## COMPREHENSIVE ANNUAL FINANCIAL REPORT



## **FULTON COUNTY, GEORGIA**

### FISCAL YEAR ENDED DECEMBER 31, 2012

Prepared Under Authority Granted by The Board of Commissioners of Fulton County

# INTRODUCTORY SECTION

## FULTON COUNTY, GEORGIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended December 31, 2012

Prepared pursuant to authority granted by the Board of Commissioners of Fulton County, Georgia

7001 Fulton County Government Center

Atlanta, Georgia 30303

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#### Comprehensive Annual Financial Report

#### Year ended December 31, 2012

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### **BOARD OF COMMISSIONERS OF FULTON COUNTY**

John H. Eaves, Chair Emma I. Darnell, Vice Chair William "Bill" Edwards, Commissioner Joan P. Garner, Commissioner Liz Hausmann, Commissioner Tom Lowe, Commissioner Robert L. (Robb) Pitts, Commissioner

> Clerk of Commission Mark Massey

**County Manager** Zachary L. Williams (12/31/2012)

> County Attorney David Ware

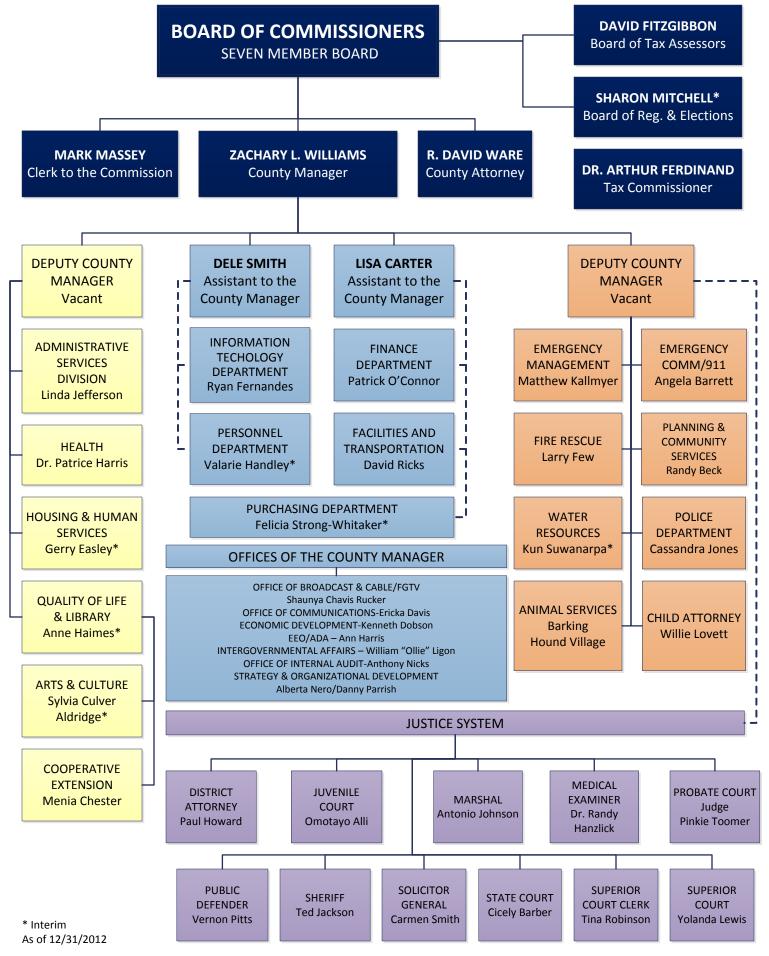
**Director of Finance and Budget Officer** Patrick J. O'Connor

> Purchasing Agent Felecia Strong-Whitaker, Interim

> > **Tax Commissioner** Dr. Arthur Ferdinand

**County Auditor** PJC Group, LLC

### FULTON COUNTY GOVERNMENT STRUCTURE



# LETTER OF TRANSMITTAL



June 24, 2013

To the Board of Commissioners, County Manager, and Citizens of Fulton County, Georgia

The Comprehensive Annual Financial Report of Fulton County, Georgia (the "County"), for the fiscal year ended December 31, 2012, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable thereader to gain an understanding of the County financial activities are included.

#### Profile of the Government

The County is the central county in the Atlanta Metropolitan Area and the most populous county in Georgia. The estimated population of the County as of 2011 U.S. Census Bureau was 977,773. Fulton is the most populous county in the State of Georgia with approximately 10% of the entire State's population. Originally created in 1853 by the Georgia General Assembly and enlarged in 1931 by the absorption of two adjacent counties, the County encompasses 523 square miles. The City of Atlanta occupies about 131.4 square miles, or about 25% of the County, and accounts for approximately half of its population. The thirteen other incorporated cities located in the County are: Alpharetta, Chattahoochee Hills, College Park, East Point, Fairburn, Hapeville, Johns Creek, Milton, Mountain Park, Palmetto, Roswell, Sandy Springs and Union City. Urban and suburban areas associated with Atlanta, Hapeville, East Point, Sandy Springs and College Park are located in the county; suburban areas associated with Alpharetta, Roswell, Johns Creek and Milton are located in the northern section of the County, and agricultural areas remain in the extreme ends of the 75-mile distance from the northern to the southern boundaries.

The County provides a full range of services to these citizens including a comprehensive court system, a full range of public health and human services and facilities, and library services. The unincorporated section of Fulton County comprised a portion of the southern end of Fulton County, and is additionally provided police and fire protection, street and road construction and maintenance, parks and recreational facilities, building inspection and code enforcement services. These separate services are financed through the County's South Fulton Special Taxing District Fund, which has an independent millagerate from the County's General Fund, which finances operations for County wide activities.

The financial impact of 2006 and 2007 incorporations affected the original 2005 County Special Service District, and additional State legislation required the County to account for revenues and expenditures by "sub-districts" beginning in fiscal 2006. Only the South Fulton tax district for the southern portion of unincorporated Fulton County is now active, is shown as a major fund, and will continue as citizens voted to not incorporate this section of Fulton Countyin 2008.

The Georgia State Legislature created the Board of County Commissioners in 1880 and in 1973 and 1974 amended the Board to its current seven members. The Board constitutes the governing authority for the County (Ga. Law 1880, page 500). The power of Home Rule was granted to the County by amendment to the Georgia Constitution in 1982. Five of the seven positions are elected by geographic districts and two are elected county-wide. One of the two county-wide positions is designated, by election, as the chairperson of the Board of Commissioners. Members are part-time and serve concurrent four-year terms. A County Manager implements the Board's policies, administers the county government, appoints department heads, and supervises approximately 5,200 full-time employees.

The financial statements, schedules, and statistical tables included in this report pertain to all functions and funds directly under the control of the Fulton County Board of Commissioners. Also included re trust and agency funds administered and controlled by various elected or appointed officials or boards which are not reported upon by any other entity. This report includes all funds of the County as well as those entities determined to have met the criteria for inclusion in the County's reporting entity. Various potential component units were evaluated. A component unit was considered to be part of the County's reporting entity when it was concluded that the County was financially accountable for the entity or the nature and significance of the relationship between the County and the entity was such that exclusion would cause the County's financial statements to be misleading or incomplete. This report includes all funds and activities of the Fulton County Building Authority, Fulton County Urban Redevelopment Agency and the Fulton County Facilities Corporation which are reported as blended component units and the Fulton-DeKalb Hospital Authority which is discretely presented.

#### ECONOMIC CONDITIONS AND OUTLOOK

The Georgia State University Economic Forecasting Center publishes data relevant to the Metro Atlanta area, which indicates that the economy in Georgia and the Atlanta metro area has shown signs of slow improvement. In a summary from the May 2013 news release, Dr. Rajeev Dhawan, Director of the Georgia State University's Economic Forecasting Center indicates that "corporations are battling increasing global headwinds from a recessionaryEurope, an unstable Middle East and a stalled China, among others." This affect is felt locally as 2011 saw Georgia export growth exceed 20% only to have the European debt crisis and China's slowdown erode the export growth rate to 3.2% in 2012. While some base measures of economic health look promising, the headwinds mentioned above from global factors coupled with some domestic uneasiness about 2013's

growth will impact Georgia exports, the State's biggest employer, Delta, and growth in the hospitality sector. Mr. Dhawan expects the Atlanta area to see job growth lead the state's recover in 2013 by gaining 46,300 jobs, including 9,600 premium jobs and 2014 forecasts another 53,800 job gains, of which 14,000 would be premium jobs. 2015's forecast calls for even greater employment gains. Georgia's unemployment rate is forecast to average 8.6% in 2013, and decrease further to 8.3% in 2014. The Georgia Department of Labor reported Fulton County's a non-seasonally adjusted annual unemployment rate for 2012 of 9.2%, a decrease for the 2011 adjusted rate of 9.8%. Mr. Dhawan forecasts Atlanta's unemployment rate to be 8.2% in 2013, and drop further in 2014 to 7.9% and lower for 2015 as job growth strengthens in the metro Atlanta area. Historical unemployment rates are shown on page 1B of the statistical section of this report.

Dhawan indicated nominal personal income in the state posted a 3.6% increase in 2012, but is forecasted to be 2.5% for 2013 followed by a strong increase of 5.1% in 2014 and another 5.2% in 2015.

Atlanta's housing permit activity, originally predicted to increase 21.9% in 2012, increased by 67.3%, largely due to growth in multifamilyhousing permits. This tremendous growth moderates somewhat in 2013 as total permits increase by 30.2% and further slows to 12.4% in 2014. 2013 is expected to see 26,000 units permitted, higher than the level in 2008. Dr. Dhawan is recognized locally as an excellent source of economic forecasts and other information. The economic data in this letter is derived from information contained in their May 22, 2013 press release

Accrual basis sales tax collections increased 6.5% in 2012 to \$36.1 million from 2011's \$33.9 million, also above 2010's \$30.5 million. The State's tax collections also increased at 5.9%, with increases forecast for 2013 and 2014 on both the State and local level. Each Fulton county municipality and the County re-negotiate this allocable share on a 10 year cycle, and the process should conclude in 2013.

Metro Atlanta governments like Fulton County continue to evaluate recent significant economic trends as well as recent legislative changes from the State of Georgia and determine ways to continue to provide quality services. The County is primarily dependent on property tax and sales tax collections for over three fourths of total revenues, followed by license and fee revenues and grants. The assessment of real property in Fulton County, overseen by the Fulton County Board of Tax Assessors, continues to generate significant appeals although values had dropped given the housing and commercial real estate downturn. Recent tax digests; (page 100 in the statistical section) shows the slowdown in assessment growth since 2007's values. All local governments are addressing their declining revenues streams from property taxes, and making decisions on how best to serve constituents, whether through tax increases, ependiture reductions, or a combination.

Fulton County has utilized a portion of resources to manage reductions in property tax revenue, but remains in a relatively strong financial position for 2013. General fund balance, at one point totaling \$150 million, now at \$89 million as of the end of fiscal 2012, remains in excess of the Board of Commissioner's fund balance policy of requiring 1/12 annual General fund appropriations remain on reserve. The County is continually reevaluating our short and long term financial needs, priorities and service delivery strategies in light changing economic conditions.

#### FINANCIAL INFORMATION

Fulton County management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the County are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

The accompanying financial statements were prepared in conformity with GAAP and with standards set forth by:

- 1) The Governmental Accounting Standards Board (GASB;
- 2) The American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing; and
- 3) The Government Finance Officers Association of the United States and Canada (GFOA).

As a recipient of federal, state, and local financial assistance, the County is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is subject to periodic evaluation by management and by the Internal Audit staff of the County's Finance Department. GAAP also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

#### **RELEVANT FINANCIAL POLICIES**

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived: and (2) the evaluation of costs and benefits required estimates and judgments by management.

All internal control evaluations occur with the above framework. We believe the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. Under Fulton County Budget Law, all expenditures are subject to an annual appropriation. Strict controls are in place to ensure that expenditures do not exceed these appropriations at either the departmental or the fund level. Unutilized encumbrances that approach year end are lapsed, but multi-year capital funds existing encumbrances at year end are shown as a reservation of fund balance.

#### FIDUCIARY OPERATIONS

Effective September 1, 1991, the Fulton County Employees' Retirement System (the Plan) was established as successor to four separate pension plans previously maintained (the General Employees' Pension Plan, the Public Safety Pension Plan, the Judges and SolicitorsPension Plan, and the Employees' Pension Plan). The Plan continues its commitment to maintaining a well-diversified portfolio of equities and bonds professionally managed within the risk parameters established by the pension fund's investment policy and the requirements of State law. Net assets, available for plan benefits and other pertinent data related to the County's retirement system, are described more fully in the notes to the financial statements.

On June 16, 1999, the County adopted a 401(A) defined contribution plan and closed the Employee Retirement System Plan to new participants. All active participants in the Fulton County Employees' Retirement System have the annual option to migrate to the defined contribution plan. The County contracts with professional investment managers to actively manage the County's pension funds.

The County currently offers post employment health and life insurance benefits for all eligible retirees. These benefits are currently financed on a pay-as-you-go basis. The County implemented Government Accounting Standards that offer recognition of the actuarially determined annual required contribution into the annual financial statements, and footnote disclosure of the total liability and other information.

#### **OTHER INFORMATION**

#### Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of PJC Group, LLC was selected by the County's Board of Commissioners to fulfill this requirement. This firm also conducts the audit of the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements and supplementary information is included in the Financial Section of this report. The auditors' report related specifically to the Single Audit is included in the Single Audit Report published separately.

#### AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fulton County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. This was the twenty-fourth consecutive year Fulton County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition the County received the GFOA Award for Distinguished Budget Presentation for its operating budget presenting the FY12 Budget book. To qualify for the Distinguished Budget Presentation Award, the County's budget document was judge to be proficient in several categories as a policy document, financial plan, operations guide and as a communications device.

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

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Department of Finance. Each member of the Division and the Department has my sincere appreciation for their contributions in the preparation of this report.

In closing, I would also like to express my sincere appreciation to the Fulton County Board of Commissioners and the County Manager for their leadership and support in the planning and conducting of the financial operations of the County government, without which the preparation of this report would not have been possible.

Sincerely,

Patient O'Com

Patrick J. Ó'Connor, CPA, CPFO Director of Finance

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

## **Fulton County** Georgia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President President

**Executive** Director

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# **FINANCIAL SECTION**

# **INDEPENDENT AUDITORS' REPORT**

### PJC GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

#### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners Fulton County, Georgia

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Fulton County, Georgia (the "County"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County'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 did not audit the financial statements of the Fulton-Dekalb Hospital Authority, which statements reflect total assets (in thousands) of \$721,619, total net position (in thousands) of \$239,670 and total revenues (in thousands) of \$807,193 of the aggregate discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fulton-Dekalb Hospital Authority, in the component unit column, is based solely on the report of the other auditors. 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 evaluation 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Fulton County, Georgia as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the employee's retirement system schedule of funding progress and employer contributions and other post employment benefits schedule of funding progress on page 67 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 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013 on our consideration of the County'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 County's internal control over financial reporting and compliance.

PJC Group, LLC

June 24, 2013

# MANAGEMENT'S DISCUSSION AND ANALYSIS

#### Management's Discussion and Analysis (in thousands)

As management of Fulton County (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found earlier in this report. All financial information contained in this section is in thousands of dollars.

#### **Financial Highlights**

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,460,701 (*net position*). Of this amount, \$38,406 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors. The County's total net position decreased by \$144,478 in 2012, as compared to \$140,696 in 2011. Business type activities decreased \$29,595 while the governmental activities experienced a decrease of \$114,883, most of which is recognition of the annual expense of providing long term health care benefits to retirees.

As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$335,974, a decrease of \$63,505 in comparison with the previous year. This is largely due to the shortfall in revenue in the General fund, as property values continue to decline countywide. The County's General Fund fund balance decreased by \$39,576, while the South Fulton Special Tax District Fund, both major funds, increased its fund balance by \$1,591; the 2010 Library bond capital projects fund slightly decreased its fund balance by \$7,545 and Other Governmental funds decreased fund balance by \$17,975. It is important to recognize that the governmental fund financial statements differ from the Statement of Activities primarily because cash resources used for capital outlay are treated as expenditures in the governmental funds statements, but are capitalized and not considered expenditures in the statement of activities.

At the close of the fiscal year, total fund balance for the General Fund was \$88,985, which is available to meet the government's other ongoing obligations to citizens and creditors. The South Fulton Special Tax District Fund's ending fund balance was \$6,714, and remains the last unincorporated area in Fulton County.

The County's total long term governmental liabilities increased by \$38,952 in 2012, largely due to annual recognition of the annual liability for post-employment health benefits offered to eligible retirees, less amounts paid for scheduled principal payments on existing outstanding bonds. The additional liability of \$63,425 represents the unfunded portion of the 2012 annual required contribution for these benefits, while the current total liability for GASB 45 reporting is now \$336,813 and represents the County's largest recorded liability in the government-wide financial statements. This is disclosed in the footnotes along with other required provisions of the new implementation for recognition of the County's OPEB liability, as of January 1, 2013.

The County's capital assets used for governmental activities were valued at \$821,230, of which \$51,452 are under construction. The County no longer owns, serves, or maintains roadway networks in municipal sections of the County, but does record infrastructure for the remaining unincorporated section of Fulton County. Significant capital asset additions are expected in the next few years with ongoing capital projects funded by the 2010 Library bonds and the 2010 Fulton County Urban Redevelopment Agency Economic Recovery Zone bonds.

Business-type capital assets totaled \$1,166,767, of which \$4,858 is currently under construction mainly relating to minor water and wastewater capital projects. No interest was required to be capitalized in 2012. Depreciation is based on useful life of the underlying asset using the straight line method. Intangible assets, related specifically to remaining long term wastewater treatment capacity rights of \$134,455, are included within the capital asset footnote and balances as required under new GASB accounting standards.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

These statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector business.

The *Statement of Net Position* presents information on all of the County's assets and liabilities, with the difference between the two 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 County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County'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.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include administration, public safety, legal, which includes criminal courts and facilities, general government infrastructure and facilities, social services, health services, debt related costs, and other functions that benefit all the above categories. The business-type activities are the Water and Sewerage system and Fulton County Airport-Brown field.

The government-wide financial statements include not only the County itself (known as the *primary government*) but also the Fulton-DeKalb Hospital Authority, a discretely presented component unit. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 11-12 of this report.

#### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the fund statements for the County's General, Special Service District fund, and Library bond capital projects funds, which are considered major funds under the requirements of GASB 34. In addition, the County maintains many individual governmental funds. All other governmental type funds are classified and summarized as non-major governmental funds within the governmental fund financial statements.

The basic governmental fund financial statements can be found on pages 13-19 of this report.

#### **Proprietary fund statements**

The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewerage system fund, and the Fulton County Airport-Brown Field, and Contractual funds for the provision of municipal services for fees. Internal service funds are used to accumulate and allocate cost internally among the County's various functions. The County uses internal service funds to account for a portion of its general facilities services, such as fleet vehicle costs, office supplies, health costs for employees and retirees, risk management and project related insurance costs, known as the Owner Controlled Insurance Program (OCIP). Because these funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewerage system fund which is considered a major proprietary fund of the County. The Fulton County Airport-Brown Field and the inactive contractual funds for the cities of Sandy Springs and Johns Creek are non-major enterprise funds. All three internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

#### Fiduciary fund statements

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that

used for proprietary funds. The three funds are the County's defined benefit retirement plan, which is administered by the County with the assistance of professional fund managers, the newly created Other Postemployment Benefit plan, and various agency funds. These funds are included as a separate column and represent the balance sheet and activities of the Tax Commissioner's office, the Sheriff's office and Criminal courts, District Attorney, and Superior, Probate, Juvenile and State Court.

The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

#### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements and required supplementary information can be found on pages 26-66 of this report.

#### **Other Information**

The combining statements referred to earlier in connection with one major and non-major governmental funds, enterprise funds and internal service funds are presented immediately following the notes to the financial statements. Combining statements and schedules can be found on pages 68-94 of this report.

#### **Government-wide Financial Analysis**

	Governmenta	I Activities	Business-typ	e Activities	Тс	%	
-	2012	2011	2012	2011	2012	2011	Change
Current and other assets \$	477,144	549,043	361,885	384,810	839,029	933,853	(10)
Capital assets	821,230	825,221	1,166,767	1,183,695	1,987,997	2,008,916	(1)
Total Assets	1,298,374	1,374,264	1,528,652	1,568,505	2,827,026	2,942,769	(4)
Deferred Outlfows of resources	848	-	7,697	-	8,545	-	
Current liabilities	54,979	51,887	19,705	8,868	74,684	60,755	23
Long-term liabilities	769,553	730,601	530,633	540,245	1,300,186	1,270,846	2
Total Liabilities	824,532	782,488	550,338	549,113	1,374,870	1,331,601	3
Net Position:							
Net investment in capital assets	634,016	631,476	706,517	729,671	1,340,533	1,361,147	(2)
Restricted	42,280	50,807	39,482	39,316	81,762	90,123	(9)
Unrestricted	(201,606)	(90,507)	240,012	250,405	38,406	159,898	(76)
Total Net Assets \$	474,690	591,776	986,011	1,019,392	1,460,701	1,611,168	(9)

The table below is a summary of the net position of the County as of the end of the fiscal year (in thousands).

Net capital assets comprised the bulk of the assets of the County. This includes land, buildings, equipment, roadway networks, water and sewer systems, intangible assets, and any capitalizable improvements as well as assets currently under construction. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County has approximately \$659 million in cash and investments, of which approximately \$108 million is restricted for enterprise fund debt and capital projects. Governmental activities also have approximately \$42 million of restrictions on the above cash and investments for debt service, construction, state and federal grants, and other similar type external restrictions. As restricted cash is invested in capital assets, the related net position restriction shifts from "Restricted net position" to "Net investment in capital assets".

Government-wide unrestricted net position totaled \$41 million and is available to be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County report positive balances in all three categories of net position, for the government as a whole, while unrestricted net position for governmental activities is now in a deficit to the increasing liability for post-employment health care. The table below is a summary of the activities of the County as of the end of the fiscal year (in thousands).

	Governmen	tal Activities	Business-ty	pe Activities	Tot	al	Percent	
Revenues:	2012	2011	2012	2011	2012	2011	Change	
Program revenues:								
Charges for services	\$ 57,519	56,028	121,506	120,276	179,025	176,304	2	%
Operating grants and								
contributions	60,499	65,356	-	-	60,499	65,356	(7)	
Capital grants and							. ,	
contributions	2,312	3,762	-	-	2,312	3,762	(39)	
General revenues:								
Taxes	509,417	516,415	-	-	509,417	516,415	(1)	
Intergovernmental	2,898	-	-	-	2,898	-	-	
Other charges for services	14,628	15,377	-	-	14,628	15,377	(5)	
Use of money and property	6,517	7,091	666	610	7,183	7,701	(7)	
Miscellaneous & special items	4,985	6,582	(1,929)	(1,626)	3,056	4,956	(38)	
Total revenues	658,775	670,611	120,243	119,260	779,018	789,871	(1)	
Expenses:								
Administration	107,704	109,122	-	-	107,704	109,122	(1)	
Public Safety	181,224	184,163	-	-	181,224	184,163	(2)	
Legal	131,545	148,350	-	-	131,545	148,350	(11)	
Infrastructure & facilities	74,308	52,499	-	-	74,308	52,499	42	
Social services	80,999	119,044	-	-	80,999	119,044	(32)	
Health services	181,674	149,504	-	-	181,674	149,504	22	
Interest and debt costs	16,204	18,364	-	-	16,204	18,364	(12)	
Water & Sewerage	-	-	135,118	148,303	135,118	148,303	(9)	
Airport services	-	-	1,471	1,218	1,471	1,218	21	
Total expenses	773,658	781,046	136,589	149,521	910,247	930,567	(2)	
Change in net position	(114,883)	(110,435)	(16,346)	(30,261)	(131,229)	(140,696)	(7)	
Extraordinary loss	-	-	(13,249)	-	(13,249)	-		
Beginning net position	589,573	702,211	1,015,606	1,049,653	1,605,179 *	1,751,864	(8)	
Ending net position	\$ 474,690	591,776	986,011	1,019,392	1,460,701	1,611,168 *	(9)	

\*Beginning net position as of January 1, 2012 was restated for GASB 63 and 65 by \$5,989, see Footnote 18.

#### Analysis of governmental activities

Net position of the governmental activities of the County decreased by \$114,883 in 2012, as compared to a decrease of \$110,435 in 2011. Governmental accounting standards related to other post-employment benefits contributed \$63,425 to the loss for 2012, and \$75,135 for 2011. The economy remains a significant factor in dealing with decreasing revenues from both property and sales tax collections. Revenues have declined as the financial effect of lower property values and resolved appeals produce lower tax revenues.

Overall, the expenses for governmental activities decreased \$8 million with slightly lower recognition of OPEB costs. The County continues to advance efficiencies in operations to gain additional cost savings short and

long term.

The statement of activities includes depreciation on capital assets used by these governmental functions, including roadways, but does not include costs for capitalizable assets, which differs from the presentation on the statement of revenues and expenditures and changes in fund balances.

#### Analysis of business-type activities

Charges for water and sewerage services are the primary component of the County's business-type activities. Sewerage expenses are greater than water as more resources and efforts are required to treat wastewater than produce potable water. Revenues from operations remained relatively stable to 2011. Recognition of termination costs of a sewer treatment agreement yielded an extraordinary item for the Water and Sewer System of approximately \$13 million, and is discussed in Footnote 17.

