	8	20	15	10	6	6	8
Average Daily Consumption (thousands of gallons)	875	776	791	835	778	811	817	845	807	886
Wastewater and Sewer										
Stormwater system (miles)	36.00	37.25	37.25	37.25	37.98	38.21	38.45	38.45	36.76	36.76
Sanitary system (miles)	68.00	69.00	69.00	69.00	69.00	69.00	69.00	69.00	62.00	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	35	35	40	40	41	45	33	62	50	47
Highways and Streets										
Miles Paved	95.2	96.5	96.5	96.5	96.5	96.8	96.8	96.8	96.8	96.8
Miles Unpaved	2.6	2.6	2.6	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Street Lights	694	694	695	695	685	702	709	712	712	712
Caution Lights	4	2	2	1	1	1	1	1	1	2
Electric										
Lines (miles)	79	79	79	79	79	79	79	79	81	81
Plant Capacity (KVA)	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400

Source: City of Fairburn Finance Department

Notes:

n/a - Information is not readily available.

* The Fire Department was created on April 1, 2006.

CITY OF FAIRBURN, GEORGIA

**CAPITAL ASSETS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water										
Water Mains (miles)	90.5	90.5	91.5	91.6	91.6	91.9	91.9	91.9	70.9*	71.1
Fire Hydrants	767	900	900	900	900	903	903	903	826**	824
Water Main Breaks	8	10	6	8	20	15	15	6	6	8
Wastewater and Sewer										
Stormwater system (miles)	36	37.25	37.25	37.25	37.98	38.21	38.21	38.21	36.76	36.76
Sanitary system (miles)	68	69	69	69	69	69	69	69	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	35	35	40	40	41	45	33	62	50	47
Highways and Streets										
Miles Paved	95.2	96.5	96.5	96.5	96.5	96.5	96.5	96.8	96.8	96.8
Miles Unpaved	2.6	2.6	2.6	3	3	3	3	3	3	3
Street Lights	694	694	695	695	695	702	712	712	712	712
Caution Lights	4	2	2	1	1	1	1	1	1	2
Electric										
Lines (miles)	79	79	79	79	79	79	79	79	81	81
Number of substations	1	1	2	2	2	2	2	2	2	2
Number of service connections	2,980	2,969	2,966	2,928	2,865	2,902	2,955	3,183	3,153	3,187
Culture and recreation										
Parks acreage	2	2	2	2	2	142	144	144	144	144
Parks	1	1	1	1	1	1	2	2	2	2
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