#### **Governmental Funds Financial Analysis**

As noted earlier, the focus of the County's governmental fund statements is to provide information on nearterm flows, outflows, and balances of resources available to spend. Revenues from overall taxes remained steady from 2011, but remain substantially lower than previous years. Charges for services and intergovernmental revenues in total remained steady, while other revenues decreased slightly from 2011. Governmental fund type expenditures increased \$27 million, due to higher costs association with court and judicial activities, and slightly higher payments on behalf of Grady hospital. The general fund reported an ending fund balance of \$88,985, a decrease of \$39,576 from 2011, and down additionally \$21,669 from 2010. The South Fulton Taxing district provides public safety, building zonings and inspections, and parks and recreation activity to the remaining unincorporated section of Fulton County. The fund balance for this District increased by \$1,591 in 2012 to \$6,714, as millage adjustments have been made for this taxing district to accommodate community needs.

Other non-major governmental funds include debt service, grants-in-aid, capital projects and other activities decreased by \$17,975 from 2011 largely due to capital outlays for bonded projects for libraries and recovery zone projects. This brings the 2012 fund balance for other governmental funds to \$81,007 at year end. Of this amount, \$39,065 is restricted, \$678 is committed, and \$41,264 is categorized as assigned.

#### **Budgetary Highlights and Control**

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. Under Fulton County Budget Law, all expenditures are subject to an annual appropriation. Strict controls are in place to ensure that expenditures do not exceed these appropriations at either the departmental or the fund level. The 2012 General Fund budget was adopted at approximately \$605 million, a slight increase of \$5 million from 2011 to accommodate an additional payments to the County's component unit, the Fulton DeKalb Hospital Authority.

Actual revenues exceeded budgeted revenues due to the legal manner in which the General Fund can budget property tax revenues, which is based on the previous year actual collections rather than on anticipated assessment growth. 2012 expenditures were short of budgetary appropriations due implementation of a hiring freeze, targeted program expenditures as well as overall expenditure reductions.

The legally adopted budget for governmental services for the County's major governmental funds is by department and can be reviewed on pages 17-19 of this report. No changes to the original adopted budget

occurred during the year. There are reallocations from non-agency to agency budgets throughout the year for the purpose of funding operational needs as necessary in each County department.

#### **Capital Assets**

The County's net investment in capital assets for its governmental and business-type activities as of year-end amounts to \$1,340,533 (net of accumulated depreciation). The net investment in capital assets includes land, equipment, buildings, roadway networks, improvements to these assets and construction in progress less any related debt outstanding or unspent bond proceeds to finance acquisition of these assets. Business type activities added infrastructure assets relating to water and sewer system improvements system wide for line improvements. While no significant capital additions occurred in 2012, the 2010 bond projects related to Library and other facilities will in time add significant facilities for County-wide use.

	Government	al Activities	Business-ty	pe Activities	Тс	otal	Percent	
Capital assets not being	2012	2011	2012	2011	2012	2011	Change	
depreciated:							%	
Land & land improvements	\$ 48,003	44,929	36,513	36,010	84,516	80,939	4	
Construction in progress	51,452	37,600	4,858	5,139	56,310	42,739	32	
Capital assets, shown net								
of depreciation:								
Equipment	8,294	11,184	1,575	858	9,869	12,042	(18)	
Buildings and improvements	352,233	357,831	617	753	352,850	358,584	(2)	
Roadway network	361,248	373,677	-	-	361,248	373,677	(3)	
Water System	-	-	192,853	194,273	192,853	194,273	(1)	
Sewerage System	-	_	795,896	806,873	795,896	806,873	(1)	
Intangible assets	-	-	134,455	139,789	134,455	139,789	(4)	
Total net capital assets	\$ 821,230	825,221	1,166,767	1,183,695	1,987,997	2,008,916	(1)	

Additional information relating to capital assets and infrastructure is presented in Note 7 of the financial statements beginning on page 45. Intangible assets for future wastewater treatment capacity for the Water and Sewerage system fund are now presented in the above capital asset summary.

#### **Debt Administration**

At December 31, 2012, the County had a number of debt issues outstanding. \$529,240 of Water and Sewerage Revenue Bonds (net of unaccreted discounts); and \$14,778 of Building Authority Revenue Bonds (net of unaccreted premiums/discounts). The County enjoys an AA rating from Standard & Poor's Corporation, AA-rating from Fitch Investor Services, and an Aa2 rating from Moody's Investors Service on general obligation bond issues. Under existing state statutes, the County's general obligation bonded debt issuances are subject to a legal limitation based on 10% of total assessed value of real and personal property.

The 2010 Library general obligation bonds, \$161,545 as of December 31, 2012, fund future County library facilities as well as renovations of existing libraries, authorized by the 2008 referendum of \$275 million. Projects to be paid from these bonds are under planning and preliminary design phases, with large construction to begin in 2013.

The County previously issued under the American Recovery and Reinvestment Act provision Recovery Zone bonds and Qualified Energy bonds through the Fulton County Urban Redevelopment Agency (FCURA) for capital facilities and energy efficiency improvements within designated urban redevelopment zones for facilities leased to the County. The FCURA bonds outstanding at December 31, 2012 was \$28,736.

At December 31, 2012, total other capital leases was \$57,937, which increased for capital financing leases of \$3,138 and decreased with scheduled principal maturities of \$6,465. The Jail Mechanical, Electrical and Plumbing renovations comprises the bulk of this lease liability.

The 2009 Fulton County Facilities Corporation Certificates of Participation had an outstanding balance of \$102,128 as of December 31, 2012.

Additional information relating to long-term debt and other obligations is presented in Note 8 to the financial statements beginning on page 49. Other post-employment benefit information required by GASB 45 is shown within the footnotes to the financial statements as well as within required supplementary information on page 67 following these footnotes.

#### State of Georgia Legislative Actions

In early 2013, the State of Georgia legislature passed several new laws specific to Fulton County government. The most significant of which is a two year freeze on the existing millage rates for the General fund, Debt Service fund, and South Fulton Taxing District. Upon cessation of this two year freeze, the Board of Commissioners will now need a "supermajority" of 5 of 7 Commissioners to affect a millage rate increase over the rollback rate, instead of the 4 of 7 typically required for any Board action. Other legislation involved redistricting and changing a county-wide elected seat to a geographic area, amended autonomy for certain judicial departments, and other administrative changes to County operations. Other changes to the exemptions offered to property owners were considered by the State legislature, but not acted upon in 2013. The County may opt to exercise legal action to dispute some of the recent legislation bonds as well as any other bonds or leases remain the top priority with County elected officials regardless of any new restriction on taxation.

#### **Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 141 Pryor Street, Suite 7100, Atlanta, Georgia 30303. Please also see the County's website at www.fultoncountyga.gov/transparency, as this report and other reports are available for download.

# BASIC FINANCIAL STATEMENTS

#### Statement of Net Position

#### December 31, 2012

#### (in thousands of dollars)

		Р	rimary Governmer	nt	Component Unit
	-	Governmental Activities	Business-type Activities	Total	Fulton-DeKalb Hospital Authority
Assets:	-				<u> 1105pital / tutnol ity</u>
Cash and cash equivalents Investments Receivables (net of allowances):	\$	220,449 170,294	114,358 44,986	334,807 215,280	51,397 2,654
Taxes Accounts Due from other governments, net Other current assets Restricted assets:		27,606 278 7,553 6,913	7,203 5,688 —	27,606 7,481 13,241 6,913	57,539 67,022 85,180
Cash and cash equivalents Investments Interest receivable Investment in joint venture			17,315 91,157 91 81,087	17,315 91,157 91 81,087	45,030 22,305 
Capital assets (non-depreciable) Capital assets (net		99,455	41,371	140,826	24,842
of accumulated depreciation) Other non-current assets		721,775 44,051	1,125,396	1,847,171 44,051	286,683 78,967
Total assets	_	1,298,374	1,528,652	2,827,026	721,619
Deferred Outflows of Resources: Deferred charge on refunding of bonds	_	848	7,697	8,545	11,064
Total deferred outflow of resources		848	7,697	8,545	11,064
Liabilities: Accounts payable and accrued expenses Accrued interest Due to others Claims payable Liabilities (payable from restricted assets): Contracts and other payables Unearned revenue		38,621 1,317 3,509 11,532 	17,520 	56,141 1,317 3,509 11,532 1,718 467	127,349 
Non-current liabilities: Due within one year Due in more than one year		40,946 728,607	5,920 524,713	46,866 1,253,320	20,698 199,609
Total liabilities		824,532	550,338	1,374,870	493,013
Net Position: Net investment in capital assets Restricted for debt retirement Restricted for construction Restricted for other purposes Unrestricted	-	634,016 6,883 33,228 2,169 (201,606)	706,517 39,482  240,012	1,340,533 46,365 33,228 2,169 38,406	100,380 154,026 14,612 (29,348)
Total net position	\$_	474,690	986,011	1,460,701	239,670

Statement of Activities

For the year ended December 31, 2012

(In thousands of dollars)

		I	Program revenues		Net (Expense) Re-	Net (Expense) Revenue and Changes in Net Position	s in Net Position	Component
		Charges	Operating	Capital	Pr	Primary Government	t	Unit
	Expenses	for Services	Grants and Contributions	Grants and Contributions	Governmental activities	Business-type activities	Total	Fulton-DeKalb Hosnital Authority
Functions/Programs Primary Government Governmental activities								A1101111 (2000)
Administration	\$ 107,704	15.010	maaa		(969-66)	I	(107 601)	
Public safety	181,224	2,873			(178 351)		(178 351)	
Legal	131,545	21,951	I		(109.594)		(106.504)	
Infrastructure and facilities	74,308		I	2,312	(11.996)	I	(100,001)	
Social services	80,999	9,951	18,850	ļ	(52, 198)		(52,198)	
Health services Interest and other debt related costs	181,674 16.204	7,734 —	41,649 		(132,291)		(132,291)	l
Total governmental activities	773,658	57,519	60,499	2,312	(653,328)		(653.328)	
Business-type activities: Water and severage services	125 110	120.060						
Airport	1,471	1,446				(15,058) (25)	(15,058) (25)	
Total business-type activities	136,589	121,506	1			(15.083)	(15.083)	
Total primary government	910,247	179,025	60,499	2,312	(653,328)	(15,083)	(668,411)	
Component unit Fulton-DeKalb Hospital Authority (Grady)	752,864	705,426	28,853	5.373	I	I	I	(613.212)
Total component unit	752,864	705,426	28,853	5,373				(13.212)
	0	General revenues:	ŝ					
		Property taxes			467,779		467,779	I
		Sales taxes			36,184	ļ	36,184	1
		Uther taxes	Uther taxes Internovernmental not restricted		5,454	I	5,454	
		for specific programs	programs		2.898		2,898	63 337
		Commission of	Commission on tax collections		14,628	I	14,628	
		Use of money and property	and property		6,517	666	7,183	1,596
	F	Miscellaneous			4,985	(1,929)	3,056	2,613
	-	I otal general revenues	/enues		538,445	(1,263)	537,182	67,541
	Щ	Extraordinary item - (Note 7)	em - (Note 7)			(13,249)	(13,249)	
	0	Change in net position	sition		(114,883)	(29,595)	(144,478)	54,329
	4	let position-as r	Net position-as restated (Note 18)		589,573	1,015,606	1,605,179	185,341
	4	Net position - ending	ding	\$	474,690	986,011	1,460,701	239,670

Balance Sheet Governmental Funds

December 31, 2012

(in thousands of dollars)

		General	South Fulton Taxing District	Library Bond	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents Investments Receivables (net of allowances);	\$	109,453	8,706	160,287	77,211 10,007	195,370 170,294
Taxes		21,481	5,782	_	343	27,606
Accounts		,		90	188	27,000
Due from other governments		1,759			5,794	7,553
Total assets	\$_	132,693	14,488	160,377	93,543	401,101
Liabilities:						
Accounts payable	\$	24,048	1,947	<b>I</b> ,109	8,640	35,744
Due to others	Ψ				3,509	3,509
Total liabilities		24,048	1,947	1,109	12,149	39,253
Deferred Inflows of Resources:						
Unavailable revenue		19,660	5,827		387	25,874
Total deferred inflows or resources	_	19,660	5,827		387	25,874
Fund Balances:						
Nonspendable			_		_	_
Restricted		—	—	159,268	39,065	198,333
Committed Assigned					678 41,264	678
Unassigned		88,985	6,714	_	41,204	41,264 95,699
Total fund balances		88,985	6,714	159,268	81,007	335,974
Total liabilities, deferred inflows of						
resources and fund balances	\$	132,693	14,488	160,377	93,543	401,101

#### Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds

December 31, 2012

(in thousands of dollars)

Fund Balances - total governmental funds	\$	335,974
Amounts reported for governmental activities in the Statement of Net Position are different from amounts reported for governmental funds in the Balance Sheet because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in governmental funds:		
Capital assets:		
Land		48,003
Buildings		720,247
Equipment		116,412
Roadway network		572,523
Construction in progress		51,452
Less Accumulated Depreciation		(687,407)
Total capital assets, net of accumulated depreciation	*******	821,230
Net pension asset at year end that is not a financial resource used in governmental activities and therefore not reported in governmental funds.		44,051
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Certificates of participation		(96,120)
Building Authority bonds payable		(14,725)
Library general obligation bonds payable		(159,380)
Urban Recovery Zone bonds payable		(28,736)
Unamortized bond premiums		(8,226)
Unamortized loss of bond refundings		848
Compensated absences		(39,264)
Net other post employment benefits (OPEB)		(336,813)
Other long term capital leases		(57,937)
Claims and judgments		(12,780)
Landfill closure and postclosure costs		(15,572)
Accrued interest		(1,317)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included		
in governmental activities.		17,583
Some deferred revenues reported in the governmental funds are recognized		
as revenues in the governmental activities.		25,874
Net assets - total governmental activities	\$	474,690

#### Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the year ended December 31, 2012

(In thousands of dollars)

			South Fulton Taxing	Library	Other Governmental	Total Governmental
		General	District	Bond	Funds	Funds
Revenues:				20114	<u> </u>	<u> </u>
Taxes	\$	467,573	32,609		13,030	612 010
Intergovernmental	Ψ	3,872	334	_	61,503	513,212 65,709
Charges for services		29,248	806		13,621	43,675
Courts and law enforcement		16,459	174	_	5,318	21,951
Use of money and property		3,956	1,062	526	789	6,333
Licenses and permits			6,521	_		6,521
Miscellaneous		4,342	184		459	4,985
Net (depreciation) appreciation in investments				157	27	184
Total revenues		525,450	41,690	683	94,747	662,570
Expenditures:						
Current:						
Administration		86,787	778		1,261	88,826
Public safety		105,389	32,984		11,028	149,401
Legal		106,993				106,993
Infrastructure and facilities		41,748	177	_	12,472	54,397
Social services		37,328	6,193		21,534	65,055
Health services		109,799			59,990	169,789
Other nonagency Capital outlay		29,812	761		373	30,946
Debt service:		-		6,631	13,662	20,293
Principal retirement		4,000				
Interest		2,136	_		22,186	26,186
					15,191	17,327
Total expenditures		523,992	40,893	6,631	157,697	729,213
Excess (deficiency) of revenues over (under) expenditures		1 450	202	(5.0.(0))		
over (under) expenditures		1,458	797	(5,948)	(62,950)	(66,643)
Other financing sources (uses):						
Capital lease refunding obligations					3,138	3,138
Transfers in		8,191	2,100		51,858	62,149
Transfers out	-	(49,225)	(1,306)	(1,597)	(10,021)	(62,149)
Total other financing sources (uses)	-	(41,034)	794	(1,597)	44,975	3,138
Net change in fund balances		(39,576)	1,591	(7,545)	(17,975)	(63,505)
Fund balance at beginning of year	-	128,561	5,123	166,813	98,982	399,479
Fund balance at end of year	\$	88,985	6,714	159,268	81,007	335,974

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

### For the year ended December 31, 2012

(in thousands of dollars)

Net change in fund balances - governmental funds	\$ (63,505)
Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures Changes in Fund Balances, because:	(,,-)
Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities: Acquisition of capital assets Depreciation expense	26,641 (30,632)
Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities:	(20,002)
Capital lease proceeds Tax Anticipation Note proceeds	(3,138)
Tax Anticipation Note payments	(120,000)
Principal repayments	120,000 26,186
Amortization of loss on bond refundings	(140)
Amortization of bond premium and discount	1,178
Change in accrued interest	85
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:	
Net other postemployement benefits (OPEB) obligations Compensated absences	(63,490)
Claims and judgments	(59)
Landfill closure costs	190
Net pension asset	1,168
	(3,570)
Some revenues for governmental activites do not provide current financial resources and are not reported as revenues for governmental funds.	(3,795)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds are included in governmental activities.	
m go rommontal activities.	 (2,002)
Change in net assets - governmental activities	\$ (114,883)

### General Fund Statement of Revenues, Expenditures and Changes in Fund Balances Budget to Actual (Non-GAAP Budgetary Basis)

For the year ended December 31, 2012

(In thousands of dollars)

	-	Non-GAAP budgetary basis			Variance	
		Original	Final		Positive	
Revenues:	-	Budget	Budget	Actual	(Negative)	
Revenue Per Budget Law, less Rollback	\$	488,193	400 102	<b>512</b> (0)		
Sales Tax	Ψ	34,833	488,193 34,833	513,606	25,413	
Appropriated Fund Balance		82,338	82,338	36,073 30,848	1,240	
Total revenues and other sources,		02,550	02,558		(51,490)	
non-GAAP budget basis	\$	605,364	605,364	580,527	(24,837)	
Reconciliation to GAAP basis:	=			500,527	(24,837)	
To record net change in taxes receivable and						
deferred revenue				(6,379)		
Indirect cost reimbursements recorded as revenues				(0,577)		
for budgetary purposes				(9,659)		
Appropriated Fund Balance				(30,848)		
Total adjustment to GAAP basis				(46,886)		
Total revenues and other sources, GAAP basis				533,641		
Expenditures:						
Board of Commissioners	\$	3,353	3,353	2,834	519	
Clerk to the Commission		960	960	878	82	
County Manager		11,502	11,787	10,147	1,640	
Housing and Community Development Planning and Community Services		1,015	1,015	977	38	
Arts Council		2,239	2,239	2,204	35	
Human Services		5,257	5,257	4,891	366	
Health and Human Services		28,054	28,054	27,455	599	
Finance		1,945	1,945	1,798	147	
Personnel		5,813 3,903	5,813	5,322	491	
Information Technology		23,286	3,903	3,667	236	
Purchasing		3,490	23,286 3,490	22,766	520	
County Attorney		3,550	3,550	3,228	262	
Tax Assessor		13,516	13,516	3,143 12,691	407	
Tax Commissioner		14,822	14,822	14,500	825 322	
Registration and Elections		8,972	8,972	6,122	2,850	
Police		3,895	3,895	3,792	2,850	
Sheriff		97,096	97,096	96,465	631	
Emergency - 911		1,934	1,934	1,888	46	
Medical Examiner State Court Solicitor		3,785	3,785	3,701	84	
State Court Solicitor		6,315	6,315	5,983	332	

See accompanying notes to the financial statements.

(continued)

### General Fund Statement of Revenues, Expenditures and Changes in Fund Balances Budget to Actual (Non-GAAP Budgetary Basis)

### For the year ended December 31, 2012

### (In thousands of dollars)

	Non-GAAP budgetary basis			Variance
	Original	Final		Positive
	Budget	Budget	Actual	(Negative)
Juvenile Court	13,982	13,982	13,270	712
Probate Court	2,812	2,812	2,622	190
County Marshal	5,976	5,976	5,851	125
State Court-General	13,852	13,987	13,374	613
State Court Judges	4,438	4,438	4,303	135
Superior Court-General	20,517	20,846	19,617	1,229
Superior Court Judges	5,320	5,320	5,201	119
Superior Court Clerk	16,583	16,583	15,970	613
District Attorney	22,020	22,392	21,298	1,094
Public Defender	13,067	13,067	11,961	1,106
Facilities and Transporation Services	35,846	35,846	35,259	587
Family and Children Services	5,549	5,549	4,899	650
Cooperative Extension	561	561	498	63
Library	30,009	30,009	28,763	1,246
Health fund transfer	15,310	15,310	15,310	1,240
Fulton-DeKalb Hospital Authority (Grady Hospital)	68,560	68,560	68,560	
Behavioral Health	14,043	14,043	12,465	1,578
Non-agency	72,217	71,096	66,854	4,242
Total expanditures and other uses and other			00,054	4,242
Total expenditures and other uses, non-GAAP budget basis	\$ 605,364	605,364	580,527	24,837
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			2,349	
Expenditures incurred on behalf of reimbursing funds				
for indirect costs		-	(9,659)	
Total expenditures and other uses, GAAP basis		\$	573,217	

### South Fulton Taxing District Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Non-GAAP Budget Basis)

### For the year ended December 31, 2012 (In thousands of dollars)

	_	Non-GAAP budget basis			Variance
		Original	Final		Positive
Revenues:	-	Budget	Budget	Actual	(Negative)
Revenue per Budget Law Insurance Premium Tax Appropriated Fund Balance Total revenues and other sources, non-GAAP budget basis Reconciliation to GAAP basis: To record net tax receivable and deferred revenue Appropriated fund balance Total adjustment to GAAP basis Total revenues and other sources, GAAP basis	\$ - \$_	37,166 3,650 4,307 45,123	37,166 3,650 <u>4,307</u> <u>45,123</u>	40,565 3,909 (2,284) 42,190 (684) 2,284 1,600 43,790	3,399 259 (6,591) (2,933)
Expenditures and other uses: Fire Police Planning and Community Services Public Works Finance Non agency Total expenditures and other uses, non-GAAP budget basis	\$ 	14,680 15,591 5,563 187 232 8,870 45,123	14,680 15,591 5,563 187 232 8,870 45,123	14,038 15,205 5,384 177 179 7,207 42,190	642 386 179 10 53 1,663 2,933
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities Total expenditures and other uses, GAAP basis			\$ _	9 42,199	

Statement of Net Position Proprietary Funds

December 31, 2012

(In thousands of dollars)

	Business Typ	Governmental		
Assets	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	Activities- Internal Service Funds
Current assets:				
Cash and cash equivalents Investments Interest receivable	\$ 112,463 44,986	1,895	114,358 44,986	25,079
Accounts receivable, net Due from other governments, net Other current assets	7,203 4,607	1,081	7,203 5,688	
Restricted assets:				6,913
Cash and cash equivalents Investments Interest receivable	17,315 91,157 91		17,315 91,157 91	
Total current assets	277,822	2,976	280,798	
Noncurrent assets:				
Investment in joint venture Nondepreciable capital assets Depreciable capital assets (net of	81,087 13,462	27,909	81,087 41,371	
accumulated depreciation) Total noncurrent assets	$\frac{1,124,714}{1,219,263}$	<u> </u>	1,125,396	
Total assets	1,497,085	31,567	1,528,652	31,992
<b>Deferred Outflows of Resources</b> Deferred charge on refunding of bonds	7 (07			
	7,697		7,697	
Total deferred outflows of resources	7,697		7,697	

Statement of Net Position (continued) Proprietary Funds

December 31, 2012

(In thousands of dollars)

	-	Business Type	Governmental		
Liabilities and Net Position		Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	Activities- Internal Service Funds
Liabilities:					
Current liabilities (payable from current assets): Accounts payable & accrued expenses	\$	15,468	1,301	16760	0.075
Accrued liabilities	÷	751	1,501	16,769 751	2,877
Claims payable	_				11,532
		16,219	1,301	17,520	14,409
Current liabilities (payable from restricted assets):					
Contracts and other payables		1,718		1.718	
Revenue bonds payable - current Unearned revenue		5,920		5,920	
Unearned revenue		467		467	
	_	8,105		8,105	·····
Total current liabilities		24,324	1,301	25,625	14,409
Non-current liabilities:					
Revenue bonds payable - noncurrent Other long-term liabilities		523,320 1,393		523,320 1,393	
Total non-current liabilities		524,713		524,713	
Total liabilities	****	549,037	1,301	550,338	14,409
let Position:					
Net investment in capital assets Restricted for debt retirement		677,926 39,482	28,591	706,517 39,482	
Unrestricted		238,337	1,675	240,012	17,583
Total net position	\$	955,745	30,266	986,011	17,583

### Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds

For the year ended December 31, 2012

(In thousands of dollars)

		Governmental			
	_	Water and sewerage system fund	e Activities - Ente Other Enterprise funds	Total Enterprise Funds	Activities- Internal Service Funds
Operating revenues:					
Charges for services	\$		1,446	1,446	105 574
Water and sewerage charges		120,060		120,060	105,574
Total operating revenues		120,060	1,446	121,506	105,574
Operating expenses:				······	
Administrative and general		5,687	291	5,978	20.001
Depreciation and amortization		44,979	169	5,978 45,148	20,901
Personal services		20,693	1,011	21,704	
Contractual services		24,132	1,011	24,132	
Operating services		18,598		18,598	86,675
Total operating expenses		114,089	I,471	115,560	107,576
Operating income (loss)		5,971	(25)	5,946	(2,002)
Non-operating revenues (expenses):					
Loss on investment in joint venture		(1,929)		(1,929)	
Interest income		666		666	
Interest expense		(21,029)		(21,029)	
Total non-operating revenues (expenses)		(22,292)		(22,292)	
Change in net position		(16,321)	(25)	(16,346)	(2,002)
Extraordinary loss-Note 17		(13,249)	()		(2,002)
Net position at beginning of year, as restated		-		(13,249)	
		985,315	30,291	1,015,606	19,585
Net position at end of year	\$	955,745	30,266	986,011	17,583

### Statement of Cash Flows Proprietary Funds

### For the year ended December 31, 2012

### (In thousands of dollars)

	Water and	Activities - En			
		Other	Total	Activities-	
	0		Enterprise	Internal	
-	system fund	<u>funds</u>	Funds	Service Fund	
<i>•</i>					
\$	,		117,871	107,067	
	,	(281)		(105,572)	
_	the second s	(803)	(21,423)		
-	45,254	362	45,616	1,495	
	(30,564)		(30.564)		
		_	,		
_	()		(27,131)		
	(57.695)		(57 605)		
-			(37,093)		
	(136,143)	—	(136,143)		
	(2,487)		(2,487)		
	184,811	_	184,811		
_	640		640		
_	46,821		46,821		
	34,380	362	34,742	1,495	
_	95,398	1,533	96,931	23,584	
\$	129,778	1,895	131,673	25,079	
¢	5 071				
Ъ.	5,971	(25)	5,946	(2,002)	
	44.070	1.00			
	44,979	169	45,148		
	(2.240)		(* * * * * *		
	(3,249)		(3,249)		
	(296)		_	1,493	
	· · ·				
		(428)	,	2,004	
	. ,	_	. ,		
	(1,303)		(1,305)		
\$	45,254	362	45,616	1,495	
\$	27				
	\$	$\begin{array}{c} (50,551)\\ (20,620)\\ 45,254\\ \hline \\ (30,564)\\ (27,131)\\ \hline \\ (57,695)\\ \hline \\ (136,143)\\ (2,487)\\ 184,811\\ \underline{ \ \ } 640\\ \hline \\ 46,821\\ 34,380\\ \underline{ \ \ } 95,398\\ \hline \\ \underline{ \ \ } 129,778\\ \hline \\ \underline{ \ \ } 5,971\\ \hline \\ 44,979\\ \hline \\ (3,249)\\ \underline{ \ \ } \\ (3,254)\\ \underline{ \ \ } \ \ } \\ (3,254)\\ \underline{ \ \ } \ \ \ \ } \ \ \ \ \ \ \ \ \ \ \ $	system fund       funds         \$ 116,425       1,446 $(50,551)$ (281) $(20,620)$ (803) $45,254$ $362$ $(30,564)$ $(27,131)$ $(27,131)$ $(57,695)$ $(136,143)$ $(2,487)$ $184,811$ $640$ $34,380$ $362$ $95,398$ $1,533$ $$ 129,778$ $1,895$ $$ 5,971$ (25) $44,979$ $169$ $(3,249)$ $-$ - $(386)$ $646$ $(679)$ $(428)$ $(77)$ - $(1,305)$ $$ 45,254$ $362$	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	

### Statement of Fiduciary Net Position Fiduciary Funds

### December 31, 2012

### (In thousands of dollars)

Assets:		Pension Trust Fund	OPEB Trust Fund	Agency Funds
Cash and cash equivalents	\$	37,503	2	
Due from Brokers for Securities Sold	+	3,414		79,641
Investments, at fair value:		-,		
US Treasury Obligations		63,629	3,031	
US Agency Obligations		136,273		
Corporate asset & mortgage backed securities		37,846		
Corporate debt		71,472		
Corporate equities		472,104		
Government Guaranteed Corporate Debt		7,027	·	<u> </u>
Municipal General Obligation bond		2,358		
International mutual funds		177,457		
Commingled equity funds		99,492		
Real estate investment contracts		6,585		
Taxes receivable (net of allowance)				53,441
Interest and dividends receivable		2,292		
Accounts receivable		125		
Prepaid pension benefits		9,087		
Funds held in escrow		13		
Total assets	_	1,126,677	3,033	133,082
Liabilities:				
Due to Brokers for Securities Purchased		10,913		
Due to other taxing districts			_	66,726
Due to others		60		66,356
<ul> <li>Total liabilities</li> </ul>		10,973		133,082
Net Position:				155,082
Net Position held in trust for pension benefits		1,115,704	_	
Net Position held in trust for OPEB		-, + + <del>-</del>	3,033	
Total net position	\$	1,115,704	3,033	

### Statement of Changes in Fiduciary Net Position Fiduciary Funds

### For the year ended December 31, 2012

### (In thousands of dollars)

<b>.</b>	Pension Trust Fund		OPEB Trust Fund
\$	104,625 23,451 (4,583)	\$	344
-			344
	2,827 46,007 58		
_			
-	103,851 375 47 578 104,851		344
	67,710		344
_	1,047,994		2,689
\$ _	1,115,704	\$	3,033
	-	$\begin{tabular}{ c c c c } \hline Trust\\ \hline Fund \\ \hline \\ \hline \\ \hline \\ \hline \\ \hline \\ \hline \\ \\ \\ \hline \hline \\ \hline \hline \\ \hline \\ \hline \\ \hline \\ \hline \hline \\ \hline \\ \hline \hline \hline \hline \\ \hline \hline \hline \hline \hline \\ \hline \hline$	Trust         Fund         \$ 104,625       \$         23,451       (4,583)         (4,583)       123,493         2,827       46,007         46,007       58         176       176         176       172,561         103,851       375         47       578         104,851       67,710         1,047,994       1,047,994

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### NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements

December 31, 2012

### (1) Summary of Significant Accounting Policies

The financial statements of Fulton County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applicable to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below:

### (a) Financial Reporting Entity

The County was created by Legislative Act in 1853 and operates under the appointed County management and County Commission (seven members) form of government. As required by GAAP, the financial statements of the financial reporting entity present the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

In conformity with accounting principles, as set forth in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, the financial statements of the component units have been included as blended component units with the exception of the Fulton-DeKalb Hospital Authority, which is presented in a column separate from the County's financial information to emphasize that it is legally separate from the County.

**Blended Component Units** - The Fulton County Building Authority (the "Building Authority") is governed by a board which is comprised solely of members appointed by the County's Board of Commissioners. Although it is legally separate from the County's Board of Commissioners, the Building Authority is reported as if it were a part of the primary government because its sole purpose is to finance and construct County public buildings.

The Fulton County Facilities Corporation (the "Facilities Corporation") was created in 1999 as a public purpose, non-profit corporation, organized and existing under the laws of the State of Georgia. It was organized for the purpose, among others, of promoting and assisting the County in acquiring and constructing capital projects. The Facilities Corporation is governed by a five member Board of Directors comprised of three members of the existing Fulton County Board of Commissioners, the County Manager, and the County Finance Director. Although it is legally separate from the County's Board of Commissioners, the Facilities Corporation is reported as if it were a part of the primary government.

Complete financial statements or other financial information of the Building Authority or Facilities Corporation can be obtained from its administration offices at the following address:

Fulton County Suite 7001 141 Pryor Street S.W. Atlanta, Georgia 30303

### Notes to the Financial Statements

December 31, 2012

### (1) Summary of Significant Accounting Policies (continued)

*Discretely Presented Component Unit* - The Fulton-DeKalb Hospital Authority (the "Hospital Authority") is governed by a ten-member board, of which seven members are appointed by the County's Board of Commissioners. Fulton County provided \$52.1 million in funding to the Hospital Authority during 2012, and an additional \$18.5 million for bonded obligations.

Effective June 1, 2008, the Hospital Authority entered into a Lease and Transfer Agreement with the Grady Memorial Hospital Corporation ("GMHC"), a 501(c)(3) not-for-profit health system formed on March 17, 2008. Due to the fact that GMHC is closely related to and financially integrated with the Hospital Authority, GMHC is considered to be a component unit of the Hospital Authority and is included as a discretely presented component unit in the combined financial statements of the Hospital Authority. Separate financial statements may be obtained from the Chief Financial Officer, Grady Memorial Hospital Corporation, 80 Jesse Hill, Jr., Drive, S.E., Administrative Offices, Atlanta, Georgia 30303.

The key terms and conditions associated with the Agreement include the following. The Hospital Authority will receive monthly lease payments to the Hospital Authority from GMHC. The GMHC assumed liabilities of the Hospital Authority related to its former operation of Grady and related facilities. In exchange for the lease payments and assumption of liabilities, the Hospital Authority transferred to GMHC all of the Hospital Authority's right, title and interest in the operation assets of Grady and related facilities. The Operating Agreements define the obligations of the Hospital Authority with respect to (principally) the provision of indigent care to the citizens of the Counties, in exchange for related ongoing funding that the Counties provide. The Hospital Authority is obligated to remit directly to GMHC all such funds the Hospital Authority receives from the Counties.

Certain assets and obligations of the Hospital Authority were excluded from the Agreement. Especially, the Hospital Authority retained certain assets and obligations related to its sponsorship of The Fulton-DeKalb Hospital Authority Employee Pension Plan (the Plan – a frozen plan effective May 19, 2008) and pre-existing hospital revenue bond issues.

Complete financial statements of the Hospital Authority can be obtained from its administrative offices at the following address:

Grady Health Systems, Chief Financial Officer 80 Jesse Hill Jr. Drive S.E. Administrative Offices Atlanta, Georgia 30303

The County's Board of Commissioners are also responsible for appointing the members of the boards of a number of other organizations, including the Hospital Authority of Fulton County and the Fulton County Housing Authority, but the County's accountability for these organizations does not extend beyond making the appointments.

### Notes to the Financial Statements

December 31, 2012

### (1) Summary of Significant Accounting Policies (continued)

### Joint Ventures

*City of Atlanta and Fulton County Recreation Authority* - The County is a one-third joint venture partner with the City of Atlanta, Georgia (two-thirds share) in the City of Atlanta and Fulton County Recreation Authority (the "Recreation Authority"), which is comprised of the Atlanta Zoo and the Stadium/Arena Authority. Both the City and the County appoint members to the Recreation Authority Board according to their share of the joint venture. Neither the City nor the County exercises direct control over the ongoing operations of the Recreation Authority, which is administered by its Board and is a component unit of the City of Atlanta.

Under the joint venture agreement, the County guarantees one-third of the Recreation Authority's debt in the event the Recreation Authority should be unable to meet its debt service obligations. In recent years, the County has not had to provide debt service funding under such guarantee. The Recreation Authority issued refunding bonds of \$124,515 on December 1, 2010 to refund the existing "Arena" bonds and provide capital for recreational and cultural improvements.

The joint venture debt specific to the Arena is secured from various sources, including a pledge of the operating revenues of the facility pursuant to an Operator Revenue Security Agreement with the Arena operator. When the related Arena revenue bonds have been fully paid, the Recreation Authority will convey fee simple title of the Arena to the City and County based on their proportional shares upon joint request. The debt related to the zoo utilizes a separate guarantor agreement. The annual debt service for the 2007 Recreation Authority Atlanta Zoo bonds continues to be paid with approximately three-fourths participation from the City of Atlanta, and one fourth participation from Fulton County.

Complete financial statements for the Recreation Authority can be obtained from this office:

Atlanta Fulton County Recreation Authority 755 Hank Aaron Drive Atlanta, Georgia 30315

Atlanta Regional Commission - The County is a joint venture partner with the Atlanta Regional Commission based on GASB Statement No. 61. Under Georgia law, the County, in conjunction with other cities and counties in the ten county metropolitan Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Membership in a regional commission is required by O.C.G.A. 50-8-34 which provides for the organization structure of regional commissions in Georgia. The County paid dues in the amount of \$695 to the ARC for the year ended December 31, 2012. The regional commission's Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39 provides that the member governments are liable for any debts or obligations of a regional commission. Complete financial statements of the Atlanta Regional Commission may be obtained at the address below:

Atlanta Regional Commission 40 Courtland Street, N.E. Atlanta, Georgia 30303

### Notes to the Financial Statements

December 31, 2012

### (1) Summary of Significant Accounting Policies (continued)

Atlanta-Fulton County Water Resources Commission - The Atlanta-Fulton County Water Resource Commission is a joint venture between the County and the City of Atlanta for the construction and operation of a water treatment facility in north Fulton County. The County and the City share equally the costs of construction of the plant, and each is entitled to receive 50% of the total water supply treated by the plant or 50% of the plant's capacity, whichever is greater. The costs of operation of the plant were borne pro rata by the City and the County on the basis of water delivered to each party. The County incurred charges of approximately \$6.1 million in 2012 for water produced at this facility, which is classified as an operating cost to the Fulton County Water & Sewerage System.

The Atlanta Fulton County Water Resources Commission is governed by a seven-member management commission, three members of the Commission are appointed by the City, three are appointed by the County, and one independent member is elected by the vote of the other members. Both the City and County approve the annual budget of the Commission.

At December 31, 2012, the County's share of the depreciated cost of the facility is shown as "Investment in joint venture" in the accompanying statement of net position.

Complete financial statements for the Atlanta-Fulton County Water Resource Commission can be obtained from the following respective administrative office:

Atlanta-Fulton County Water Resource Commission 9750 Spruill Road Alpharetta, Georgia 30022

### (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 non-fiduciary activities of the County and its component units. Eliminations have been made to minimize the double-counting of internal activities. Government-wide financial statements do not provide information by fund, but distinguish between the county's governmental activities and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions, and reported separately from business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the County's non-fiduciary assets and liabilities, with the difference reported as net position. This net position is reported in three categories:

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets. The outstanding debt is offset by any unspent proceeds from such debt.

### Notes to the Financial Statements

### December 31, 2012

### (1) Summary of Significant Accounting Policies (continued)

**Restricted net position** results from restrictions placed on net position by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** consists of net position which does not meet the definition of the two preceding categories.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Administrative overhead charges are included in direct expenses for the business-type activities. Some functions, such as general government and administration include expenses that are in essence indirect expenses of other functions. The County has elected not to charge all of these indirect expenses to other functions. Program revenues include (1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements; non-major funds are combined in a single column.

### (c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Agency fund financial statements do not have a measurement focus. 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 revenue in the year in which the levy is assessed. 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 County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as receivables in the current fiscal

### Notes to the Financial Statements

December 31, 2012

### (1) Summary of Significant Accounting Policies (continued)

period. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to non-vested unmatured sick pay, compensated absences and other long-term commitments and contingencies are recorded only when payment is due.

In accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the County has elected not to apply any Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989 to its business type activities and enterprise funds. The focus for proprietary fund measurement is upon determination of operating income, changes in net position and cash flow. Proprietary funds distinguish operating revenues and expenses from nonoperating 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. Operating expenses for the enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and deprecation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The generally accepted accounting principles applicable are those similar to business in the private sector.

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, other governmental units, and/or other funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The County reports the following major governmental funds:

### **General Fund**

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

### South Fulton Special Taxing District

This fund was created in 2006 upon adoption of a new state law that required the County to separately report revenues and expenditures by geographic sub-districts. The "sub-district" in the southern end of unincorporated Fulton County opted to become a separate taxing district, and is now categorized as a major fund. This fund accounts for operations of the unincorporated County's police, fire, business licensing, recreation and economic development departments. Financing is provided by a specific annual property tax levy and fees and charges for services. Collections for this fund are restricted for use in

### Notes to the Financial Statements

December 31, 2012

### (1) Summary of Significant Accounting Policies (continued)

this specific unincorporated section of Fulton County. The two other "sub-districts" are combined with the original special service district for financial reporting purposes through a combining schedule in the non-major special revenue section. These funds include a budget to actual presentation to meet the requirements of state law. Minimal residual activity occurred in the combining non-major sub-districts in 2012.

### Library Bond Fund

This capital project fund primarily consists of the 2010 voter approved bond issue of \$167 million for construction of new and renovation of existing library facilities.

The County reports the following major proprietary fund:

### Water and Sewerage System Fund

The Fulton County, Georgia Water and Sewerage System Fund (the "System") accounts for the provision of water and sewerage services to individuals, organizations, and other governmental units within Fulton County (the "County"), except for those areas of the County serviced by the City of Atlanta and other small municipalities. Additionally, the System sells water and treatment plant capacity to neighboring jurisdictions at contractually established rates. All revenues from sources applicable to such services and all expenses incurred in the provision of such services are recorded in the accounts of the System.

The County reports two non-major proprietary funds:

### Fulton County Airport-Brown field

The Fulton County, Georgia Airport Fund (the "fund") accounts for the provision of services to tenants and the public for the operation of Brown field. These services include maintenance of all buildings, access roads, runway, ramps, hangars and parking lots. Collections of rentals are restricted to use for services for the airport.

### Contractual funds with other municipalities

This fund accounted for the services provided for Police and Fire rescue services to newly formed municipalities within Fulton County, including expenditures as well as the reimbursements from the City of Johns Creek and Sandy Springs to the County. These contracts have ceased and now only reflect amounts due from these municipalities.

The County reports the following fiduciary funds:

### Fulton County Employees' Retirement System

The fund accounts for accumulated resources for defined benefit pension payments to qualified County employees.

### Fulton County Other Post-Employment Benefits Fund

The fund accounts for accumulated resources for post-employment health benefits to qualified County employees.

### Notes to the Financial Statements

December 31, 2012

### (1) Summary of Significant Accounting Policies (continued)

### Agency Funds

Agency Funds account for the assets held by the County, or its elected officials, in a trustee capacity as an agent for individuals, governmental units, and/or other funds.

The County reports the following other fund types:

### Internal Service funds

Internal service funds account for self insured health activities, vehicle maintenance and repair, risk management services, and other activities provided to other departments of the County on a cost reimbursement basis.

### (d) Cash, Cash Equivalents, and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value based on quoted market values. Interest income on investments is accrued as earned. The net appreciation (depreciation) in the fair value of investments is based on the valuation of investments as of the balance sheet date.

### (e) Inventories

Inventories of the government funds are recorded as expenditures at the time of purchase (purchase method). Inventories of the Hospital Authority, which are primarily pharmaceuticals and supplies, are valued at the lower of cost or market. Cost is determined on an average cost basis for supplies and first in, first out basis for pharmaceuticals.

### (f) Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables are classified as "due from other funds" and the payables as "due to other funds" on the governmental financial statements but are eliminated in the government-wide financial statements.

### Notes to the Financial Statements

December 31, 2012

### (1) Summary of Significant Accounting Policies (continued)

### (g) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally defined as assets with an individual cost in excess of \$5,000 for equipment or \$100,000 for all other assets, and a useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets consist of the road network that were acquired or that received substantial improvements subsequent to January 1, 1980 and are reported at estimated historical cost using various industry and trade cost data combined with actual information maintained at the County.

The cost of normal maintenance and repairs that do not add to the value of the asset or that materially extend assets lives are not capitalized. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. No such capitalized interest was incurred in 2012.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings and related improvements	40 years
Plant and related components	50 years
Intangible assets	28-40 years
Roadway networks and related infrastruct	ure 20-50 years
Equipment	2-10 years

Property under capital leases is stated at the lower of the present value of the minimum lease payments or the fair market value at the inception of the lease. Once placed in use, such property is amortized on the straight-line basis over the shorter of the economic useful life of the asset or remaining lease term.

The County paid \$58 million with neighboring Cobb County, Georgia in 2003 for the purchase of long-term wastewater treatment capacity at the R.L Sutton wastewater treatment plant and the adjoining underground conveyance system. In November 2007 the County incurred \$99.9 million in similar capital costs through facilities owned by the City of Atlanta. The County will share in the cost of annual capital improvements at these facilities on a pro rata basis. These costs were previously shown as other assets on the financial statements of the Water and Sewerage System fund, but now appear as "Intangible Assets" and are included within the capital asset disclosure section of the Water and Sewerage System fund. These assets are being depreciated over 28 years for the Atlanta facilities and 40 years for the Cobb County facilities, both using the straight-line method. Depreciation of these intangible assets, approximately \$5.3 million for 2012 is classified as an operating cost on the Statement of Revenues, Expenses and Changes in Net Position-Proprietary funds. The amount remaining as of December 31, 2012 is approximately \$134.5 million.

### Notes to the Financial Statements

December 31, 2012

### (1) Summary of Significant Accounting Policies (continued)

The government maintains certain collections of art which have not been capitalized as they are (1) held for public exhibition, education, or research in furtherance of public service rather than financial gain, (2) protected, kept unencumbered, cared for and preserved, and (3) subject to policy that requires the proceeds from any sales of collection items to be used to acquire other items for the collection.

### (h) Bond Premiums and Discounts/Debt Issuance Costs

In the governmental funds, bond premiums, discounts and issuance costs are treated as period costs in the year of issue. In the government-wide and the proprietary fund statements, bond premiums, discounts and issuance costs are deferred and amortized over the term of the related bonds using the effective interest method.

### (i) Restricted Assets

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by bond covenants.

### (j) Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period) (s) and so will not be recognized as an outflow of resources (expense/expenditure until then. The County has one item that qualifies for reporting in this category – the deferred charge on refunding reported in the enterprise funds and government-wide statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is no longer reported net of debt and is deferred and amortized over the shorter of the life of the refunded bonds.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has unavailable revenue, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category on the governmental funds balance sheet. The following amounts are deferred and recognized as an inflow or resources in the period that the amounts become available, in thousands:

		General	South Fulton	Debt	
Unavailable revenues		fund	Taxing District fund	Service fund	Total
Property taxes	\$	19,660	1,918	387	21,965
Insurance premium taxes	_	-	3,909		3,909
Totals	\$	19,660	5,827	387	25,874

### Notes to the Financial Statements

### December 31, 2012

### (1) Summary of Significant Accounting Policies (continued)

### (k) Compensated Absences

County employees upon separation are reimbursed for an accumulated annual vacation leave up to a maximum of 360 hours. Employees are not reimbursed for accumulated sick leave if terminated prior to retirement and is not reported in the accompanying financial statements. Nonexempt employees who work overtime can accrue compensatory leave for each overtime hour worked, up to a specified maximum. At separation, employees are paid for any accumulated compensatory leave and any earned holiday leave. Starting in 2007, the policy was amended so that exempt employees are no longer eligible to accrue compensatory time.

Liabilities for compensated absences other than sick leave are all considered long-term obligations of the County as amounts were not matured and payable at year end. As a result, for governmental activities, the accrued compensation amounts are reported as a liability, but no liability is reported the governmental fund statements. For all Proprietary Funds, accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. The liability for accumulated vacation leave is classified as noncurrent in the Proprietary Funds, as that portion which will be paid in the forthcoming year cannot be reasonably estimated. These liabilities are paid to employees generally from the fund that incurred their payroll cost at time of departure. The General fund currently pays the predominate share of these costs.

### (l) Estimated Claims Payable

The liability for claims and judgments against the County, including the estimated liability for claims incurred but not reported at year-end has not matured as of year end and as a result has been accrued in the government-wide statements, the Insurance Stabilization Fund and Risk Management Fund (Internal Service Funds); but no liability has been accrued in the governmental fund statements. These claims are not long term and will be paid within one year.

### (m) Net Patient Service Revenues

The Hospital Authority has agreements with third-party payors that provide for payments to the Hospital Authority at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

### (n) Uncompensated Care

The Hospital Authority provides care to patients who meet certain criteria under its charity and indigent care policy without charge or at amounts less than its established rates, based upon the patient's ability to pay. Because the Hospital does not pursue collection of amounts determined to qualify as charity and indigent care, they are not reported as revenue.

### Notes to the Financial Statements

December 31, 2012

### (1) Summary of Significant Accounting Policies (continued)

### (o) 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### (2) Budgetary Accounting and Compliance

The County prepares its annual budgets on a non-GAAP basis. The major differences between the budget and GAAP are (1) revenues (principally property taxes, accounts receivable, grants, and interest receivables) are recorded when cash is received (budget) as opposed to when susceptible to accrual (GAAP), (2) Expenditures (principally payroll, workers' compensation, and purchases) are recorded when paid(budget) as opposed to when incurred (GAAP); (3) Debt service requirements due January 1, 2013 are recorded as expenditures in 2012 (budget) as opposed to 2013 when obligations are due (GAAP); (4) Utilized fund balance to meet balanced budget requirements is recorded as revenue on the budgetary basis statements but not in the governmental fund statement of revenues, expenditures and changes in fund balances-governmental funds.

The nature and amount of the adjustments necessary to convert the actual results of operations on a GAAP basis to the budgetary basis, which is a cash basis, as adjusted for specific accruals, are as follows for the County's two major funds (in thousands of dollars):

	Net changes in fund balance				
	 General Fund	South Fulton Special Tax District Fund			
GAAP basis Adjustments to accruals:	\$ (39,576)	1,591			
Tax revenues and interest receivable	6,379	684			
Liabilities	2,349	9			
Fund balance utilized	 30,848	(2,284)			
Budget basis	\$ 				

### Notes to the Financial Statements

### December 31, 2012

### (2) Budgetary Accounting and Compliance (continued)

The County follows these budgetary procedures in establishing the budgetary data reflected in the accompanying financial statements:

- (1) Prior to November 15 of the preceding budget year, the Budget Commission, consisting of the Chairman of the Board of Commissioners, the County Manager, and the Director of Finance, receives budget requests from County departments.
- (2) Hearings may be held by the Budget Commission to review budget requests, justifications, and recommendations.
- (3) By November 15, the Budget Commission presents a recommended budget for the fiscal year beginning the following January 1 to the Board of Commissioners. This budget includes recommended expenditures and estimated revenues to finance them.
- (4) In December, the Board of Commissioners adopts a tentative budget which is published by the last Wednesday in December.
- (5) A public hearing is held and the budget is legally adopted by the Board of Commissioners at the regular January meeting of the current budget year. A balanced budget is required by law.
- (6) The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the department level with the following provisions:
  - (i) Departments, with the approval of the Director of Finance, are authorized, with certain exceptions, to transfer amounts within departmental budgets.
  - (ii) Amounts which would increase total department appropriations, salary appropriations, or travel appropriations require Board of Commissioner approval.
- (7) Budgets are legally adopted for the two major funds, the General Fund and Special Services District Fund (a Special Revenue Fund). Formal budgetary integration is employed as a management control device during the year for the General and Special Services District Funds. Budgets were also legally adopted for debt service fund and other special revenue funds for the fiscal year ending December 31, 2012. Project-length budgets are adopted upon approval for the capital project, including the major capital project fund for bond funded Library improvements and construction. Generally, annual adopted appropriations, both encumbered and unencumbered, lapse at December 31.
- (8) Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the County in excess of original anticipations, and these amounts are anticipated by the Budget Commission and subsequently appropriated by the Board of Commissioners. No supplemental appropriations were made during 2012.

### Notes to the Financial Statements

December 31, 2012

### (3) Cash and Investments – Primary Government

Fulton County's Investment Policy establishes the internal controls and guidelines to be followed in investing both the Liquidity and Investment portfolios for the County. The County believes that the restrictions and limitations imposed by the Investment Policy are prudent and minimize the risk associated with custodial credit risk, interest rate risk, and credit quality risk. County funds at all times are invested in conformity with the laws of the State of Georgia; along with bond ordinances and covenants, the Investment Policy and the Fulton County Finance department written procedures.

### Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be recovered. The County limits its exposure to custodial credit risk by required all deposits to be collateralized in accordance with state law.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As of December 31, 2012, the County's primary governmental and business type funds had the following investments:

Fixed Income:		December 31, 2012							
		Fair value	< 1 year	1-5 years	6-10 years				
US Agency Obligations	\$	306,437	44,986	261,451					
Fixed Income subtotal		306,437	44,986	261,451					
Money Market funds		26,172							
Total cash equivalents and investments	\$_	332,609							

State of Georgia statutes authorize the County to invest in direct obligations of the U.S. government, obligations insured or guaranteed by the U.S. government or a U.S. government agency, obligations of any corporation of the U.S. government, prime bankers' acceptances, obligations of the State of Georgia or other states, certain collateralized repurchase agreements, certain obligations of other political subdivisions of the State of Georgia, certain certificates of deposit, and the Georgia Fund-1 state investment pool. In accordance with its investment policy and bond covenants, the Water and Sewerage System fund manages its exposure to the risk of declines in fair values of investment by limiting the maturities of its investments to a maximum of five years for all debt service and debt service reserve accounts, and three years for investments held in the construction funds.

### Credit Quality Risk

Credit Quality Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table appearing on the previous page shows the County's exposure to credit quality risk for the fixed income investments held as of December 31, 2012. The US Agency obligations of \$306,437 are rated AAA, while bankers' acceptances and insured money market funds are collateralized at 102%. These insured money market funds of \$26,172 are overnight repurchase agreements and are classified as cash as of December 31, 2012.

### Notes to the Financial Statements

### December 31, 2012

### (3) Cash and Investments – Primary Government (continued)

The following is a summary of the carrying amounts of the cash, cash equivalents, and investments of the County's governmental and business-type activities at December 31, 2012 (in thousands of dollars):

Balances by category:		2012
Cash and deposits	\$ _	325,950
Cash equivalents		26,172
Investments		306,437
	\$ _	658,559
Balances as presented in the Statement of Net Position:	-	
Unrestricted activities:		
Cash and cash equivalents	\$	334,807
Investments		215,280
Restricted activities:		
Cash and cash equivalents		17,315
Investments		91,157
	\$ _	658,559

### (3) Cash and Investments – Fiduciary Funds

The Pension Trust Fund, reported as a fiduciary fund, is authorized to invest, in addition to the County's other authorized investments, in corporate bonds and debentures which are not in default as to principal and interest. Additionally, the Pension Trust Fund can invest in corporate stock (common or preferred), provided that the total cost of such investments does not exceed 65% of the assets of the Pension Trust Fund.

### Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Pension Trust fund's deposits may not be recovered. Fulton County uses a centralized cash disbursements account for all of its funds, including those of this fund. Although cash applicable to the Pension Trust Fund is delineated for financial reporting purposes, the portion of the corresponding bank account balance applicable to the Plan is not separately identifiable. The Policy of the Pension Trust fund is to ensure that pension liabilities are met when due. Assets are invested so as to provide for the solvency over time and to maximize the investment return within a reasonable level of risk In accordance with the Official Code of Georgia Annotated Public Retirement System Investment Authority Law, Public Retirement Systems may invest in the following:

- (a) Domestic stocks, including small, mid, and large market capitalization ranges;
- (b) International stocks including emerging markets;
- (c) U.S. Treasury Notes and Bonds, U.S. Government Agency Securities, Mortgage-Backed Securities such as Collateralized Mortgage Obligations (CMO's) and Collateralized Mortgage-Backed securities (CMBS) non-agency issues which are fully collateralized by agency paper;
- (d) All other types of investments which are permitted under the Fulton County Employees' Retirement System Boards' enabling resolutions and Georgia law.

### Notes to the Financial Statements

### December 31, 2012

### (3) Cash and Investments – Fiduciary Funds

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The following table provides information about Pension Trust fund's exposure to interest rate risk as of December 31, 2012.

	December 31, 2012					
Fixed Income:	Fair Value	3-12mos	1-5yrs	6-10yrs	>10yrs	
US Treasury Obligations \$	63,629	4,181	33,832	15,829	9,787	
US Agency Obligations	136,273	4,953	9,558	21,469	100,293	
Municipal General Obligations	2,358	-	426	1,103	829	
Government Guaranteed Corporate	7,027	820	1,526	-	4,681	
Corporate Debt	71,472	3,045	23,126	32,908	12,393	
Corporate Asset Backed Securities	21,039	1,116	3,570	10,473	5,880	
CMO	741	-	-	741	-	
CMBS	16,066	-	-	-	16,066	
Fixed Income subtotal	318,605	14,115	72,038	82,523	149,929	
Equity securities	472,104					
Real Estate Investment Trusts (REITs)	6,585					
Commingled equity funds	99,492					
International mutual funds	177,457					
Cash and Cash Equivalents	37,503					
Due to/from Brokers for Securities Purchased	(7,499)					
Total cash equivalents and investments \$	1,104,247					

The following is a summary of the carrying amounts of the cash, cash equivalents and investments of the Fiduciary funds at December 31, 2012 (in thousands of dollars):

		2012				
	_	Pension	OPEB			
		Trust	Trust	Agency		
Balances by category:		Fund	Fund	Funds		
Cash and cash equivalents	\$	37,503	2	79,641		
Investments		1,074,243	3,031	-		
Due from Brokers for Securities Sold		3,414	-	-		
Due to Brokers for Securities Purchased		(10,913)	-	-		
	\$ _	1,104,247	3,033	79,641		

The Agency funds' cash is collateralized with securities held by the pledging financial institutions' trust department or in the County's name. The agency funds contain two certificates of deposit and a money market account which are classified as cash equivalents for a total of \$1,398.

### Notes to the Financial Statements

### December 31, 2012

### (3) Cash and Investments – Fiduciary Funds (continued)

### Credit Quality Risk

Credit Quality Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table below shows the Pension Trust fund's exposure to credit quality risk for the fixed income investments held as of December 31, 2012.

			December 31, 2012 ratings					
Fixed Income:	F	air Value	AAA	AA	Α	BBB	BB	N/R
US Treasury Obligations	\$	63,629	-	63,629	-	-	-	-
US Agency Obligations		136,273	-	136,273	-	-	-	-
Municipal General Obligations		2,358	-	764	1,594	-	-	-
Government Guaranteed Corporate		7,027	-	7,027	-	-	-	-
Corporate Debt		71,472	-	1,334	19,683	49,701	-	754
Corporate Asset Backed Securities		21,039	2,899	3,498	8,710	5,932	-	-
СМО		741	741	-	-	-	-	-
CMBS		16,066	7,917	3,600	3,529	1,020	-	-
Fixed Income totals	\$	318,605	11,557	216,125	33,516	56,653	-	754

### (3) Cash and Investments – Component unit

### Hospital Authority

The Hospital Authority maintains a cash and investments pool utilized by the Hospital Authority. Deposits and investments include demand deposits, certificates of deposit, U.S. government obligations, marketable equity securities, repurchase agreements, corporate bonds, money market funds and local government investment pools.

### Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Hospital Authority's deposits may not be returned to it. As of December 31, 2012, Grady Memorial Hospital Corporation's deposits were either covered by federal depository insurance or collateralized through securities held by the pledging financial institution's trust department in the Hospital Authority's name.

Investment	Average	Average		M	aturities (	(in years)	
Туре	rating		Value	<1	1-5	6-10	>10
Mixed funds	Aaa	\$	2,654	2,654	-	-	-
Money Market Portfolio	N/A		22,305	22,305	-	-	-
Total investments		\$ _	24,959	24,959	-	-	-

### Notes to the Financial Statements

December 31, 2012

### (3) Cash and Investments – Component unit (continued)

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Hospital Authority has no formal investment policy that limits investment maturities as a means of managing its' exposure to fair value losses arising from increasing investment rates. The Hospital Authority emphasizes purchases of short-term or liquid investments.

### Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Hospital Authority's deposits may not be returned to it. The Hospital Authority's investment practice seeks to minimize credit risk through diversification of investment with the choices allowed under state statutes.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Hospital Authority has no formal policy on concentration of credit risk beyond that stipulated by the Georgia government Code, and has no investments in any one issuer greater than 5% of total Hospital Authority investments as of December 31, 2012.

### Hospital Authority

Basic combined discretely presented component unit financial statements:

Unrestricted:		2012
Cash and cash equivalents	\$	51,397
Investments		2,654
Restricted		
Cash and cash equivalents (deposits and trusts)		45,030
Investments		22,305
Total	\$	121,386
Cash on hand	\$	51,397
Investments		22,666
Nonpublic funds		47,323
Total cash, cash equivalents and investments	\$ ]	121,386

### (4) Taxes

### (a) Property Taxes

The County Tax Commissioner bills and collects property taxes for Fulton County as well as those of the Fulton County Board of Education, the Cities of Atlanta, Sandy Springs, Mountain Park, Chattahoochee Hills and Johns Creek and the City of Atlanta Board of Education and the State of Georgia. Collections of taxes for the County are accounted for in the Governmental Funds types. Collections and remittance of taxes for other entities are accounted for in the Tax Commissioner Fund (an Agency Fund). Taxes are generally levied at approximately July 1, based on property values as of January 1, and are payable from various due dates from August 15 through October 15 depending on the taxing governmental entity. After the due date, interest is charged on unpaid taxes, with a 10% penalty being assessed in addition to interest charges as

### Notes to the Financial Statements

December 31, 2012

### (4) Taxes (continued)

receivables become greater than 90 days delinquent. The Board of Commissioners establishes the property tax millage rates by June 30. Unpaid property taxes attach as an enforceable lien on property as of January 1 of the following year.

The South Fulton Taxing District was established in 2006 as a special revenue fund which levies taxes to provide resources for municipal type services such as police, fire, parks, and economic development. State legislation required the circa 2005 special service district to be divided for financial reporting into "sub-districts" and categorized revenue and expenditures by geographic areas. A combining schedule of these sub-districts and the existing special service district are shown on pages 68 and 69, while schedules of budgetary comparisons are on pages 70 through 72. The two sub-districts covered geographic areas are now incorporated municipalities, so only minimal activity occurs in these remnant sub-district funds. State legislation in 2008 required payments to these new municipalities for all unencumbered residual cash in sub-district funds.

### (b) Local Option Sales Tax

The County received varying portions of a 1% local option sales tax levied on all retail sales made within the County. The proceeds of such tax collected each year are used to reduce, on a dollar-for-dollar basis, the millage equivalent amount of property taxes, which would otherwise be required to be levied in the subsequent year. The incorporations of the City of Sandy Springs, Johns Creek, Milton and Chattahoochee Hills changed the allocation of sales taxes received by Fulton County, which will be renegotiated in 2013 as required by state law.

### (5) Allowances for Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2012 are as follows (in thousands of dollars):

Taxes Receivable:		2012
General Fund Debt Service Fund Special Service District Funds South Fulton Special Taxing District Agency Funds	\$	6,399 22 19 350 21,437
Accounts Bossivable Water and Service Sectors Find	\$_ •	28,227
Accounts Receivable – Water and Sewerage System Fund	\$_	5,987

### (6) Due from Other Governments

Governmental type funds include receivables from other governments for various activities. The General fund is owed \$1,722 due from other local government entities related to financing the activities of the Atlanta-Fulton County Water Resource Commission and \$37 is owed for the costs of providing municipal elections in 2008. Additionally, due from other governments in the Other Governmental Funds include a receivable of \$5,305 for federal financial assistance related to various grantor receivables, of which \$3,323 is grants-in aid while \$1,982 relates to public health services.

### Notes to the Financial Statements

December 31, 2012

### (6) Due from Other Governments (continued)

\$390 is due for reimbursement for providing judicial services and \$99 is due for reimbursement of capital costs in the emergency communication system from one municipality.

Business type funds are owed \$1,081 from two municipalities for contractual services provided in 2006 through 2008 for police and fire services. \$4,607 is also due from other area municipalities to the Water and Sewerage System Fund for wastewater treatment charges, sewer use fees, water line construction and miscellaneous surcharges not yet remitted to the County at December 31, 2012.

### (7) Capital Assets and Infrastructure

A summary of changes in the capital assets of governmental type activity is as follows (in thousands):

		January 1,			December 31,
		2012	Increases	Decreases	2012
Capital assets not being depreciated:	-				
Land and land improvements	\$	44,929	3,074		48,003
Construction in progress		37,600	23,102	(9,250)	51,452
Total capital assets not being depreciated	-	82,529	26,176	(9,250)	99,455
Capital assets being depreciated:					
Equipment		115,947	465		116,412
Buildings and other improvements		710,997	9,250		720,247
Roadway network		572,523			572,523
Total capital assets being depreciated	-	1,399,467	9,715		1,409,182
Less accumulated depreciation for:					
Equipment		(104,763)	(3,355)		(108,118)
Buildings and other improvements		(353,166)	(14,848)		(368,014)
Roadway network		(198,846)	(12,429)		(211,275)
Total accumulated depreciation	_	(656,775)	(30,632)		(687,407)
Net capital assets being depreciated	-	742,692	(20,917)		721,775
Net capital assets- governmental activities	\$_	825,221	5,259	(9,250)	821,230

The value indicated for roadway network includes items such as roads, sidewalks, lighting, stormwater drainage infrastructure, right of way improvements, barriers, guardrails, traffic control devices, bridges, and all other related transportation infrastructure. Repairs or resurfacing of roadways is considered a routine cost to maintain the useful life of roadways, and is not capitalized. Building or roadway improvements that extend the useful life of the asset are capitalized in accordance with generally accepted accounting principles.

### Notes to the Financial Statements

December 31, 2012

### (7) Capital Assets and Infrastructure (continued)

Roadways that are owned by the state or municipalities are not included in the above totals. Generally, transportation infrastructure located in unincorporated Fulton County is represented above. Assets constructed by others and deeded to the County are recorded as capital contributions and recorded when donated.

Ownership of roadway networks net of accumulated depreciation had been transferred to newly formed municipalities within the County for roads within their geographic borders formerly owned by the County. These new governments are now responsible for roadways within its jurisdiction, and these assets are no longer owned nor reported as the County's capital assets.

A summary of the capital assets of business-type activity is as follows (in thousands):

	·	January 1,			December 31,
		2012	Increases	Decreases	2012
Airport fund:	_				
Capital assets not being depreciated:					
Land and land improvements	\$	27,909	_		27,909
Total capital assets not being depreciated	_	27,909			27,909
Capital assets being depreciated:					
Equipment		1,378			1,378
Buildings and other improvements		5,457		_	5,457
Total capital assets being depreciated	_	6,835			6,835
Less accumulated depreciation for:					
Equipment		(1,280)	(33)		(1,313)
Buildings and other improvements		(4,704)	(136)		(4,840)
Total accumulated depreciation	_	(5,984)	(169)		(6,153)
Net capital assets being depreciated	_	851	(169)		682
Net capital assets-Airport fund	\$_	28,760	(169)		28,591

### Notes to the Financial Statements

### December 31, 2012

### (7) Capital Assets and Infrastructure (continued)

	January 1, 2012	Increases	Decreases	December 31, 2012
\$	8,101	503		8,604
		789	(1,070)	4,858
	13,240	1,292	(1,070)	13,462
	13,718	1,012		14,730
	262,138	9,067		271,205
	1,090,657	16,808		1,107,465
	169,006			169,006
•	1,535,519	26,887		1,562,406
	(12,958)	(262)		(13,220)
	(67,865)	(10,487)		(78,352)
	(283,784)	(27,785)		(311,569)
	(29,217)	(5,334)		(34,551)
-	(393,824)	(43,868)		(437,692)
	1,141,695	(16,981)		1,124,714
\$	1,154,935	(15,689)	(1,070)	1,138,176
	-	2012 \$ 8,101 5,139 13,240 13,718 262,138 1,090,657 169,006 1,535,519 (12,958) (67,865) (283,784) (29,217) (393,824) 1,141,695	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $

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

Governmental activities:	
Administration	\$ 1,820
Public Safety	3,823
Legal	4,005
Infrastructure and facilities	16,980
Social services	3,641
Health services	363
Total depreciation expense, governmental activities	<u>\$ 30,632</u>
Business-type activities:	
Water and Sewerage	\$ 43,868
Airport	169
Total depreciation expense, business-type activities	\$ 44,037

### Notes to the Financial Statements

December 31, 2012

### (7) Capital Assets and Infrastructure – Component unit

A summary of the capital assets of County's component unit is as follows (in thousands):

		January 1,			December 31,
		2012	Increases	Decreases	2012
Capital assets not being depreciated:	_			***************************************	
Land	\$	2,714	51		2,765
Construction in progress		10,625	22,077	(10,625)	22,077
Total capital assets not being depreciated	-	13,339	22,128	(10,625)	24,842
Capital assets being depreciated:					
Equipment		188,393	25,725	(782)	213,336
Buildings		230,082	8,047	(308)	237,821
Total capital assets being depreciated	_	418,475	33,772	(1,090)	451,157
Less accumulated depreciation for:					
Equipment		(75,044)	(27,104)		(102,148)
Buildings and other improvements		(48,195)	(14,131)		(62,326)
Total accumulated depreciation	_	(123,239)	(41,235)		(164,474)
Net capital assets being depreciated	_	295,236	(7,463)	(1,090)	286,683
Net capital assets- governmental activities	\$ =	308,575	14,665	(11,715)	311,525

Total depreciation expense for the Hospital Authority was \$41,235. All depreciation was incurred on assets acquired to provide health services.

## Notes to the Financial Statements

### December 31, 2012

# (8) Long-Term Debt & Other Obligations

# (a) Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2012 (in thousands of dollars):

	_	Tanuary 1				Docombor 21	Dus within
Governmental activities:	5	2012	Additions	Retirements	Other	2012	one vear
Certificates of participation	ۍ ا	103,435	1	(7,315)	ł	96,120	7,665
Less deferred charges, net*		7,001	ı	ľ	(663)	6,008	×.
Total Certificates of Participation		110,436	<b>1</b>	(7,315)	(663)	102,128	
Building Authority Revenue Bonds		21,525	ı	(6, 800)	ı	14,725	7,170
Less deferred charges, net		104	ı	I	(51)	53	
Total Building Authority Revenue Bonds		21,629	L	(6,800)	(51)	14,778	
Library General Obligation Bonds		163,265	I	(3,885)	ı	159,380	4,040
Less deferred charges, net		2,299	ı	ı	(134)	2,165	
Total Library General Obligation Bonds		165,564	E	(3,885)	(134)	161,545	
Economic Recovery Zone Bonds		30,458	I	(1,722)	ı	28,736	1,771
Compensated absences		39,205	12,631	(12,572)	ı	39,264	12,631
Other long term capital lease obligations		61,264	3,138	(6,465)	ı	57,937	6,273
Net other post employment benefits		273,323	90,818	(27,328)	ı	336,813	ł
Claims and judgments		12,970	I	ı	(190)	12,780	192
Post-closure care		16,740	ı	(1, 168)	I	15,572	1,204
Total Governmental activities	∽	731,589	106,587	(67,255)	(1,368)	769,553	40,946
Business-type activities:							
Water & Sewerage Revenue Bonds	Ś	498,500	I	(5,655)	ı	492,845	5,920
Less deferred charges, net		40,275	ı	ı	(3, 880)	36,395	
Total Water & Sewerage Revenue Bonds		538,775	E	(5,655)	(3,880)	529,240	
Other long-term liabilites		1,470	772	(849)		1,393	
Total business-type activities	\$	540,245	772	(6,504)	(3,880)	530,633	5,920
*Restated by \$988 as of 1/1/2012 to reclassify previous deferred losses on bond refunding to deferred inflows to comply with rew GASB accounting requirements.	ous def	erred losses or	bond refunding	to deferred inflows	to comply with r	ew GASB accounti	ng requirements.

\*Restated by \$988 as of 1/1/2012 to reclassify previous deferred losses on bond refunding to deferred inflows to comply with new GASB accounting requirements.

### Notes to the Financial Statements

December 31, 2012

## (8) Long-Term Debt & Other Obligations (continued)

#### **Bonds** Payable

*General Obligation Bonds* - The County issued 2010 Library General Obligation bonds of \$167 million to provide funds for the acquisition and construction of major library facilities and renovations to existing library buildings. These general obligation bonds are direct obligations and pledge the full faith and credit of the County and are reported as a governmental activity in the government wide Statement of Net Position. These bonds have interest rates ranging from 3.00-5.148%, principal payments ranging from \$4,040-\$8,560 and mature in 2039. No other general obligation bonds are outstanding. In 2008, Fulton County voters did approve the issuance of up to \$275,000 in General Obligation bonds for library construction and expansion, of which \$104 million remains as authorized.

**Revenue Bonds Payable** - The County also issues bonds where the County pledges income derived from the acquired constructed assets to pay debt service. The County has issued revenue bonds for the general government and for proprietary activities. The Building Authority bonds are paid from general governmental activities, while the Water and Sewerage Revenue bonds are paid from business-type activities. Revenue bonds outstanding are as follows (in thousands of dollars):

Issue year	Interest rate range	Final Maturity Date	Outstanding balance	Annual principal installments	Purpose
General governmental activities:					
2002-A Building Authority 2002-B Building Authority	5.25 5.00	2014 2014	$ \begin{array}{r}     1,140 \\     13,585 \\     $ 14,725 \end{array} $	560-580 6,610-6,975	Capital facilities Capital facilities
Business-type activities:					
2011 Water and Sewerage	2.00-5.00	2027	246,270	4,920-20,270	Water/Sewer facilities Water/Sewer
2004 Water and Sewerage	3.50-5.25	2034	\$ <u>246,575</u> \$ <u>492,845</u>	820-36,935	facilities

### Notes to the Financial Statements

December 31, 2012

## (8) Long-Term Debt & Other Obligations (continued)

The annual requirements to amortize bonds payable as of December 31, 2012, including interest payments are as follows (in thousands of dollars):

Year		Library	General	Building A Reve	•	Water Sewe		Tot Prim	
Ending		Obligatio	on Bonds	Bor		Revenue	0	Government	
December 31		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$	4,040	7,217	7,170	739	5,920	24,628	17,130	32,584
2014		4,200	7,072	7,555	379	4,920	24,345	16,675	31,796
2015		4,370	6,901	-	-	14,650	24,159	19,020	31,060
2016		4,545	6,723	-	-	15,325	23,486	19,870	30,209
2017		4,440	6,565	-	-	16,090	22,720	20,530	29,285
2018-2022		24,090	30,495	-	-	93,210	100,842	117,300	131,337
2023-2027		27,375	25,326	-	-	118,855	75,194	146,230	100,520
2028-2032		31,915	18,160	-	-	151,795	42,275	183,710	60,435
2033-2037		37,560	9,297	-	-	72,080	5,553	109,640	14,850
2038-2039		16,845	875	-	-	-	-	16,845	875
Total		159,380	118,631	14,725	1,118	492,845	343,202	666,950	462,951
Deferred charge	es/								
premiums		2,165	(2,165)	53	(53)	36,395	(36,395)	38,613	(38,613)
Total	\$	161,545	116,466	14,778	1,065	529,240	306,807	705,563	424,338

In current and prior years, the County defeased certain outstanding revenue and general obligation bonds by placing the proceeds of new bonds and County resources in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the accompanying financial statements. On September 7, 2011, the Fulton County Water and Sewerage System issued \$251.7 million in revenue refunding bonds, of which \$43.9 million was used to advance refund previously issued 2004 system revenue bonds. The net proceeds were used to purchase U.S. government securities that were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. Combined with previously defeased Fulton County Facility Corporation Certificates of Participation, the certificates and revenue bonds considered defeased totaled \$129.2 million as of December 31, 2012.

*Covenants* - The various bond indentures contain a number of limitations and restrictions. The County's management believes that it is in compliance with all limitations and restrictions at December 31, 2012.

**Debt Margins** - The County is subject to the Municipal Finance Law of Georgia which limits the amount of net bonded debt (exclusive of revenue bonds) the County may have outstanding up to 10% of the average assessed valuation of the past five years. Ten percent of the assessed valuation of taxable property is \$4,925,028. As of December 31, 2012, the County had \$161,545 of direct general obligation debt less \$4,481 of funds to service this debt. Therefore, the County's unused debt margin was \$4,767,964 as of December 31, 2012.

## Notes to the Financial Statements

December 31, 2012

## (8) Long-Term Debt & Other Obligations (continued)

## **Certificates of Participation**

The County in 1999 entered into a capital lease obligation with the Fulton County Facilities Corporation, an entity that finances the costs of acquiring, constructing, renovating and equipping various public purpose projects in Fulton County. The County entered into a Public-Purpose Master Lease agreement in which the County agreed to make annual lease payments, subject to annual appropriation, sufficient to pay principal and interest to the Corporation. The total lease obligation as of December 31, 2012 is \$96,120 with interest rates ranging from 3.00% to 5.00%.

## Economic Recovery Zone bonds

The County in 2010 entered into a capital lease obligation with the Fulton County Urban Redevelopment Authority, an entity that finances the costs of acquiring, constructing, renovating and equipping various public purpose projects within declared economic recovery zones within Fulton County. In 2011, the Authority also issued \$5,372 in Qualified Energy Conservation bonds under the American Recovery and Reinvestment Act for improvements to reduce utility costs in qualified areas. The County entered into Public-Purpose Master Lease agreements for both these bond issues, in which the County agreed to make annual lease payments, subject to annual appropriation that are sufficient to pay principal and interest to the Authority. The total lease obligation as of December 31, 2012 is \$28,736 with interest rate of 4.70% for the 2010 bonds and 3.18% on the 2011 bonds. These bonds issued at par also receive federal government interest subsidies under the American Recovery and Reinvestment Act each year. The amounts shown below do not include any of these subsidies.

The annual requirements to amortize these capital lease obligations as of December 31, 2012, including interest payments of \$22,102 and \$9,582 are as follows (in thousands of dollars):

		Fulton	Fulton
		County	County
Year ended		Facilities	Urban Redevel-
December 31,		Corporation	opment Agency
2013	\$	12,388	3,044
2014		12,354	3,022
2015		12,344	3,005
2016		20,286	2,979
2017		20,284	2,957
2018-2022		40,566	14,440
2023-2026		-	8,871
Total minimum lease payments	\$	118,222	38,318
Less: Amount representing interest	-	(22,102)	(9,582)
Present value of minimum lease payments	\$	96,120	28,736

## Notes to the Financial Statements

December 31, 2012

## (8) Long-Term Debt & Other Obligations (continued)

## (f) Other Long-term Obligations - Capital Leases

The County has entered into other various capital lease obligations totaling \$57,937 with interest rates ranging from 3.95% to 7.66%. The capital leases require the County to make lease payments equal to the debt payments made by the owner of the facility or holder of the lease. The County can exercise its option to purchase each facility upon prepayment of the respective lease. Assets acquired through capital leases are \$109,235 as of December 31, 2012, of which \$38,910 is recorded as buildings, \$12,872 is equipment and \$57,453 recorded for mechanical, electrical and plumbing improvements to the County's jail and capitalized as construction in progress. The annual requirements to amortize these other capital lease obligations as of December 31, 2012, including interest payments of \$14,664 are as follows (in thousands):

Year ended December 31,	Capital lease obligation		
2013	\$	8,490	
2014		8,535	
2015		7,556	
2016		5,978	
2017		5,216	
2018-2022		21,662	
2023-2025		15,164	
Total minimum lease payments	\$	72,601	
Less: Amounts representing interest		(14,664)	
Present value of minimum lease payments	\$	57,937	

### (g) Hospital Authority Long Term Debt and other Obligations

Changes in the Hospital Authority's non-current liabilities for the year ended December 31, 2012 are noted below: (in thousands)

Long-term debt:	January 1, 2012	Additions	Retirements	December 31, 2012	Due within one year
Revenue Certificates	\$ 204,529	136,990	(141,149)	200,370	16,115
Notes payable	18,645	-	(3,277)	15,368	3,487
Capital lease obligations	1,701	4,698	(1,829)	4,570	1,096
Total long-term debt	224,875	141,688	(146,255)	220,308	20,698
Other long-term liabilities:					
Deferred revenue	6,366	2,609	(4,642)	4,333	-
IT Software contract	8,441	-	(2,824)	5,617	0
Workers Compensation	5,559	-	(1,548)	4,011	2,146
General Professional	60,400	-	(3,988)	56,412	13,358
Accrued OPEB	53,511	-	(1,717)	51,794	0
Other	2,627	6,041		8,668	-
Total	\$ 136,904	8,650	(14,719)	130,835	15,504

## Notes to the Financial Statements

## December 31, 2012

## (8) Long-Term Debt & Other Obligations (continued)

Scheduled principal and interest repayments on long-term debt and payments on capital lease obligations are as follows, in thousands.

Year Ending		ority rm Debt	Authority Lease Ob	-	Totals		
December 31	Principal	0		Interest	Principal	Interest	
2013	\$ 19,602	5,481	1,096	105	20,698	5,586	
2014	9,973	8,273	701	77	10,674	8,350	
2015	19,329	3,970	722	57	20,051	4,027	
2016	24,106	4,714	623	39	24,729	4,753	
2017	21,171	3,896	638	25	21,809	3,921	
2018-2021	118,108	2,705	790	11	118,898	2,716	
Total	212,289	29,039	4,570	314	216,859	29,353	
Deferred charges/							
premiums	3,448			-	3,448	-	
Total	\$ 215,737	29,039	4,570	314	220,307	29,353	

In prior years, the Hospital Authority defeased certain outstanding revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account and the defeased bonds are not included in the Hospital Authority's financial statements. At December 31, 2012, the Hospital Authority's outstanding amount of bonds considered defeased in prior years totaled \$10 million for the Authority's 1990A, 1990B, and 1991 Revenue Refunding certificates.

## (h) Hospital Authority Capital Lease Obligations

The Hospital Authority has entered into various capital lease agreements for office equipment, which expire at various dates through 2013. At December 31, 2012, the gross amount of capital assets under capital leases is \$15.6 million and the related accumulated depreciation is \$9.0 million.

## (9) Other Long-Term Obligations

## (a) Fulton County

The County owns two closed landfill sites within the County geographic boundaries. State and Federal laws and regulations require the County to monitor and maintain these closed landfills for approximately another 12 years. The County payments specific to landfill postclosure care approximated \$1,167 in 2012, which are paid by the Solid Waste fund, a special revenue fund. In 1997, the County received a postclosure care financial assurance certification. An average inflation assumption of 3.15% is applied to the estimated annual costs. These costs could vary based on new technologies or other changes to applicable laws and regulations.

### Notes to the Financial Statements

December 31, 2012

## (9) Other Long-Term Obligations (continued)

## (b) Hospital Authority

The Hospital Authority engages an independent actuary to make an annual evaluation for general and professional liability risks. The cumulative unfunded portion of the actuarially recommended reserve is \$56.4 million as of December 31, 2012. The Hospital Authority also estimated the reserve for workers' compensation liability by calculating a future reserve for compensated absences and related medical expenses for all open claims outstanding as of that date plus estimating an amount for claims incurred by not reported, which totaled \$4.0 million as of December 31, 2012.

The Hospital Authority has historically maintained a line of credit facility with a commercial bank, which serves as bridge financing for the Hospital Authority's intergovernmental transfer (IGT) funding requirements for the ICTF program and as a general revolving working capital facility. The Hospital Authority has executed a commitment letter dated August 3, 2012 with the bank for renewal of the facility for the upcoming annual ICTF program cycle. The working capital component generally provides \$10-\$50 million of non-IGT funding capacity, while the ICTF program component generally flexes with the required amount of IGT funding. In total, the facility is currently estimated at \$50 million. No amount was outstanding under the facility at December 31, 2012.

## (10) Interfund Assets/Liabilities and Transfers

No Interfund receivable and payable balances exist as of December 31, 2012. Interfund transfers are attributable to the budgeted allocation of resources from one fund to another for capital outlay projects, matching resources for federal and state grants, and other transfers adopted within the County's budget. These transfers are reported below (in thousands of dollars):

		Transferred To					
	_		South	Non-Major			
			Fulton	Govern-			
		General	Tax District	mental			
Transferred From		fund	fund	funds	Total		
General fund	\$	-	-	49,225	49,225		
South Fulton Tax District fund		<b>59</b> 1	-	715	1,306		
Library Bond fund		-	-	1,597	1,597		
Non-Major Governmental funds		7,600	2,100	321	10,021		
	\$	8,191	2,100	51,858	62,149		

### Notes to the Financial Statements

December 31, 2012

## (11) Risk Management

The County is self-insured for workers' compensation, unemployment, auto and general liability. The County pays for such claims as they become due from this fund, including claims and judgments. The present value of the estimated future liability for outstanding claims, including estimated incurred but unreported claims, as of December 31, 2012, which is expected to be paid after one year, is \$12,779. This estimated future liability is reported in the governmental activities of the government-wide statements. The County purchases commercial insurance for these exposures at various claim levels. The County has not experienced any significant decrease in insurance coverage in 2012. Settled claims have not exceeded commercial coverage in each of the past three fiscal years.

Additionally, the County is partially self-insured for employee medical claims. The County accounts for its liability for such medical claims and estimated incurred and unreported claims, together with the accumulation of resources for their payment through employee charges and County contributions, in the Insurance Stabilization Fund (Internal Service Fund). At December 31, 2012, the present value of the estimated future liability for outstanding claims, including estimated incurred, but not reported claims, is \$9,544. At December 31, 2012, the County held \$14,582 in cash and cash equivalents available for payment of these claims.

The County has also recorded a liability within the Risk Management Fund of \$4,545 to provide for resources to insure for general, employee and vehicle liability and automobile physical damage. At December 31, 2012, the County held \$10,051 in cash and cash equivalents available for payment of these claims.

Outstanding liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported. Actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards; therefore, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities are discounted, that is, they reflect potential investment income that is expected to be earned on the loss reserves until they are paid.

Changes in the balances of claims liabilities for the County for the period ended December 31, 2012 was as follows (in thousands of dollars):

	-	Beginning of fiscal year liability	Current year claims and changes in estimates	Claims payments	Balance at fiscal year-end
2012	\$	20,170	107,255	(100,557)	26,868
2011		18,300	95,939	(94,069)	20,170
2010		17,221	93,727	(92,648)	18,300

#### Notes to the Financial Statements

December 31, 2012

## (12) Deferred Compensation Plan

The County has adopted a deferred compensation plan (the "Plan") in accordance with the 2001 revisions of Section 457 of the Internal Revenue Code. The Plan, available to all Fulton County employees, allows an employee to voluntarily defer receipt of up to 25% of gross compensation, not to exceed \$15,000. These are based on the new provisions of the 2001 Economic Growth and Tax Relief Reconciliation Act (EGTRRA). The Plan assets are held in custodial accounts for the exclusive benefit of the Plan participants and their beneficiaries and, therefore, the plan assets and liabilities are not recorded on the financial statements of the County. Valic, ICMA, Nationwide, and MetLife independently managed assets of the plan throughout 2012.

## (13) Retirement Plans

## (a) County Pension Plan

The County maintains for eligible employees the Fulton County Employees Retirement System Pension Plan (the "Plan"), a single-employer defined benefit retirement plan. The Plan was created effective September 1, 1991, as successor to four separate County-maintained pension plans, for all eligible employees of Fulton County. Prior to the establishment of the Plan, the employees of the County were participants in one of two predecessor plans, the General Employees' Pension Plan or the Employees' Pension Plan. Employees who did not elect to participate in the Plan will continue to be eligible for the same benefits of the prior plan in which they participated; however, participation was made a condition of employment for new employees as of September 1, 1991.

The Plan is administered by a twelve member board of trustees which includes two members of the Board of Commissioners, the County Manager, the Director of Finance, a representative citizen of the County, a designee of the Commission's Chairman, a Peace Officer, two retirees of the County, and three active employees.

Complete financial statements for the Plan can be obtained at the following address:

Fulton County Suite 7001 141 Pryor Street, N.W. Atlanta, Georgia 30303

The funding method and determination of benefits payable are provided in or authorized by various acts of the Georgia Legislature and statutes enacted by the County under home rule powers granted by the State. The Plan generally provides that funds to provide retirement benefits are to be accumulated from employee and County contributions and income from the investment of accumulated funds. Should the accumulated funds be insufficient to meet and pay the benefits when due, Fulton County shall be required to make up any deficiency.

The Plan provides monthly retirement benefits that represent 2.25% of the participants' monthly earnings (the average of the highest three 12-month period of employment) for the first five years of credible service and then 2.5% thereafter. The Plan awards cost-of-living increases annually, up to a 3% maximum. Benefits also may be payable at termination, death, or disability.

## Notes to the Financial Statements

December 31, 2012

## (13) Retirement Plans (continued)

The County's contribution is the actuarially determined amount necessary to fund benefits, less employee contributions. The actuarially determined contribution amount is the sum of the annual normal cost and the amortization of the unfunded actuarial accrued liability over the years remaining in the allowable funding period. The actuarial cost method used for funding purposes is the entry age normal cost method. This is one of the approved methods for such plans in Georgia and provides for contributions based on a level percentage of future payroll. The unfunded actuarial accrued liability is amortized on a closed basis over a period established by State of Georgia guidelines.

The required contribution percentages developed in the most recent actuarial valuations for the Plan, and the actual contributions, including contributions to the Supplemental Plan described in this note, made for 2012 are as follows (in thousands of dollars):

	_	2012
Total required employer contributions: Dollar amount Percent of covered payroll	\$	51,199 120.01%
Actual employer contributions: Dollar amount Percent of covered payroll	\$	46,065 108.08%

Employee contribution rates are established in accordance with pension law. During 2012 actual countywide employee contributions were \$2,827 which represented 6.63% of covered payroll. The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.9% investment rate of return, (b) projected salary increases are 0.0% throughout 2012, 2.0% for 2013-2014 and 4.0% thereafter, (c) inflationary adjustments at or exceeding 3% annually. The net pension asset is being amortized on a level dollar amount over 30 years. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. These assumptions used for the January 1, 2013 were subsequently modified as discussed below.

#### Membership

Current membership in the Plan and current year payrolls for 2012 are as follows:

Members:

Retired and receiving benefits	\$ 3,071
Terminated with vested benefits	23
Active employees:	
Vested	811
Total members	3,905
Total current year payroll for employees	<u></u>
covered by the Plan (in thousands)	\$ 42,622

Notes to the Financial Statements

December 31, 2012

### (13) Retirement Plans (continued)

The Plan's annual pension cost and net pension obligation for 2012 were as follows:

	-	(In thousands of dollars)
Annual required contribution	\$	51,199
Interest on net pension obligation		(3,762)
Adjustment to annual required contribution		3,883
Annual pension cost	-	51,320
Contributions made, including interest		(47,750)
Decrease in net pension obligation	-	3,570
Net pension obligation (asset) beginning of year	-	(47,621)
Net pension obligation (asset) end of year	\$_	(44,051)

Modifications to the actuarial changes for the January 1, 2013 valuation were approved by the Fulton County Employees Retirement System in January 2013, and include the following. The investment return assumption was additionally lowered to 7.8% from 7.9%. The salary increase assumption was reduced for 2013 from 2% to 0%, 2014 was reduced from 4% to 2%. A new mortality table was added for disabled participants, specifically the RP-2000 Disabled Annuitants Table, still projected to 2019 using Scale AA. Retirement rates for non-Public Safety participants were updated to 26.5% in each year after reaching eligibility for unreduced benefits, with 100% retirement age at age 70. Early retirement rates begin with 8.25% at age 50, grading to 12.00% by age 64. Retirement rates for Public Safety participants were updated to 60% in the first year of eligibility for unreduced benefits and 40% per year thereafter, with 100% retirement at age 65. Early retirement rates begin with 12.55% at age 50, grading to 23.75% by 64. Also, with the addition of assumed early retirement rates, it is now assumed that 80% of participants who retire with reduced benefits take the annuity. Withdrawal and disability rates for participates were revised to reflect experience between 2007 and 2011. The 6.5% load on compensation for vacation pay was reduced to 5.5%, while the 1.50% load on compensation for sick leave was reduced to 1.00%. The combined impact of these assumption changes was a decrease in the ARC of \$2.6 million. Also effective January 2013 the Board approved shortening the period for experience gains and losses from 30 years to 25 years, which increased the ARC by \$3.1 million.

Actuarial changes for the January 1, 2012 valuation included three changes from the January 1, 2011 actuarial study. Salary increase assumptions for 2012 were decreased to 0.0% from 2.0%, but remain at 2% for 2013 and 2014, and 4% thereafter. Also, the assumed rate of asset return was reduced from 8.0% to 7.9%, and updated mortality tables for actives, disabled, and nondisabled inactives migrated from the 1994 Group Annuity Mortality Tables to the RP-2000 Combined Mortality Tables. These total changes in assumptions along with market conditions increased the actuarial accrued liability from \$1,567,306 as of 1/1/2011 to \$1,604,463 as of January 1, 2012, an increase of \$37,157, or 2.3%.

## Notes to the Financial Statements

## December 31, 2012

## (13) Retirement Plans (continued)

As of the most recent valuation date of January 1, 2013, Plan funded status was as follows:							
	Actuarial	Unfunded					
Actuarial	Accrued	Actuarial			UAAL as a		
Value	Liability	Accrued Liability	Funded	Covered	Percentage of		
of Assets	(AAL)	(UAAL)	Ratio	Payroll	Covered Payroll		
\$1,082,180	\$1,577,865	\$495,685	68.6%	\$42,622	1163.0%		

## Schedule of Employer Contributions **Three-Year Trend Information**

Fiscal year ended	 Annual Pension Cost (APC)	Percentage of APC contributed	 Net pension obligation (asset)	
December 31, 2010 December 31, 2011 December 31, 2012	\$ 36,299 44,507 51,320	106.7% 98.5 93.0	\$ (48,271) (47,621) (44,051)	

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net position is increasing or decreasing over time relative to the actuarial accrued liability. The information required to allocate the net pension asset for Proprietary funds was not available as of this date and net pension asset is reported in the government-wide statements.

#### *(b)* **Defined** Contribution Plan

The Fulton County Defined Contribution Pension Plan was established in June 1999 to provide retirement benefits for new employees, appointees and other County officials, as the defined benefit plan was closed. Mass Mutual serves as an independent administrator of the plan. At December 31, 2012, the plan had 4,597 total participants, of which 4,264 are active who contributed 6% of their pensionable earnings, approximately \$10,679 during 2012. The County also contributed \$14,239 which was 8% of their pensionable earnings throughout the year. Participants fully vest the matched contributions over a five-year period. Plan provisions and contribution requirements are established by and may be amended by the County Board of Commissioners within the scope of all applicable laws.

#### (c) Hospital Authority Pension Plan

The Hospital Authority has a single-employer trusteed noncontributory defined benefit pension plan in which substantially all regular employees are eligible to participate. The Hospital Authority contributes an amount sufficient to meet the actuarially determined pension expense for that year. Effective January 1, 2009, the Hospital Authority implemented a Retirement Savings Program 401(k) plan to replace the defined benefit plan above. Information on this plan and these changes may be obtained by writing to Grady Health System Chief Financial Officer, 80 Jesse Hill, Jr. Drive, S.E., Administrative Office, Atlanta, Georgia 30303.

## Notes to the Financial Statements

December 31, 2012

## (14) Other Post-Employment Benefits

## (a) Fulton County

The County provides certain health care and life insurance benefits for retired employees through an independent third party administrator, in which all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. Fulton County contributes 75-90% of the premium cost for health care coverage, based upon the plan chosen by the participant, and contributes 100% of the premium cost for \$10,000 of life insurance coverage for those employees retiring after December 1, 1988. The County pays 75% of the life insurance premiums for those persons who retired prior to December 1, 1988. The total cost to provide retiree health care and life insurance benefits, in the Health Insurance Stabilization fund, an internal service fund, is recognized as paid; such costs approximated \$35,616 in 2012, as compared to \$32,308 in 2011. In accordance with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the County's annual other postemployment benefit

(OPEB) cost is calculated based on the Annual Required Contribution of the employer (ARC) which is required to be actuarially determined on a biannual basis.

The Annual Required Contribution and Total OPEB Obligation amounts were determined under the Attained Age funding method. As of the evaluation date, the number of retirees with current health care coverage was approximately 2,800 and all also had life insurance coverage in effect. Approximately 4,600 active employees with coverage are subject to this plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Examples include assumptions of future employment, mortality, and health care cost trends. Amounts determined regarding annual required contributions are subject to revision as results are compared with past expectations and new estimates are made about future trends. The schedule of funding progress presents the third year of implementation of GASB 45.

In 2009 the County contributed \$2,185 to an irrevocable trust fund dedicated to pay for future OPEB claims against the current unfunded accrued actuarial liability of \$1,795,309. This is presented in the Statement of Fiduciary Assets on page 24. No contribution has been made subsequently, but interest earnings of \$848 have accumulated in this trust fund.

As of the most recent valuation date of January 1, 2013, the OPEB Plan funded status was as follows:

Actuarial	Actuarial Accrued	Unfunded Actuarial			UAAL as a
Value	Liability	Accrued Liability	Funded	Covered	Percentage of
of Assets	(AAL)	(UAAL)	Ratio	Payroll	<b>Covered Payroll</b>
\$3,023	\$1,798,332	\$1,795,309	0.002%	\$226,479	794.0%

Notes to the Financial Statements

December 31, 2012

## (14) Other Post-Employment Benefits (continued)

The county's annual OPEB cost and net OPEB liability for the year ended December 31, 2012:

Annual required contribution (ARC) for other		
postemployment benefits (OPEB)	\$	90,746
Interest on annual required contribution		10,933
Adjustment to the ARC		(10,862)
Annual OPEB cost/Annual required contribution	ı –	90,817
Annual employer contributions made on claims		(27,327)
Change in net OPEB obligation	_	63,490
Net OPEB obligation - January 1		273,323
Net OPEB obligation - December 31	\$ _	336,813

## Schedule of OPEB Employer Contributions Three-Year Trend Information

Fiscal year ended	 Annual OPEB Cost (ARC)	Percentage of ARC contributed	 Net OPEB obligation
December 31, 2010 December 31, 2011 December 31, 2012	\$ 55,861 90,903 90,817	21.0% 17.3 30.1	\$ 198,188 273,323 336,813

Actuarial Assumptions for the Other Postemployment Benefit plan are noted below:

Cost Method	Attained Age Normal method
Actuarial Asset Valuation Method	Not applicable
Assumed Investment Rate of Return	4.0%
Healthcare Cost Trend Rate	8.0% in 2012 to 5.0% in 2015 and thereafter
Inflation Rate	3.0%
Estimated Salary increases	4.0%
Amortization Method	Level dollar, 30 years, open period
Latest valuation date	January 1, 2013

The required schedule of funding progress for the postemployment benefit plan immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net position is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

## Notes to the Financial Statements

December 31, 2012

## (14) Other Post-Employment Benefits (continued)

## (b) Hospital Authority

The Hospital Authority provides retiree medical benefits covering all employees of the Hospital Authority who retire at age 55 or older with at least 10 years of service. During 2008, the Hospital Authority amended this plan to limit availability of retiree medical benefits to current employees aged 50 or older on September 4, 2008 and who retire at age 62 or older with at least 10 years of service. The cost of providing most of these benefits is shared with the retirees. The plan is unfunded, and therefore the Hospital's participation is on a "pay as you go" basis.

The changes in the accumulated postretirement benefit obligation (APBO) during 2012 follow:

		2012
APBO, Beginning	\$	53,511
Service cost		1,528
Interest cost		2,014
Plan participant contributions		1,209
Benefits paid		(2,312)
Actuarial gain		(4,156)
APBO, Ending	\$_	51,794

\$1,670 of the above liability is classified as current

The amount of prior service credit and actuarial net loss expected to be amortized into net periodic postretirement benefit cost in 2013 is a net credit of \$2.0 million.

The components of net periodic postretirement benefit cost, which is included in salaries and benefits, follow:

	2012
Service cost	\$ 1,528
Interest cost	2,014
Amortization of prior service credit	(2,011)
Amortization of net gain	( 14)
Net periodic postretirement benefit cost	\$ 1,517

Expected future payments for other post-employment benefits range from \$1,670 to \$2,359 for the next five years and \$14,230 for combined years 2018 through 2022.

## Notes to the Financial Statements

December 31, 2012

## (14) Other Post-Employment Benefits (continued)

## (b) Hospital Authority (continued)

Assumed healthcare cost trend rates can have a significant effect on amounts reported for postretirement healthcare benefits. A 1% increase in the healthcare cost trend rate would increase the APBO by approximately \$7.4 million and increase interest and service cost by approximately \$573 thousand. A 1% decrease in the healthcare cost trend rate would decrease the APBO by approximately \$6.1 million and reduce interest and service cost by approximately \$472 thousand. Assumed trend rates utilized in this estimate range from 7.5% in 2013 reduced by .20% each year thereafter to a rate of \$4.5% in 2028.

Other assumptions used to determine benefit obligations include a discount rate of 3.80%, a discount rate of 4.60% for periodic postretirement benefit cost, and no return on plan assets or compensation increase assumptions were necessary under current plan provisions.

Additional Information on this plan may be obtained by writing to Grady Health System Chief Financial Officer, 80 Jesse Hill, Jr. Drive, S.E., Administrative Office, Atlanta, Georgia 30303.

## (15) Commitments and Contingencies

## (a) Fulton County

- (1) Litigation The County is a defendant in a number of other legal actions in the nature of claims for damages to persons and property, civil rights violations, condemnation, and other similar types of actions arising in the course of normal County operations. In the opinion of County management, after consultation with legal counsel, an aggregate liability ranging from \$24 million to \$27 million is believe to be reasonably possible, of which approximately \$18 million is believed to be probable. The County will continue to assert its position in a defense against all unsettled claims. The County has accrued \$18 million for these cases, \$13 million within the long term debt section and approximately \$5 million within the claims payable in the Risk Management Fund on page 88.
- (2) *Grants* The County participates in a number of Federal financial assistance programs. These programs are subject to independent financial and compliance audits by independent auditors and grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.
- (3) *Commitments* Commitments for water and sewerage system improvements at December 31, 2012 total approximately \$18,681.

## (b) Hospital Authority

(1) *Litigation* - The Hospital Authority is named as a defendant in several pending lawsuits. While the ultimate outcome of these lawsuits is not presently determinable, it is the opinion of the Hospital Authority's management that these claims will not have a material adverse effect on the financial position or results of operations of the Hospital Authority.

### Notes to the Financial Statements

December 31, 2012

## (15) Commitments and Contingencies (continued)

(2) Operating Leases - Leases that do not meet the criteria for capitalization are classified as operating leases with related rental expense charged to operations as incurred. The Hospital Authority has several noncancelable operating leases, primarily for office space and equipment, which expire at various dates through 2025. Rental costs for the year ended December 31, 2012 were approximately \$5.2 million. The future minimum lease payments under noncancelable operating leases as of December 31, 2012 are as follows (in thousands):

	<b>Operating leases</b>
2013	\$ 1,756
2014	1,771
2015	1,601
2016	1,641
2017	1,590
Thereafter	3,224
	\$ 11,583

## (16) Fund Balance

In conformity with GAAP, as set forth in the Statement of Governmental Accounting Standards No. 54 "Fund Balance Reporting and Governmental Fund type Definitions," the County established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

- (1) Nonspendable Fund balances are reported as nonspendable when amounts cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- (2) Restricted Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- (3) Committed Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of commissioners may modify or rescind the commitment.
- (4) Assigned Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of commissioners has the authority to assign fund balances.
- (5) Unassigned Fund balances not within the above four categories.

### Notes to the Financial Statements

December 31, 2012

## (17) Subsequent Events & Extraordinary Item

The County in May of 2013 issued \$200 million in Tax Anticipation Notes to provide operating capital until property tax collections are received by the County. Also, the Fulton County Water and Sewerage System issued 2013 Fulton County Water and Sewerage System revenue bonds to refinance all outstanding 2004 Fulton County Water and Sewerage System revenue bonds, which yielded significant savings to the Water and Sewerage system.

In January 2013, the Water and Sewerage System paid \$13,249 to a private sewer treatment plant operator for requisite payments to terminate a contractual agreement. This termination results from a comprehensive analysis of sewer flow capacity with new sewer infrastructure placed in service in the last few years, and a determination was made to consolidate sewer flows into the System's larger sewer treatment plant. This termination payment is accrued as a liability at December 31, 2012, and is regarded as both unusual and infrequent to the operations of the System.

## (18) Restatement of 2011 Net Position and Fund Balance

In conformity with GAAP, as set forth in the Statement of Governmental Accounting Standards No. 65 "Items Previously Recognized as Assets and Liabilities," the 2011 Government-wide net position has been restated for Governmental activities, Business-type activities and the Water and Sewerage System fund to record the effect of removing unamortized bond issue costs from the statement of net position and treating them as if they had been expensed in the year incurred.

	Gover	Government-wide Statements			
	Governmental activities	Business-type activities	Component unit	Water & Sewerage	
2011 Net Position, as originally reported \$ Effect of removing unamortized	591,776	989,101	_	989,101	
bond issue costs from Net Position	(2,203)	(3,786)	-	(3,786)	
2011 Net Position, as restated	589,573	985,315	_	985,315	

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# REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Required Supplementary Information Unaudited, and in thousands

December 31, 2012

## Fulton County Employees' Retirement System Schedule of Employer Contributions Six-Year Trend Information

Year Ended	Annual Required Contribution	Employer Contributions	Percentage Contributed
December 31, 2007	\$ 38,895	37,909	97.5%
December 31, 2008	33,836	32,857	97.1
December 31, 2009	43,008	38,602	89.8
December 31, 2010	36,639	37,326	101.9
December 31, 2011	45,049	42,299	93.9
December 31, 2012	51,199	45,936	89.7

## Schedule of Funding Progress (including effects of plan modifications)

Actuarial value of assets (a)	normal Actuarial Accrued Liability (AAL) (b)	Actuarial Accrued Liability (Asset) (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ([b – a]/c)
1,193,724 1,175,299	1,383,842 1,441,124	190,118 265,825	86.3% 81.6	80,266 78,184	236.9% 340.0
1,144,371 1,104,779	1,567,306 1,604,463	422,935 499,684	73.0 68.9	57,888 49,277	488.7 730.6 1,014.0 1,163.0
	value of assets (a) 1,193,724 1,175,299 1,149,786 1,144,371	normal           Actuarial         Accuarial           Value of         Liability           assets         (AAL)           (a)         (b)           1,193,724         1,383,842           1,175,299         1,441,124           1,149,786         1,478,136           1,144,371         1,567,306           1,104,779         1,604,463	normal         Actuarial           Actuarial         Accrued           Actuarial         Accrued           Liability         (Asset)           assets         (AAL)           (a)         (b)           (b)         (b - a)           1,193,724         1,383,842           1,193,724         1,383,842           1,193,724         1,383,842           1,193,724         1,383,842           1,193,724         1,383,842           1,193,724         1,383,842           1,193,724         1,383,842           1,193,724         1,383,842           1,193,724         1,383,842           1,193,724         1,383,842           1,193,724         1,383,842           1,193,724         1,383,842           1,194,786         1,478,136           1,144,371         1,567,306           1,104,779         1,604,463           499,684	$\begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $

## Other Post Employment Benefits Required Supplementary Information

## **Schedule of Funding Progress**

Actuarial valuation date	 Actuarial value of assets (a)	Entry age normal Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (Asset) (UAAL) (b – a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ([b – a]/c)
December 31, 2007 December 31, 2008 December 31, 2009 December 31, 2010 December 31, 2011 December 31, 2012	\$ 2,225 2,492 2,689 3,023	1,075,768 1,075,768 941,944 941,944 1,509,799 1,798,332	1,075,768 1,075,768 939,719 939,719 1,507,110 1,795,309	$\begin{array}{c} 0.00\% \\ 0.00 \\ 0.00 \\ 0.00 \\ 0.00 \\ 0.00 \\ 0.00 \end{array}$	247,868 247,868 214,743 214,743 224,189 226,479	434% 434 437 437 673 794

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# COMBINING STATEMENTS AND SCHEDULES

## DESCRIPTION OF NON-MAJOR SPECIAL SERVICE DISTRICT AND SUB-DISTRICT FUNDS

(a Non-Major Special Revenue fund)

2006 State of Georgia legislation required the County to separately report revenues and expenditures for its unincorporated section by separate geographic areas. These two "sub-districts" are combined with the original special service district as "Special Service Districts" for financial reporting purposes as a non-major special revenue fund, but presentation of separate revenue and expenditures, including budgetary comparisons for these separate areas are provided within this section. The original Special Service District, which accounted for operations for the entire unincorporated area of Fulton County, is shown as well.

Special Service District fund – accounts for revenues, expenditures, and balances for total unincorporated Fulton County through the end of fiscal 2005.

Northwest Special Service Sub-District fund – accounts for revenues, expenditures, and balances for the north-western section of unincorporated Fulton County beginning with fiscal 2006.

Northeast Special Service Sub-District fund – accounts for revenues, expenditures, and balances for the north-eastern section of unincorporated Fulton County beginning with fiscal 2006.

Combining Balance Sheet Special Service Districts-Non-Major Special Revenue fund For the year ended December 31, 2012

(In thousands of dollars)

_	Special Service District	Northwest Fulton Sub-District	Northeast Fulton Sub-District	Total Special Service District
\$_	5,488			5,488
\$ =	5,488			5,488
\$	745	******		745
_	745			745
	4,743	The second s		4,743
	4,743			4,743
\$	5,488			5,488
	\$ _ \$ _ - -	Service <u>District</u> \$ <u>5,488</u> \$ <u>5,488</u> \$ <u>745</u> \$ <u>745</u> <u>4,743</u> <u>4,743</u>	Service         Fulton           District         Sub-District           \$         5,488         —           \$         5,488         —           \$         5,488         —           \$         745         —           \$         745         —           4,743         —         —	Service         Fulton         Fulton           District         Sub-District         Sub-District           \$         5,488

## Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances Special Service Districts-Non-Major Special Revenue fund

For the year ended December 31, 2012

(In thousands of dollars)

	_	Special Service District	Northwest Fulton Sub-District	Northeast Fulton Sub-District	Total Special Service District
Revenues:					
Taxes	\$	6		—	6
Total revenues	_	6			6
Expenditures: Current:					
Public safety		783	*******		783
Other nonagency			229		229
Total expenditures	_	783	229		1,012
Excess (deficiency) of revenues over (under) expenditures	-	(777)	(229)		(1,006)
Other financing sources (uses): Transfers out	-	(2,100)			(2,100)
Total other financing sources (uses)		(2,100)			(2,100)
Net change in fund balances		(2,877)	(229)	_	(3,106)
Fund balance at beginning of year		7,620	229	·····	7,849
Fund balance at end of year	\$ _	4,743			4,743

Special Service District-Non-Major Special Revenue fund Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP Budget Basis)

> For the year ended December 31, 2012 (In thousands of dollars)

	_	Non-G	Variance		
		Original	Final		Positive
		Budget	Budget	Actual	(Negative)
Revenues:	_				
Revenues per Budget Law	\$			6	6
Appropriated Fund Balance				2,883	2,883
Total revenues and other sources,	-				
non-GAAP budget basis	\$			2,889	2,889
Reconciliation to GAAP basis:	=				
To record net change in interest receivable					
and depreciation of investments					
Appropriated fund balance				(2,883)	
Total adjustment to GAAP basis				(2,883)	
Total revenues and other sources, GAAP basis			\$	6	
Expenditures and other uses:					
Non agency	\$	4,968	4,968	783	4,185
Transfers		2,100	2,100	2,100	
Total expenditures and other uses,	-				
non-GAAP budget basis	\$	7,068	7,068	2,883	4,185
Reconciliation to GAAP basis - to record net effect of	=				
unrecorded liabilities				WHIT PARAME	
Total expenditures and other uses, GAAP basis			\$	2,883	

Special Service District-Non-Major Special Revenue fund Northwest Fulton Sub-District Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP Budget Basis)

> For the year ended December 31, 2012 (In thousands of dollars)

		Non-G	Variance		
		Original	Final		Positive
		Budget	Budget	Actual	(Negative)
Revenues:	-				
Revenues per Budget Law	\$				
Appropriated Fund Balance				229	229
Total revenues and other sources,					
non-GAAP budget basis	\$			229	229
Reconciliation to GAAP basis:	=				
To record net tax receivable and deferred revenue					
Appropriated fund balance				(229)	
Total adjustment to GAAP basis				(229)	
Total revenues and other sources, GAAP basis			\$		
Expenditures and other uses:					
Non agency	\$	229	229	229	
Transfers	_				
Total expenditures and other uses,					
non-GAAP budget basis	\$_	229	229	229	
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities					
Total expenditures and other uses, GAAP basis			\$	229	

Special Service District-Non-Major Special Revenue fund Northeast Fulton Sub-District Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP Budget Basis)

> For the year ended December 31, 2012 (In thousands of dollars)

		Non-C	Variance		
	-	Original	Final	~~~~	Positive
	-	Budget	Budget	Actual	(Negative)
Revenues:					
Revenues per Budget Law	\$				
Appropriated Fund Balance					
Total revenues and other sources,	-				
non-GAAP budget basis	\$_			_	
Reconciliation to GAAP basis:					
To record net tax receivable and deferred revenue					
Appropriated fund balance					
Total adjustment to GAAP basis					
Total revenues and other sources, GAAP basis			S	\$	
Expenditures and other uses:					
Non agency	\$				<u> </u>
Transfers			. <u></u>		
Total expenditures and other uses,	-				······································
non-GAAP budget basis	\$_			—	
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities					
Total expenditures and other uses, GAAP basis			9		

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## DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS

The County's Non-Major Governmental Funds are categorized as Debt Service fund, Special Revenue Funds and Capital Project Funds, and are described below:

<u>Debt Service Fund</u> - accounts for resources accumulated to provide debt service payments for the County's required principal and interest payments for the fiscal year and future periods.

<u>Special Revenue funds</u> – account for resources accumulated to provide various activities that by nature are restricted to a particular purpose or for which the County has decided to track separately, and include the following:

Special Service Districts – Includes the two "sub-districts" and the original special service district for financial reporting purposes, but presentation of separate revenue and expenditures, including budgetary comparisons for these separate areas are provided within the previous section as combining schedules.

Grants-in-Aid - accounts for significant financial assistance received from federal and state agencies. This fund is used to account for the revenues and the expenditures of monies received from the granting agencies in accordance with the terms of the grant agreements.

Emergency Telephone – accounts for resources provided, used, and accumulated for 911 dispatch, routing and other emergency services.

Stormwater Management fund - accounts for the provision of resources related to control of stormwater runoff and overflow.

General Governmental Services – accounts for resources provided used, and accumulated for various services offered within the County that are not recouped through an internal reimbursements or charges.

## DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

Special Revenue funds - (continued)

Public and Mental Health services-accounts for resources obtained from intergovernmental grants and contributions which are expended to provide health and mental health services to County residents.

Public Education Government Television – accounts for resources provided, used, and accumulated from cable provider fees for acquiring equipment and other assets used for public access educational and various other governmental programming.

Law Enforcement and Justice Services - accounts for the resources obtained, accumulated, and used for various adjudication activities, including indigent defense, court ordered payments, seized property and other related assets.

Hotel/Motel Taxes - accounts for the resources obtained from taxes obtained from hotel visitors that are used to fund travel and tourism.

Social and Cultural services – accounts for resources accumulated and provided to various other entities that assist County efforts to provide social, cultural, and community assistance throughout the County. The bulk of this activity will be reported in the General fund in future years, while activities deriving dedicated income from outside resources will remain within this fund.

Other Special Revenue funds – accounts for resources accumulated and provided for various other purposes not included in the above funds.

Sandy Springs Tax Allocation District fund – accounts for tax revenues accumulated for various development purposes within a geographic area of unincorporated Fulton County.

## DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

<u>Capital Project funds</u> – account for resources accumulated for various bond issues and other sources for the purpose of capital improvement for the County. These funds include the following:

Library Capital Fund – accounts for the resources obtained through intergovernmental agreement for library expenditures within a tax allocation district.

Fulton County Urban Redevelopment Agency – accounts for the resources used in the design, construction, renovation, and furnishing of certain capital projects that are leased exclusively to Fulton County.

Capital Improvements Fund - accounts for capital expenditures funded by transfers from the General Fund, in the areas of health, jail, library, and public buildings.

Fulton County Building Authority - accounts for resources used in the design, construction, renovation, and furnishing of certain County buildings including the Government Center and Judicial Complex.

Other Capital Projects - accounts for capital lease purchases of buildings, vehicles, and office equipment.

Special Services District (SSD) Projects - accounts for special services district capital expenditures in the area of parks, fire protection other public works.

Transportation Improvements - accounts for resources dedicated to roadway networks within unincorporated Fulton County.

Combining Balance Sheet Non-Major Governmental Funds

December 31, 2012

(in thousands of dollars)

			Special Revenue Funds					
	_	Debt Service fund	Special Service Districts	Grants in Aid	Emergency Communications	Stormwater Management	General Government Services	
Assets: Cash and cash equivalents Investments Receivables (net of allowances):	\$	6,931	5,488	2,976	259 —	463	105	
Taxes Taxes Accounts Due from other governments		339 		3,323	 		188	
Total assets	\$_	7,270	5,488	6,299	358	463	293	
Liabilities: Accounts payable Due to others Total liabilities	\$		745 745	4,200	242 46 288			
Deferred Inflows of Resources: Unavailable revenue		387	_	_	_	_	_	
Total deferred inflows of resources	_	387						
Fund balances (deficit): Nonspendable Restricted Committed Assigned Unassigned	_	6,883 	4,743	2,099 		  	  	
Total fund balances (deficit)		6,883	4,743	2,099	70	463	293	
Total liabilities, deferred inflows of resources and fund balances	\$_	7,270	5,488	6,299	358	463	293	

(continued)

Combining Balance Sheet Non-Major Governmental Funds

December 31, 2012

(in thousands of dollars)

	_	Special Revenue Funds								
	-	Public Health services	Public Education Government Television	Law Enforcement and Justice services	Hotel/ Motel Taxes	Social and Cultural services	Other Special Revenue	Sandy Springs Tax Allocation District		
Assets: Cash and cash equivalents Investments Receivables (net of allowances):	\$	168 —	678 —	8,160		4,680 —	2,400	_3		
Taxes Accounts Due from other governments	-	1,982		<u></u>						
Total assets	\$_	2,150		8,550		4,680	2,400	3		
Liabilities: Accounts payable Due to others	\$	410		1,619		1,844	2			
Total liabilities	-	410		1,619		1,844	2			
Deferred Inflows of Resources: Unavailable revenue	_									
Total deferred inflows of revenues	-		<u></u>							
Fund balances (deficit): Nonspendable Restricted Committed Assigned Unassigned		1,740 	 678 	6,931 	 	  2,836	2,398			
Total fund balances (deficit)	-	1,740	678	6,931		2,836	2,398	3		
Total liabilities, deferred inflows of resources and fund balances	\$_	2,150	678	8,550		4,680	2,400	3		

Combining Balance Sheet Non-Major Governmental Funds

December 31, 2012

Library Capital	Fulton County Urban Rede- velopment Agency	Capital Improvements	Fulton County Building Authority	Other capital projects	Special Service District projects	Transport- ation Improve- ments	Total Non-major Governmental Funds
2,700	9,106 10,007	18,689	422	2,808	2,956	8,219	77,211 10,007
	_4 						343 188
			422	2,808		8,219	<u> </u>
		1,098  1,098		l	412	633  633	8,640 3,509 12,149
						·	<u> </u>
2,700	18,220	 17,591	422	2,807	2,544	  7,586 	39,065 678 41,264
2,700	18,220	17,591	422	2,807	2,544	7,586	81,007
2,700	19,117	18,689	422	2,808	2,956	8,219	93,543

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds

For the year ended December 31, 2012

#### (in thousands of dollars)

			Special Revenue Funds						
	_	Debt Service fund	Special Service Districts	Grants in Aid	Emergency Telephone	Stormwater Management	General Government Services		
Revenues:									
Taxes	\$	12,880	6	_	_	_	_		
Intergovernmental		2,226	_	43,761		—	—		
Charges for services Courts and law enforcement		_		3,014	2,873	_	—		
Use of money and property		33	_	3			—		
Miscellaneous			_			_	207		
Net appreciation (depreciation)									
in investments	_								
Total revenues	_	15,139	6	46,778	2,873		207		
Expenditures: Current:									
Administration		_		283			158		
Public safety		_	783		4,436		138		
Infrastructure and facilities			_	_		158	_		
Social services		—	_	21,519		—	—		
Health services		_		27,567	—	—	—		
Other nonagency Capital outlay			229				—		
Debt service:		_	_		_		—		
Principal retirement		22,186		_	_	_			
Interest	_	15,191							
Total expenditures	_	37,377	1,012	49,369	4,436	158	158		
Excess (deficiency) of revenues									
over (under) expenditures	_	(22,238)	(1,006)	(2,591)	(1,563)	(158)	49		
Other financing sources (uses):									
Capital lease refunding obligations		_	—		—	_	_		
Transfers in Transfers out		25,951	(2 100)	1,788	1,630	—	—		
Transfers out	-		(2,100)						
Total other financing sources (uses)	_	25,951	(2,100)	1,788	1,630	50000000			
Net change in fund balances		3,713	(3,106)	(803)	67	(158)	49		
Fund balance at beginning of year	_	3,170	7,849	2,902	3	621	244		
Fund balance (deficit) at end of year	\$ <u>_</u>	6,883	4,743	2,099	70	463	293		

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds

For the year ended December 31, 2012

### (in thousands of dollars)

	Public and	Public	Special Reve	lue runus			-
	Mental Education Health Government services Television		fental Education Enforcement lealth Government and Justice			Other Special Revenue	Sandy Springs Tax Allocation District
	_	_	_	144	_	_	_
	13,204	—	—	—	_	358	_
	7,734		5,318	_	_	_	
	—		_	—	1	3	_
	_	251	—	_	—	1	
	<u> </u>						
	20,938	251	5,318	144	<u> </u>	362	
	_	_	_	_	_	820	
	_	169	5,809	_	—	—	
	_		_		15	_	
	32,423	_	_	<del></del>	_	—	
	_	_	_	144		_	_
	_		_	_		_	
	32,423	169	5,809	144	15	820	
	(11,485)		(491)		(14)	(458)	
		_	_	_	—	_	
	15,310		(39)		25	_	
	15,310		(39)		25		
	3,825	82	(530)	_	11	(458)	
_	(2,085)	596	7,461		2,825	2,856	
	1,740	678	6,931		2,836	2,398	

(continued)

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds

### For the year ended December 31, 2012

	Library Capital	Fulton County Urban Rede- velopment Agency	Capital Improvements	Fulton County Building Authority	Other Capital Projects	Special Service District Projects	Transpor- tation Improve- ments	Total Nonmajor Governmental Funds
Revenues:				¥	······			
Taxes	_	_	_		_		_	13,030
Intergovernmental	1,350	_			_	_	604	61,503
Charges for services		_		_	_	_	_	13,621
Courts and law enforcement	_	_	_		_			5,318
Use of money and property	_	83	163		71	4	428	789
Miscellaneous	_	_	_	_	_			459
Net appreciation (depreciation)								
in investments	_	4	_		_	23	_	27
Total revenues	1,350	87	163		71	27	1,032	94,747
Expenditures: Current:								
Administration	_	_		_	_			1,261
Public safety	_	_		_			_	11,028
Infrastructure and facilities	_	9,177			2,968			12,472
Social services		_				_		21,534
Health services	_	_		_	_			59,990
Other nonagency	_	_						373
Capital outlay		·	9,598			2,026	2,038	13,662
Debt service:			.,+			2,020	2,000	15,002
Principal retirement	_			_	_			22,186
Interest								15,191
Total expenditures		9,177	9,598		2,968	2,026	2,038	157,697
Excess (deficiency) of revenues over (under) expenditures	1,350	(9,090)	(9,435)		(2,897)	(1,999)	(1,006)	(62,950)
Other financing sources (uses):								
Capital lease refunding obligations	_		_	_	3,138	_		3,138
Transfers in	_		4,982	_	1,672	500	_	51,858
Transfers out		(74)	(7,808)					(10,021)
Total other financing sources (uses)		(74)	(2,826)		4,810	500		44,975
Net change in fund balances	1,350	(9,164)	(12,261)	_	1,913	(1,499)	(1,006)	(17,975)
Fund balance at beginning of year	1,350	27,384	29,852	422	894	4,043	8,592	98,982
Fund balance at end of year	2,700	18,220	17,591	422	2,807	2,544	7,586	81,007

### Debt Service funds Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP Budget Basis) For the year ended December 31, 2012

		Original Budget	Final Budget	Actual	Variance Positive (Negative)
Debt Service funds:	-				
Revenues					
Taxes	\$	11,211	11,211	13,306	2,095
Other revenues per Budget law		—		2,259	2,259
Transfers		25,951	25,951	25,951	******
Appropriated Fund Balance	_	215	215	(4,139)	(4,354)
Total revenues	\$_	37,377	37,377	37,377	
Reconciliation to GAAP basis: To record net change in taxes receivable and deferred revenues Appropriated Fund Balance Total adjustment to GAAP basis Total revenues and other sources, GA	AP	basis		(426) 4,139 3,713 41,090	
Expenditures					
Principal	\$	22,186	22,186	22,186	_
Interest		15,191	15,191	15,191	
Total expenditures	\$_	37,377	37,377	37,377	
Total expenditures and other uses, G	AAF	P basis		37,377	

### Special Revenue funds

### Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2012

	_	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Grants in Aid					
<b>Revenues</b> Intergovernmental revenue Other general revenues	\$	44,456 4,500	44,456 4,500	44,605 3,017	149 (1,483)
Transfers Appropriated Fund Balance		1,179	1,179	2,430 (982)	1,251 (982)
Total revenues	\$_	50,135	50,135	49,070	(1,065)
Reconciliation to GAAP basis: To record effect of receivables				(1.496)	
Appropriated Fund Balance				(1,486) 982	
Total revenues and other sources,	GAAPI	oasis		48,566	
Expenditures Administration		305	305	283	22
Social and Health services		22,180	22,180	21,521	659
Health services		27,650	27,650	27,266	384
Total expenditures	\$_	50.135	50,135	49,070	1,065
Total expenditures and other uses,				49,369	
<b>Emergency Communications - 911</b>					
Revenues Charges for Services Transfers Appropriated fund balance Total revenues	\$	2,900 1,630 <u>145</u> 4,675	2,900 1,630 <u>145</u> 4,675	2,873 1,630 (61) 4,442	(27) 
Total levenues		4.075	4.075	7,772	1/9
Reconciliation to GAAP basis: Appropriated Fund Balance Total revenues and other sources, 6	GAAP t	pasis		<u>61</u> <u>4.503</u>	
Expenditures Total expenditures	\$_	4.675	4,675	4,442	233
Reconciliation to GAAP basis - to of unrecorded liabilities Total expenditures and other uses,				(6) <u>4.436</u>	

### Special Revenue funds

### Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2012

Stormer to Management	_	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Stormwater Management: Revenues					
Appropriated fund balance Total revenues	\$	<u>250</u> <u>250</u>	<u>    250    </u> <u>    250    </u>	<u> </u>	<u>250</u> 250
Reconciliation to GAAP basis: Appropriated Fund Balance Total revenues and other sources, o	GAAP b	asis	-	(158)	
Expenditures Total expenditures	\$	250	250	158	92
Total expenditures and other uses,	GAAP b	pasis	-	158	

General Government services:		Driginal Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues					
Miscellaneous	\$	48	48	207	159
Appropriated Fund Balance		157	157	(49)	(206)
Total revenues	\$	205	205	158	(47)
Reconciliation to GAAP basis: Appropriated Fund Balance				49	
Total revenues and other sources, GA	AP bas	is		207	
Expenditures			N.		
Total administrative expenditures	\$	205	205	158	47
Total expenditures and other uses, GA	AAP ba	sis		158	

### Special Revenue funds

### Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2012

(In thousands of dollars)

	_	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public Health Services				•••	
Revenues					
Intergovernmental revenue-State		15,176	15,176	13,430	(1,746)
Other general revenues	\$	7,232	7,232	7,734	502
Transfers		15,310	15,310	15,310	
Appropriated Fund Balance	_			(4,065)	(4,065)
Total revenues	\$_	37,718	37.718	32,409	(5,309)
Reconciliation to GAAP basis: To record effect of receivables Appropriated Fund Balance				(226) 4,065	
Total revenues and other sources, G	AAP t	basis		36,248	
Expenditures					
Total expenditures	\$_	37,718	37,718	32,409	5,309
Reconciliation to GAAP basis - to r	ecord 1	net effect			
of unrecorded liabilities	~			14	
Total expenditures and other uses.	GAA	P basis		32.423	

### Public Education Government Television

usite Education Government Fex		Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues	_				
Miscellaneous	\$	_	_	251	251
Appropriated Fund Balance	_	596	596	(82)	(678)
Total revenues	\$_	596	596	169	(427)
Reconciliation to GAAP basis: Appropriated Fund Balance				82	
Total revenues and other sources,	GAAP	basis	=	251	
Expenditures					
Total expenditures	\$_	596	596	169	427
Total expenditures and other uses,	GAAP	basis	-	169	

### Special Revenue funds

### Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2012

Law E-Construction 1 Lation	_	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Law Enforcement and Justice service	es:				
Revenues					
Anticipated revenues	\$	3,608	3,608	5,318	1,710
Appropriated Fund Balance		3,770	3,770	530	(3.240)
Total revenues	\$_	7.378	7.378	5,848	(1,530)
Reconciliation to GAAP basis: Appropriated Fund Balance Total revenues and other sources, G	AAP	basis	-	(530)	
Expenditures Total expenditures	\$_	7,378	7.378	5,848	1,530
Total expenditures and other uses, C	GAAP	basis	=	5,848	

lotel Motel:		Driginal Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues					
Anticipated revenues	\$	160	160	144	(16)
Total revenues	\$	160	160	144	(16)
Reconciliation to GAAP basis:					
Appropriated Fund Balance				·····-	
	GAAP bas	is		144	
Appropriated Fund Balance	GAAP bas	is	-	144	

### Special Revenue funds

### Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2012

### (In thousands of dollars)

	_	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Social and Cultural services:					
Revenues					
Anticipated revenues	\$			26	26
Appropriated Fund Balance		459	459	(11)	(470)
Total revenues	\$_	459	459	15	(444)
Reconciliation to GAAP basis: Appropriated Fund Balance			-		
Total revenues and other sources,	GAAP	basis		26	
Expenditures			=		
Total expenditures	\$_	459	459	15	444
Total expenditures and other uses,	GAAP	basis	=	15	

		Original Budget	Final Budget	Actual	Variance Positive _(Negative)_
Other Special revenue funds:					
<b>Revenues</b> Anticipated revenues Appropriated Fund Balance	\$	<u> </u>	828	362 459	362 (369)
Total revenues	\$	828	828	821	(7)
Reconciliation to GAAP basis: Appropriated Fund Balance Total revenues and other sources,	= GAAP I	basis	<u></u>	(459)	<u></u>
Expenditures					
Total expenditures	\$_	828	828	820	8
Total expenditures and other uses,	GAAP	basis		820	
		Original Budget	Final Budget	Actual	Variance Positive (Negative)
Sandy Springs Tax Allocation Dist	rict: <sup>–</sup>		Dudger		
Revenues					
Total anticipated revenues	\$_			—	
Total revenues and other sources,	GAAP I	basis			
Expenditures					

Total expenditures	\$ <u></u>	 <u></u>	
Total expenditures and other uses,	GAAP basis		

## DESCRIPTION OF NON-MAJOR ENTERPRISE FUNDS

Enterprise funds are used to accumulate expenses incurred for providing services to external parties that are to be recovered through user fees or charges.

> Sandy Springs Contractual fund – accounted for services provided for Police and Fire Rescue services to a newly incorporated city within geographical Fulton County, including expenditures incurred for services and the offsetting revenues earned from the City of Sandy Springs.

> Johns Creek Contractual fund – accounted for services provided for Police and Fire Rescue services to a newly incorporated city within geographical Fulton County, including expenditures incurred for services and the offsetting revenues earned from the City of Johns Creek.

> Airport fund – The Fulton County Airport-Brown field fund accounts for services to tenants and the public for operation and collections from rentals for airport facilities.

Combining Statement of Net Position Non-major Enterprise Funds

December 31, 2012

		Business Type A	ctivities - Enterprise	Funds	Total
Assets	_	Sandy Springs Contractual services fund	Johns Creek Contractual services fund	Airport fund	Non-major Enterprise Funds
Current assets:					
Cash and cash equivalents	\$	_		1,895	1,895
Due from other governments, net		500	581		1,081
Total current assets		500	581	1,895	2,976
Noncurrent assets:					
Nondepreciable capital assets				27,909	27,909
Depreciable capital assets (net of					
accumulated depreciation)				682	682
Total noncurrent assets	_			28,591	28,591
Total assets		500	581	30,486	31,567
Liabilities:					
Current liabilities (payable from					
current assets):					
Accounts payable & accrued expenses	\$_	500	581	220	1,301
Total liabilities		500	581	220	1,301
Net Position:				00.501	00 001
Net investment in capital assets Unrestricted		—	—	28,591	28,591
Total net position	s <sup></sup>			$\frac{1,675}{30,266}$	$\frac{1,675}{30,266}$
not position	Ť=			50,200	

### Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Non-major Enterprise funds

For the year ended December 31, 2012

	-	Business Type A Sandy Springs Contractual services fund	Activities - Enterpris Johns Creek Contractual services fund	e Funds Airport <u>fund</u>	Total Non-major Enterprise Funds
Operating revenues:					
Charges for services	\$_			1,446	1,446
Total operating revenues	-			1,446	1,446
Operating expenses:					
Administrative and general		—	—	291	291
Depreciation and amortization		—	—	169	169
Personal services		—	—	1,011	1,011
Contractual services	_				
Total operating expenses	-			1,471	1,471
Operating income (loss)	-			(25)	(25)
Income (loss) before contributions	_			(25)	(25)
Capital contributions	-				
Transfer in	-				
Change in net position		<u> </u>	_	(25)	(25)
Net position at beginning of year	_				30,291
Prior period adjustment - Note 16	_				
Net position at beginning of year, as restated	_			30,291	30,291
Net position at end of year	\$_			30,266	30,266

### Combining Statement of Cash Flows Non-major Enterprise funds

### For the year ended December 31, 2012

	_	Business Type	Activities - Enterp	rise Funds	Total
	_	Sandy Springs Contractual services fund	Johns Creek Contractual services fund	Airport fund	Non-major Enterprise Funds
Cash flows from operating activities:					
Receipts from customers and users	\$		—	1,446	1,446
Payments to suppliers Payments to employees		_	_	(281)	(281)
Net cash provided by (used in ) operating activities	-			(803)	(803)
	-			362	362
Cash flows from capital and related financing activities: Additions to property, plant, and equipment Net cash used by capital and	_				
related financing activities					
(Decrease) increase in cash and cash equivalents		_	_	362	362
Cash and cash equivalents at beginning of year				1,533	1,533
Cash and cash equivalents at end of year	\$_		<u></u>	1,895	1,895
Reconcilation of operating income (loss) to net cash provided by (used in ) operating activities:					
Operating income (loss) Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:	\$			(25)	(25)
Depreciation and amortization Changes in assets and liabilities:		—		169	169
Changes in customer receivables - net Other assets		—	—		_
			—	_	
Change in due from other governments - net Accounts and claims payable		646	—		646
Accounts and claims payable	_	(646)		218	(428)
Net cash provided by (used in) operating activities	\$_			362	362

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## DESCRIPTION OF INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments on a cost reimbursement basis. The objective is not to make a profit but rather to recover the total cost of providing the goods or services over a period of time.

The Internal Service funds include the following:

Facilities Services Fund - used to account for purchase of gasoline, vehicle maintenance parts, printing supplies, postage, central supplies, and computer equipment. These items are purchased in bulk and then charged back to the user departments.

Insurance Stabilization Fund - used to account for the payment of health, dental, vision claims and life insurance premiums on behalf of County employees and retirees. County contributions and employee premiums are paid into the fund based on estimated annual costs.

Risk Management Fund - used to account for resources to insure for general, employee and vehicle liability and vehicle physical damage.

Owner Controlled Insurance Fund - used to account for County provided insurance for contractors performing capital project activities.

Combining Statement of Net Position Internal Service Funds

December 31, 2012

Assets	-	Facilities Services fund	Insurance Stabilization fund	Risk Management fund	Owner Controlled Insurance fund	Total Internal Service Funds
Current assets:						
Cash and cash equivalents	\$		14,582	10,051	446	25,079
Other current assets	-	320	6,593		+	6,913
Total assets	-	320	21,175	10,051	446	31,992
Liabilities and Net Position						
Current liabilities:						
Accounts payable		320	12	2,545	÷	2,877
Claims payable	-		9,532	2,000		11,532
Total liabilities		320	9,544	4,545		14,409
Net position:						
Unrestricted			11,631	5,506	446	17,583
Total net position	\$_	•	11,631	5,506	446	17,583

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Internal Service Funds

For the year ended December 31, 2012

	-	Facilities Services fund	Insurance Stabilization fund	Risk Management fund	Owner Controlled Insurance fund	Total Internal Service Funds
Operating revenues - charges for services	\$	7,019	87,926	10,245	384	105,574
Operating expenses: Contractual services Administrative and general	_	7,019	86,675	13,882		86,675 20,901
Total operating expenses	_	7,019	86,675	13,882		107,576
Operating income (loss)			1,251	(3,637)	384	(2,002)
Net position at beginning of year	-		10,380	9,143	62	19,585
Net position at end of year	\$ _		11,631	5,506	446	17,583

### Combining Statement of Cash Flows Internal Service Funds

For the year ended December 31, 2012

		Facilities Services fund	Insurance Stabilization fund	Risk Management fund	Owner Controlled Insurance fund	Total Internal Service Funds
Cash flows from operating activities: Receipts from customers and users Payments to suppliers Net cash provided by (used in) operating activities	\$	6,904 (6,904) 	89,534 (85,386) 4,148	10,245 (13,282) (3,037)	384	107,067 (105,572) 1,495
Increase (decrease) in cash and cash equivalents			4,148	(3,037)	384	1,495
Cash and cash equivalents at beginning of year	-		10,434	13,088	62	23,584
Cash and cash equivalents at end of year	\$_		14,582	10,051	446	25,079
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	\$		1,251	(3,637)	384	(2,002)
Changes in assets and liabilities: Other current assets Accounts and claims payable Net cash provided by (used in) operating activities	\$	(115) 115 —	1,608 1,289 4,148	<u>600</u> (3,037)		1,493 2,004 1,495

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### **DESCRIPTION OF AGENCY FUNDS**

Agency Funds account for monies and property received and held by the County as trustee, custodian, or agent for other governmental entities, individuals or non-profit organizations and consist of the following:

> Tax Commissioner - to account for all real, personal, intangible, and intangible recording taxes collected and forwarded to the County and other governmental units.

> The following agency funds are used to account for fines, fees and other monies collected by the courts and remitted to other parties in accordance with court orders and state law:

> > Superior Court State Court Juvenile Court Probate Court Sheriff and Criminal Court District Attorney

Combining Statement of Fiduciary Net Position Fiduciary Funds Agency Funds

December 31, 2012

Assets	Col	Tax Commissioner	Superior Court	State Court	Juvenile Court	Probate Court	Sheriff and Criminal Court	District Attorney	Total Agency Funds
Cash and cash equivalents Taxes receivable	\$	13,285 53,441	18,014	18,263	88	191	27,981	1,819	79,641 53,441
Total assets	\$	66,726	18,014	18,263	88	191	27,981	1,819	133,082
Liabilities									
Due to other taxing districts Due to others	\$	66,726			88		27,981	1,819	66,726 66,356
Total liabilities	Ş	66,726	18,014	18,263	88	191	27,981	1,819	133,082

Statement of Changes in Assets and Liabilities

### Fiduciary Funds Agency Funds

For the year ended December 31, 2012

(In thousands of dollars)

		Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
Tax Commissioner:	•				
Assets					
Cash and cash equivalents	\$	13,522	2,031,592	2,031,829	13,285
Taxes receivable		83,959	1,160,728	1,191,246	53,441
	\$	97,481	3,192,320	3,223,075	66,726
Liabilities					
Due to other taxing districts	\$	97,481	3,192,320	3,223,075	66,726
Superior Court:					
Assets					
Cash and cash equivalents	\$	17,886	83,051	82,923	18,014
Liabilities					
Due to others	\$	17,886	83,051	82,923	18,014
State Court:					
Assets					
Cash and cash equivalents	\$	20,125	47,006	48,868	18,263
Liabilities					
Due to others	\$	20,125	47,006	48,868	18,263

(Continued)

Statement of Changes in Assets and Liabilities

### Fiduciary Funds Agency Funds

For the year ended December 31, 2012

(In thousands of dollars)

		Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
Juvenile Court:					
Assets					
Cash and cash equivalents	\$	87	86		88
Liabilities					
Due to others	\$	87	86	85	88
Probate Court:					
Assets					
Cash and cash equivalents	\$	183	21	13	191
Liabilities					
Due to others	\$	183	21	13	191
Sheriff and Criminal Court:					
Assets Cash and cash equivalents	ሰካ	26.005	44.077	10.001	
Liabilities	\$	26,995	44,977	43,991	27,981
Due to others	\$	26,995	44,977	43,991	27,981
	Ψ:	20,995		43,991	27,981
District Attorney:					
Assets					
Cash and cash equivalents	\$	1,822	1,113	1,116	1,819
Liabilities		* (***********************************			
Due to others	\$	1,822	1,113	1,116	1,819

(Continued)

Statement of Changes in Assets and Liabilities

### Fiduciary Funds

### Agency Funds

For the year ended December 31, 2012

	-	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
Total - All Agency Funds:					
Assets					
Cash and cash equivalents Taxes receivable	\$	80,620 83,959	2,207,846 1,160,728	2,208,825 1,191,246	79,641 53,441
	\$ _	164,579	3,368,574	3,400,071	133,082
Liabilities					
Due to other taxing districts Due to others	\$	97,481 67,098	3,192,320 176,254	3,223,075 176,996	66,726 66,356
	\$	164,579	3,368,574	3,400,071	133,082

### **OTHER SCHEDULES**

Summary of Debt Service Requirements to Maturity

Debt Service Requirements to Maturity - General Obligation Bonds

Debt Service Requirements to Maturity – Fulton County Building Authority Revenue Bonds

Debt Service Requirements to Maturity - Water and Sewerage Revenue Bonds

Hotel/Motel Tax Collections and Expenditures

### Other Schedules Summary of Debt Service Requirements to Maturity

December 31, 2012

			al principal est requirements	
Calendar year	General obligation bonds	Building Authority bonds	Fulton County water and sewerage revenue bonds	Totals
2013	11,257	7,909	30,548	49,714
2014	11,272	7,934	29,265	48,471
2015	11,271		38,809	50,080
2016	11,268		38,811	50,079
2017	11,005		38,810	49,815
2018	11,005		38,806	49,811
2019	10,995		38,811	49,806
2020	10,931		38,813	49,744
2021	10,863		38,809	49,672
2022	10,791		38,814	49,605
2023	10,715		38,804	49,519
2024	10,639		38,814	49,453
2025	10,555		38,810	49,365
2026	10,447		38,810	49,257
2027	10,345		38,811	49,156
2028	10,244		38,814	49,058
2029	10,133		38,813	48,946
2030	10,022		38,814	48,836
2031	9,900		38,817	48,717
2032	9,776		38,812	48,588
2033	9,645		38,817	48,462
2034	9,512		38,815	48,327
2035	9,377			9,377
2036	9,234			9,234
2037	9,089			9,089
2038	8,939			8,939
2039	8,781			8,781
	\$	15,843	836,047	1,129,901

Other Schedules Debt Service Requirements to Maturity General Obligation Bonds (2010 Library bonds)

December 31, 2012

<u>Calendar year</u>	Principal	Interest	<u> </u>
2013 \$	4,040	7,217	11,257
2014	4,200	7,072	11,272
2015	4,370	6,901	11,271
2016	4,545	6,723	11,268
2017	4,440	6,565	11,005
2018	4,575	6,430	11,005
2019	4,715	6,280	10,995
2020	4,820	6,111	10,931
2021	4,930	5,933	10,863
2022	5,050	5,741	10,791
2023	5,180	5,535	10,715
2024	5,320	5,319	10,639
2025	5,465	5,090	10,555
2026	5,615	4,832	10,447
2027	5,795	4,550	10,345
2028	5,985	4,259	10,244
2029	6,175	3,958	10,133
2030	6,375	3,647	10,022
2031	6,580	3,320	9,900
2032	6,800	2,976	9,776
2033	7,025	2,620	9,645
2034	7,260	2,252	9,512
2035	7,505	1,872	9,377
2036	7,755	1,479	9,234
2037	8,015	1,074	9,089
2038	8,285	654	8,939
2039	8,560	221	8,781
\$	159,380	118,631	278,011
Unamortized premium at December 31, 2012	2,165	(2,165)	
\$	161,545	116,466	278,011

Other Schedules Debt Service Requirements to Maturity Fulton County Building Authority Revenue Bonds

December 31, 2012

Calendar year	_	Principal	Interest	
2013 2014	\$	7,170 7,555	739 379	7,909 7,934
		14,725	1,118	15,843
Unamortized premium at December 31, 2012	_	53	(53)	
	\$ =	14,778	1,065	15,843

Other Schedules Debt Service Requirements to Maturity Water and Sewerage Revenue Bonds Series 2004 and 2011

December 31, 2012

Calendar year	Principal	Interest	Totals
2013	\$ 5,920	24,628	30,548
2014	4,920	24,345	29,265
2015	14,650	24,159	38,809
2016	15,325	23,486	38,811
2017	16,090	22,720	38,810
2018	16,875	21,931	38,806
2019	17,720	21,091	38,811
2020	18,605	20,208	38,813
2021	19,520	19,289	38,809
2022	20,490	18,324	38,814
2023	21,505	17,299	38,804
2024	22,590	16,224	38,814
2025	23,715	15,095	38,810
2026	24,900	13,910	38,810
2027	26,145	12,666	38,811
2028	27,455	11,359	38,814
2029	28,825	9,988	38,813
2030	30,265	8,549	38,814
2031	31,815	7,002	38,817
2032	33,435	5,377	38,812
2033	35,145	3,672	38,817
2034	36,935	1,880	38,815
	492,845	343,202	836,047
Unamortized premium at December 31, 2012	36,395	(36,395)	
	\$ 529,240	306,807	836,047

### FULTON COUNTY, GEORGIA Other Schedules Hotel/Motel Tax Collections and Expenditures Year ended December 31, 2012

	Co	llection Period f	rom January 1	st to December 3	lst
		Expend	itures and Obl	igations	Expended or
	Hotel/Motel	Hotel/Motel	Hotel/Motel	Hotel/Motel	Obligated
Collection	Tax	Tax	Tax	Tax Expended	as a Percentage
Rate	Collected	Expended	<b>Obligated</b>	or Obligated	of Collected
7%	\$144,290	144,290		144,290	100.00%

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# **STATISTICAL SECTION**

(Unaudited)

### **Statistical Section**

This part of the Fulton County Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents	Pages
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the	100 100
County's financial performance and well-being have changed over time.	100-103
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	104-109
Debt Capacity	
These schedules present inforamtion to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	110-114
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader	
understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	115-116
Operating Information	
These scheduels contain information about the County's operations and resources to help the reder understand how the County's financial information relates to the services the County provides and the activities it performs	117-119

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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# FULTON COUNTY, GEORGIA Net Position by Component Last Ten Fiscal Years (accrual basis of accounting, in thousands)

	I					Fisca	Fiscal Year				
	I	2012	2011*	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities											
Net investment in capital assets	\$	634,016	631,476	633,358	645,956	647,458	656,111	652,890	733,571	932,446	896,321
Restricted		42,280	50,807	33,487	20,165	21,774	23,378	33,581	57,364	78,932	129,112
Unrestricted	ļ	(201,606)	(92, 710)	35,366	82,669	139,273	225,015	341,604	260,036	232,808	169,295
Total governmental activities net position \$ 474,690	<u>ہ</u>	474,690	589,573	702,211	748,790	808,505	904,504	1,028,075	1,050,971	1,244,186	1,194,728
Business-type activities	e										
Net investment in capital assets	A	/10,00/	1/9,67/	c0c,8/7	856,964	667,975	576,528	687,192	667,370	607,009	622,140
Restricted		39,482	39,316	39,078	46,015	45,833	43,973	42,899	40,911	41,809	31,795
Unrestricted	I	240,012	246,619	232,070	216,790	369,659	380,390	292,828	277,702	247,382	227,944
Total business-type activities net position \$ 986,011	۳ ال	986,011	1,015,606	1,049,653	1,062,763	1,083,467	1,000,891	1,022,919	985,983	896,200	881,879
Primary government											
Net investment in capital assets	\$	1,340,533	1,361,147	1,411,863	1,445,914	1,315,433	1,232,639	1,340,082	1,400,941	1,539,455	1,518,461
Restricted		81,762	90,123	72,565	66,180	67,607	67,351	76,480	98,275	120,741	160,907
Unrestricted	I	38,406	153,909	267,436	299,459	508,932	605,405	634,432	537,738	480,190	397,239
Total primary government net position	∽ ∽	\$ 1,460,701	1,605,179	1,751,864	1,811,553	1,891,972	1,905,395	2,050,994	2,036,954	2,140,386	2,076,607

\*2011 balances have been restated to reflect the cumulative effect of applying GASB Statement 65.

#### FULTON COUNTY, GEORGIA Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting, in thousands)

						Fisca	l Year				
Expenses		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities											
Administration	\$	107,704	109,122	103,734	105,089	115,606	107,926	102,619	97,780	100,089	101,552
Public Safety		181,224	184,163	172,972	179,965	182,435	179,690	183,189	194,271	177,082	174,471
Legal		131,545	148,350	135,775	146,809	139,901	141,646	12,643	115,217	112,916	107,698
Infrastructure and facilities		74,308	52,499	56,037	71,554	74,237	49,225	73,431	81,466	67,431	61,116
Social services Health services		80,999	119,044	116,913	116,906	125,031	127,604	113,521	106,794	111,306	118,008
Interest and other debt related costs		181,674 16,204	149,504 18,364	129,931 10,980	163,408 12,756	168,845 16,561	184,066	160,904	160,770	158,414	158,087
Total governmental activities expenses		773,658	781,046	726,342	796,487	822,616	$-\frac{17,450}{807,607}$	$\frac{17,767}{664,074}$	17,053	18,277	<u>19,161</u> 740,093
Duginger torse estimities		······									
Business-type activities Water and sewerage services		125 110	140 202	100 711	100 400	100 176	100.010				
Contractual services		135,118	148,303	132,711	128,430	123,175 6,901	170,210	116,826	116,583	99,571	89,262
Airport services		1,471	1,218	1,097	1,040	1,098	6,944 1,008	14,430 1,187	875	 965	806
Total business-type activities expenses		136,589	149,521	133,808	129,470	131,174	178,162	132,443	117,458	100,536	90,068
Total primary government expenses	\$	910,247	930,567	860,150	925,957	953,790	985,769	796,517	890,809	846,051	830,161
Program Revenues											
Governmental activities											
Charges for services											
Public and Mental health fees	\$	7,734	7,661	8,225	8,130	6,258	8,030	8,094	9,375	10,433	12,073
Emergency communication fees		2,873	3,810	3,891	6,941	8,033	7,572	6,978	8,449	5,295	5,317
Legal and adjudication License and permits		31,079 6,521	28,988	39,597	38,425	33,541	31,535	33,803	27,080	30,139	21,724
Other		9,312	5,456 10,113	5,707 8,882	6,134 8,590	7,850 7,703	7,850 4,726	16,286 9,362	28,852	23,927	19,387
Total Charges for Services	-	57,519	56,028	66,302	68,220	63,385	59,713	74,523	8,036	11,674 81,468	10,089
Operating grants and contributions		60,499	65,356	66,991	57,184	54,152	46,460	55,454	61,850	57,732	58,855
Capital grants and contributions		2,312	3,762	983	5,879	7,842	6,225	21,056	50,871	25,205	48,123
Total governmental activities program revenu	es .	120,330	125,146	134,276	131,283	125,379	112,398	151,033	194,513	164,405	175,568
Business-type activities											
Charges for services		121,506	120,276	121,506	108,472	114,501	102,918	138,491	134,464	119,138	97,823
Capital grants and contributions Total business-type activities program revenue	-	121,506	120,276	121 506	438	19,475		6,211	60,455	8,954	12,969
Total primary government program revenues	دی \$`	241,836	245,422	121,506	108,910 240,193	133,976	102,918 215,316	144,702 295,735	<u>194,919</u> <u>389,432</u>	128,092 292,497	110,792
Net (Expense) Revenue								275,155			286,360
Governmental activities	\$	(653,328)	(655,900)	(592,066)	(665 204)	(607 227)	(605 200)	(()( 0)1)	(570.020)	(501 110)	(5() 50 5)
Business-type activities	Ψ	(15,083)	(29,245)	(12,302)	(665,204) (20,560)	(697,237) 2,802	(695,209) (75,244)	(626,831) 12,259	(578,838) 77,461	(581,110)	(564,525)
Total primary government net expense	\$	(668,411)	(685,145)	(604,368)	(685,764)	(694,435)	(770,453)	(614,572)	(501,377)	27,556 (553,554)	$\frac{20,724}{(543,801)}$
						<u>``</u> `````	<u> </u>		(	(000,001)	(313,001)
General Revenues and Other Changes in No Governmental activities:	et P	osition									
Property taxes	\$	467,779	477,259	482,346	527,018	525,265	486,521	522 410	401 449	402 820	500.000
Sales taxes	Ψ	36,184	33,991	30,543	32,382	35,374	39,761	523,418 60,671	491,448 74,930	493,829 68,949	502,930 62,911
Other taxes		5,454	5,165	4,430	4,466	4,393	8,046	13,299	15,639	14,897	13,589
Intergovernmental unrestricted revenues		2,898		_	11,469	_	12,948	15,105	15,917	15,475	15,790
Commissions on tax collections		14,628	15,377	17,181	16,588	15,131	15,043	14,471	12,928	12,204	12,707
Use of money and property Miscellaneous		6,517	7,091	5,779	9,348	17,098	23,654	27,488	22,585	16,439	13,837
Special and extraordinary items		4,985	6,582	5,207	4,219	8,688 (22,788)	4,953	2,810	5,603	8,775	4,074
Total governmental activities	-	538,445	545,465	545,486	605,490	583,161	$\frac{(16,422)}{574,504}$	1,418 658,680	639,050	630,568	(2,317) 623,521
	-										025,521
Business-type activities			(10	1 000							
Use of money and property Miscellaneous		666 (1,929)	610	1,277	1,651	13,971	9,693	26,223	13,000	3,826	6,538
Extraordinary items		(1,929)	(1,626)	(2,085)	(1,795)	467		(1,546)	(678)	714	—
Total business-type activities	-	(14,512)	(1,016)	(808)	(144)	14,438	9,693	24,677	12,322	4,540	6,538
Total primary government	\$_	523,933	544,449	544,678	605,346	597,599	584,197	683,357	651,372	635,108	630,059
Change in Net Position	-										<del></del>
Governmental activities	\$	(114,883)	(110,435)	(46,580)	(59,714)	(114,076)	(128,390)	31 940	60 212	40 450	50.007
Business-type activities	Ψ	(29,595)	(30,261)	(13,110)	(20,704)	17,240	(65,508)	31,849 36,936	60,212 89,783	49,458 32,096	58,996 27,262
Total primary government	\$_	(144,478)	(140,696)	(59,690)	(80,418)	(96,836)	(193,898)	68,785	149,995	81,554	86,258
	-									<del></del>	

### **FULTON COUNTY, GEORGIA** Fund Balances, Governmental funds

Last Ten Fiscal Years

					Fiscal	Year				
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General fund Unassigned Unreserved Total general fund	88,985 \$ <u>88,985</u>	128,561	<u>150,230</u> <u>150,230</u>	95,041 95,041	76,233 76,233	97,362 97,362	136,195 136,195	100,208 100,208	<u>106,444</u> <u>106,444</u>	<u>89,370</u> 89,370
Special Service District Fund Unassigned Unreserved Total Special District fund	6,714 \$ <u>6,714</u>	5,123	<u>3,596</u> <u>3,596</u>	1,924 1,924	<u>16,033</u> <u>16,033</u>	<u>    16,015                                    </u>	<u>38,171</u> <u>38,171</u>	44,646	<u>21,419</u> 21,419	<u>13,740</u> <u>13,740</u>
Library Bond fund Restricted Designated for capital projects Total Library bond fund	\$ 159,268 \$ <u>159,268</u>	166,813  	168,445 168,445							
All Other Governmental Funds Nonspendable Restricted Committed Assigned Unassigned Reserved Unreserved, reported in:	\$ 39,065 678 41,264 	42,691 596 57,780 (2,085)	7,129	18,917	21,347	24,997	47,198	45,054	49,830	58,384
Special revenue funds			25,613	33,931	24,752	27,072	31,160	25,191	34,655	30,178
Capital projects funds	¢ 01.007	00 (10	66,876	50,357	57,546	76,157	76,818	77,388	87,267	92,540
Total all other governmental funds	\$ 81,007	99,618	99,618	103,205	103,645	128,226	155,176	147,633	171,752	181,102
Total governmental funds	\$_335,974	421,889	421,889	200,170	195,911	241,603	329,542	292,487	299,615	284,212

Note: The County began to report accrual information when it implemented GASB Statement 34 in fiscal 2002

### Schedule 3

### FULTON COUNTY, GEORGIA Changes in Fund Balances, Governmental funds Last Ten Fiscal Years (modified accrual basis of accounting, in thousands)

					Fiscal	Year				
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes \$	513,212	515,240	541,331	567,601	544,346	531,613	592,175	574,336	577,885	577,952
Intergovernmental	65,709	69,118	67,974	74,124	55,178	64,867	70,739	78,208	74.870	76,493
Charges for services	43,675	41,400	52,532	53,283	45,688	43,256	48,001	44,991	41,165	41,499
Courts and law enforcement	21,951	24,549	25,244	25,391	24,978	23,650	24,707	20,877	28,580	20,411
Use of money and property	6,333	7,101	5,704	9,213	16,994	23,821	27,430	22,524	16,476	13,979
Licenses and permits	6,521	5,456	5,707	6,134	7,850	7,850	16,286	28,852	23,927	19,387
Miscellaneous	4,985	6,582	5,207	4,219	8,688	4,953	2,810	5,603	8,775	4,074
Net (depreciation) appreciation in investments	184	(10)	75	135	104	(167)	58	61	(37)	(142)
Total revenues	662,570	669,436	703,774	740,100	703,826	699,843	782,206	775,452	771,641	753,653
								······································		
Expenditures										
Current:										
Administration	88,826	85,494	89,169	87,074	95,103	88,427	91,616	90,431	93,091	86,013
Public safety	149,401	145,552	146,236	147,228	149,384	144,237	162,390	179,396	163,883	163,390
Legal	106,993	115,204	113,323	111,785	113,551	112,361	107,920	104,157	102,370	97,835
Infrastructure and facilities	54,397	36,196	36,044	45,284	52,339	34,823	48,413	44,139	41,172	36,336
Social services	65,055	92,979	98,800	95,152	101,907	100,303	97,951	102,165	107,226	100,588
Health services	169,789	135,567	119,825	151,312	156,443	170,972	155,351	156,037	154,614	156,810
Other nonagency	30,946	32,941	35,671	54,713	52,458	50,781	48,287	32,023	28,819	37,251
Capital outlay	20,293	13,030	13,984	10,679	17,685	41,643	61,583	28,105	30,122	47,970
Debt service:	<i>,</i>			.,	.,	,		20,101		.,,,,,,
Principal retirement	26,186	24,755	17,864	22,629	27,965	29,861	29,457	31,004	29,462	27,617
Interest	17,327	20,353	9,113	10,006	14,143	15,222	15,704	15,123	15,932	17,020
Total expenditures	729,213	702,071	680,029	735,862	780,978	788,630	818,672	782,580	766,691	770,830
								<u> </u>		
Excess of revenues over (under) expenditures	(66,643)	(32,635)	23,745	4,238	(77,152)	(88,787)	(36,466)	(7,128)	4,950	(17,177)
Other Financing Sources (Uses)										
Capital lease refunding obligations	3,138	10,224	49,544		4,883		54 710			6 220
Proceeds from sale of bonds	,	•	,	110,885	-		54,712			6,239
Premium received on bonds	_		193,441 2,469	/	_		_		_	
Payments to escrow agent	_	_	,	9,298		_			_	
Transfers in	62,149	(0.120	(47,480)	(120,162)	72 (14					
Transfers out		60,120	79,271	73,614	73,614	99,815	102,723	125,163	95,561	111,076
	(62,149)	(60,120)	(79,271)	(73,614)	(73,614)	(100,272)	(102,724)	(125,163)	(95,561)	(112,076)
Total other financing sources (uses)	3,138		197,974	21	4,883	(457)	54,711			5,239
Special item: Proceeds from sale of capital assets		<u> </u>				3,762	18,810			
Net changes in fund balances \$	(63,505)	(22,411)	221,719	4,259	(72,269)	(85,482)	37,055	(7,128)	4,950	(11,938)
Debt service as a percentage of						_				
noncapital expenditures	6.2	6.6	4.0	4.5	5.5	5.9	6.0	6.1	6.2	6.2 %
• ···· ··· ···	0.2	0.0	1.0		5.5	5.7	0.0	0.1	0.2	0.2 70

### FULTON COUNTY, GEORGIA Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (in thousands)

					Assessed value as a	
			Personal	Total	percentage	Estimated
Fiscal	Real	Public	and	assessed	of Actual	actual
Year	 Property	Utilities	Business	value	Value	value
2003	\$ 33,087,369	1,006,182	6,584,144	40,677,695	40%	101,694,238
2004	35,294,429	1,105,766	6,356,263	42,756,458	40%	106,891,145
2005	36,850,956	1,216,577	6,418,193	44,485,726	40%	111,214,315
2006	40,777,348	1,091,205	6,716,879	48,585,432	40%	121,463,580
2007	46,380,413	1,090,830	6,991,764	54,463,007	40%	136,157,518
2008	49,883,106	1,108,038	7,256,388	58,247,532	40%	145,618,831
2009	50,156,181	1,119,093	7,403,437	58,678,711	40%	146,696,778
2010	47,152,996	1,067,474	6,999,360	55,219,830	40%	138,049,576
2011	45,294,177	1,067,474	7,166,610	53,528,261	40%	133,820,653
2012	43,328,112	1,147,265	7,517,644	51,993,021	40%	129,982,553

Note: The above assessed values may be reduced somewhat due to the following exemptions:

- (1) A special full value homestead exemption is allowed on owner-occupied residences of persons who are age 70 or over who meet certain income requirements. This exemption applies only to Fulton County taxes. State and school taxes are not exempt.
- (2) A regular homestead exemption is allowed on all owner-occupied homes, except for purposes of school and bond tax levies.
- (3) An exemption is allowed on qualifying real property devoted to agricultural or historic purposes.
- (4) A 100% Freeport exemption exists on applicable business inventories.
- (5) Assessed values are established by the Fulton County Board of Tax Assessors on January 1 of each year.
- (6) An exemption is allowed for property used in or which is a part of any facility for the primary purpose of elminating or reducing air or water pollution if the facilities have been certified by the Georgia Department of Natural Resources.

# FULTON COUNTY, GEORGIA

Property Tax Rates - Direct and Overlapping Governments Last Ten Fiscal Years Operating and Bond Levies (Rate per \$1,000 Assessed Value)

2003	12.32 18.06 4.31 	0.25	10.51	3.60	21.57	00.7	12.50	6.00	9.61	7.00	4.50	5.17	7.50				
2004	11.65 17.61 4.73	0.25	10.02	4.20	20.98 7.90	00.7	12.37	5.75	12.61	6.95	4.50	6.09	7.50				
2005	11.65 18.11 4.73 34.49	0.25	9.57	5.00	20.52	00.7	12.37	5.45	12.61	9.92	4.50	6.09	7.50				
2006	11.47 18.11 4.61 5.73 39.92	0.25	9.44	5.00	22.70	0.0U 9.56	12.37	5.45	12.61	9.89	4.50	6.09	7.50	4.73			
2007	$10.28 \\ 18.09 \\ 3.87 \\ 5.66 \\ 37.90 \\ 37.90 \\ \end{array}$	0.25	8.92	5.00	22.69	0.250 0.56	14.75	5.00	16.61	11.78	4.50	5.66	9.50	4.73	4.73	4.61	
2008	10.28 17.50 3.87 <u>3.66</u> 37.31	0.25	8.80	5.00	21.69 E 7E	c/.c	14.75	5.00	16.61	11.78	8.50	5.46	9.50	4.73	4.73	4.61	
2009	10.28 17.50 	0.25	11.94	5.00	21.69 E 7E	c/.c 926	14.75	5.00	16.61	11.78	8.45	5.46	9.50	4.73	4.73	4.61	10.96
2010	10.28 18.50  36.94	0.25	11.94	5.00	21.69 5 75	c/.c	14.75	7.50	16.61	11.78	8.45	5.46	9.50	4.73	4.73	4.61	10.96
2011	10.55 18.50  38.02	0.25	11.94	5.00	21.69 5 75	c/.c 11.56	13.75	9.93	16.61	10.78	8.45	5.46	10.24	4.73	4.73	4.61	10.96
2012	10.55 18.50 	0.20	11.94	5.00	21.74 5 75	c7.c 12.62	15.00	9.98	16.61	10.78	8.50	5.46	10.60	4.73	4.73	4.61	10.96
Fulton County direct:	General & bond School Special Services district South Fulton tax district Total direct	State of Georgia	Municipalities: City of Atlanta	Downtown Development district	City of Atlanta school district	City of College Park	City of East Point	City of Fairburn	City of Hapeville	City of Mountain Park	City of Palmetto	City of Roswell	City of Union city	City of Sandy Springs	City of Milton	City of John's Creek	City of Chattahoochee Hills

### FULTON COUNTY, GEORGIA

Principal Taxpayers

Current Year and Nine Years Ago

	Assessment	Percentage of total assessed value		Taxes
Ten major taxpayers of 2012:			*****	
Development Authority of Fulton County	\$ 974,977,480	1.88%	\$	10,023,743
Georgia Power	423,438,944	0.81%		4,353,376
Coca Cola	210,990,001	0.41%		2,169,188
AT&T	211,232,743	0.41%		2,171,684
BellSouth Telecommunications	134,649,318	0.26%		1,384,330
Corporate Property Investors	87,232,241	0.17%		896,835
Delta Airlines	114,230,152	0.22%		1,174,400
Post Apartment Homes	142,042,518	0.27%		1,460,339
SunTrust Plaza Associates LLC	96,136,850	0.18%		988,383
IEP Peachtree LLC	91,879,110	0.18%		944,609
Total ten major taxpayers	\$ 2,486,809,357	4.78%	\$	25,566,887
(1) Total County gross assessed value	\$ 51,993,021,307			

			Percentage of total assessed	
	_	Assessment	value	Taxes
Ten major taxpayers of 2003:				
BellSouth Telecommunications	\$	483,242,826	1.19%	9,887,925
Coca Cola Company		258,669,640	0.64%	\$ 4,473,778
American Telephone & Telegraph		156,705,704	0.39%	4,269,082
Delta Airlines		166,139,230	0.41%	5,613,860
Post Apartment Homes		141,721,590	0.35%	2,301,449
Weekly Realty		61,092,080	0.15%	2,011,700
Ford Motor Company		90,878,000	0.22%	2,327,492
Concourse V		74,800,000	0.18%	2,762,738
Georgia Power		214,346,057	0.53%	4,318,209
Hodges MD		62,447,070	0.15%	2,208,729
Total ten major taxpayers	\$	1,710,042,197	4.20%	\$ 40,174,962
(1) Total County gross assessed value	\$_	40,677,695,000		<u> </u>

Source: Fulton County Tax Commissioner.

	Outstanding	delinquent	taxes as	percentage of	current levy	2.3%	2.0	2.1	2.0	3.9	4.4	5.3	4.0	4.4	4.4			Outstanding	delinquent	taxes as	percentage of	current levy	3.1%	8.6	6.8	4.4		Verman			0.1	1.2
		:	Outstanding	delinquent	taxes	8,637	7,375	8,102	8,290	16,179	19,966	24,634	17,076	17,069	16,591					Outstanding	delinquent	taxes		206	169	118	148	85	47	18	12	141
						ۍ ج																	<u>م</u>									
SU	£	10131	collections as	percentage of	curent levy	100.7 %	101.8	100.3	0.66	97.2	96.2	97.1	110.9	97.3	102.3	tions				collections as	percentage of	1	100.9 %	103.2	101.9	9.66					95.9	101.5
SEORGIA vy and Collectio ears		Ē	lotal	tax	collected	373,780	384,177	385,507	410,746	402,966	434,358	450,233	468,248	377,906	387,132	Levy and Collectears				Total	tax	collected	9,385	2,478	2,528	2,652	115	36	11	6	11,543	11,854
FULTON COUNTY, GEORGIA General Fund Property Tax Levy and Collections Last Ten Fiscal Years (in thousands)			Delinquent	tax	collected	\$ 8,415 \$	23,045	18,657	19,183	17,709	24,407	43,475	56,896	6,111	15,639	Debt Service Fund Property Tax Levy and Collections Last Ten Fiscal Years	(in thousands)			Delinquent	tax	collected	<b>\$</b> 221 <b>\$</b>	177	154	155	115	36	11	6	2	377
FUL General Fur			rercent	oflevy	collected	98.5 %	95.7	95.4	94.4	92.9	90.8	87.7	97.4	95.7	98.1	Debt Service F				Percent	of levy		%	95.8	95.6	93.8					95.9	98.3
			Current	tax	collected	365,365	361,132	366,850	391,563	385,257	409,951	406,758	411,352	371,795	371,493					Current	tax	collected	9,164	2,301	2,374	2,497			vaaaaa	www.	11,541	11,477
		Tetel	1 0131	current year	tax levy	371,005	377,362	384,454	414,871	414,657	451,295	463,906	422,255	388,373	378,534					Total	current year		9,302 \$	2,402	2,482	2,663		vannany	ruunnin		12,040	11,681
						Ś					(E	(2)	(3)									•	A					Ξ	(2)	(3)		
			ļ	Fiscal	Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012					i	Fiscal	Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

Source: Fulton County Tax Commissioner's office

(1) 2008 due date October 31 as opposed to normal due date of October 15
(2) 2009 due date December 15 as opposed to normal due date of October 15
(3) 2010 & 2011 due date October 31 as opposed to normal due date of October 15

Schedule 8-A

Schedule 8-B

### FULTON COUNTY, GEORGIA Special Service District Fund Property Tax Levy and Collections Last Ten Fiscal Years (in thousands)

Outstanding delinquent taxes as percentage of	1.3%	1.2	1.3							
Outstanding delinquent	\$ 614	677	735	1.302	1.054	419	307	191	09	
Total collections as percentage of									ŀ	
Total tax collected	48,101	53,637	56,327	2,200	307	561		6	9	2
Delinquent tax collected	1,116 \$	597	2,121	2,200	307	561	9	6	9	7
Percent of levy collected	99.1 %	96.5	95.7							
Current tax collected	46,985	53,040	54,206							
Total current year tax levv	\$ 47,425	54,974	56,615	*	*	*	*	*	*	*
Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

\* State law required the Special Service district to bill and collect by geographic areas of unincorporated Fulton County since 2006, see Schedule 8-C.

Source: Fulton County Tax Commissioner's office

%-C	
Schedule	
<b>9</b> 21	

# FULTON COUNTY, GEORGIA Northeast Special Service Sub-District Fund Property Tax Levy and Collections Last Seven Fiscal Years

Outstanding delinquent	taxes as	percentage of	current levy	N/A 172 807	5600 0%	a/0.000			I				Outstanding	delinquent	taxes as	percentage of	current levy	N/A	-	Ι	CONTRACT.						Outstanding	delinquent	taxes as	percentage of	current levy	N/A	2.9%	4.6	3.2	5.1	6.3 5 1	1.1
	Outstanding	delinquent		\$ N/A	6C1 56	25	18	14	14						Outstanding	delinquent	taxes	\$ <u>N/A</u>	98	41	87	71	- ۲						Outstanding	delinquent	taxes	\$ N/A	529	867	864	1,169	1,340	1,400
	collections as	percentage of		95.8 %	9 400 0	· · · · · ·		I	l		evv and Collections				collections as	percentage of	curent levy	95.0 %		I		1				y and conections			collections as	percentage of	curent levy	91.8 %	95.9	93.5	92.5	113.0	95.8 103.7	7.001
	Total	tax	collected	13,601	7 <del>11</del> 94	56	3 4	1	1	GEORGIA	roperty Tax Le	Years			Total	tax	collected	6,723	222	62 2	× ç	<u>با</u> ر	n —	-	EORGIA	upeny rax Lev Years			Total	tax	collected	16,659	17,789	17,672	25,234	25,949	20,508	U17,F7
(in thousands)	Delinquent	tax	collected	\$ N/A \$	66	56	<u>5</u> 4		1	FULTON COUNTY, GEORGIA	Northwest Special Service Sub-District Fund Property Tax Levy and Collections	Last Seven Fiscal Years	(in thousands)		Delinquent	tax	collected	\$ N/A \$	222	62 ĉ	×,	<u>ب</u> ا د	n —	-	FULTON COUNTY, GEORGIA	oouur ruiton opectal oct vice Disulct ruita riopetry Tax Levy and Confections Last Seven Fiscal Years	(in thousands)		Delinquent	tax	collected	\$ <u>N/A</u> \$	1,085	1,185	2,577	4,044	681 1738	1,/JO
	Percent	of levy	collected	95.8 % 82.8	100.0		*******			FUI	Special Service				Percent	of levy	collected	95.0 %	and the second second						FUI	non apecial oct			Percent	of levy	collected	91.8 %	90.1	87.3	83.1	95.4	92.6 05 8	0.00
	Current	tax	collected	13,601 67	6 I	<b>'</b>					Northwest				Current	tax	collected	6,723	and the second se	and the second se	-	and the second second			C D.	n I III III			Current	tax	collected	16,659	16,704	16,487	22,657	21,905	19,827	, 1 or
	Total	current year		14,198 \$ 80	1	-									Total	current year	tax levy	7,077 \$											Total	current year	tax levy	18,141 \$	18,542	18,896	27,279	22,964	21,406 23 531	
			1	\$	Ξ	6	Ξ											\$		Ξ (	9	0										 		Ξ	(2)	Ξ		Ċ
		Fiscal	Year	2006	2008	2009	2010	2011	2012						;	Fiscal	Year	2006	2007	2008	6007	1102	2012	1101						Fiscal	Year	2006	2007	2008	2009	2010	2011	71.17

2012 2012 2012 2010 2012 2010 2012 2010 2012 2010 2012 2010 2010 2010 2010 due date October 31 as opposed to normal due date of October 15 (2) 2009 due date December 15 as opposed to normal due date of October 15

### FULTON COUNTY, GEORGIA

### Computation of Direct and Overlapping Debt

as of December 31, 2012

Name of governmental unit		Amount outstanding	Percentage applicable		Amount applicable
Direct debt:		<u> </u>			applicable
Fulton County Library bonds	\$	161,545,110	100		161,545,110
Fulton County School District		118,700,000	100		118,700,000
Municipalities:					,
Alpharetta		49,280,000	100		49,280,000
Atlanta (including School District)		215,320,000	97		211,013,600
Hapeville		9,730,000	100		9,730,000
Union City		50,840,000	100		50,840,000
Roswell		16,505,000	100		16,505,000
Total direct debt	-	621,920,110		-	617,613,710
Contractual obligations and					
overlapping contractual obligations:					
Building Authority of Fulton County	\$	14,777,990	100	%	14,777,990
Fulton County Urban Redevelopment Agency	•	28,736,000	100	70	28,736,000
College Park Business and Industrial		,	100		20,750,000
Development Authority		2,050,000	100		2,050,000
The Fulton-DeKalb Hospital Authority*:		, <del>, -</del>			2,000,000
Revenue Refunding Certificates					
Series 2012		136,990,000	100		136,990,000
City of Atlanta and Fulton County		, ,			100,770,000
Recreation Authority:					
Arena Series 2010		116,435,000	98		114,106,300
Zoo Series 2007		16,655,000	98		16,321,900
East Point Building Authority		70,280,000	100		70,280,000
Total overlapping debt	\$	385,923,990		-	383,262,190
Total direct and overlapping debt and contractual	-			-	, ,
obligations and overlapping contractual obligations	\$ =	1,007,844,100		=	1,000,875,900

\* Debt service is a contractual obligation for which the County has financial responsibility determined in part on the basis of its utilization percentage.

Schedule 1(

### FULTON COUNTY, GEORGIA Ratios of Outstanding Debt by Type Last Ten Fiscal Years (in thousands)

	Total	Per Canita	t of Cupius Teht (not in	thousands)	717 50	20 20	07.07	807.08	835.78	785 79	748 34	1 023 65	02.770	914.69
		Total Deht	Primary	Government	627 447	886 106	848 733	866,239	828 711	797.528	773 605	942,353	928 126	894,364
		Deht ner	estimated	connection	3 434	6 528	5 850	5 713	5,609	5.507	5 399	5.259	5 256	3,332
ities		Estimated	Water/Sewer	connections	91 323	91 823	101 001	101.840	102,000	102,000	102,000	102.500	102,500	158,850
Business-type activities		Total	Business-type	activities	313.569	599 436	590.872	581.774	572,067	561,712	550,672	539,008	538.775	529,240
Bu	Water &	Sewerage	Note	pavable	1.198	1,065	923	177	609	435	250	52		-
	Water &	Sewerage	Revenue	Bonds	312.371	598,371	589,949	581,003	571,458	561,277	550,422	538,956	538,775	529,240
		Per Capita	debt (not in	thousands)	712.59	978.26	907.94	897.98	835.28	785.79	748.34	1,023.65	977.39	914.69
		% of	Personal	Income	1.58%	2.07%	1.84%	1.74%	1.62%	1.47%	1.48%	1.85%	1.70%	1.51%
		Total	Governmental	activities	313,873	286,670	257,361	284,465	256,644	235,816	222,933	403,345	389,351	365,124
	Other	long-term	capital	leases	39,840	35,914	31,648	80,895	74,135	72,231	64,342	61,882	61,264	57,937
Governmental Activities	Fulton County	Urban	Redevelopment	Agency bonds								26,441	30,458	28,736
Govern		Facilities		bonds	136,190	131,547	126,688	121,597	116,254	110,639	118,678	117,788	110,436	102,128
		Building	Authority	bonds	102,370	95,132	84,644	72,545	61,674	51,186	39,913	27,765	21,629 ##	14,778
		General	Obligation	bonds	35,473	24,077	14,381	9,428	4,581	1,760	and the second se	169,469	165,564	161,545
			Fiscal	Year	2003 \$	2004	2005	2006	2007	2008	2009	2010	2011	2012

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements # Balance for 2011 Facility Corporation bonds was restated by \$988 in accordance with GASB Statement No.65

Sources: Personal Income and Population data from Schedule 15 - Demographic statistics

### FULTON COUNTY, GEORGIA Ratios of General Obligation Debt Outstanding Last Ten Fiscal Years (in thousands)

Fiscal Year	General Obligation bonds*	Less debt service funds	Net bonded debt	Assessed value for bond purposes	Percentage of actual taxable value	Net bonded debt per capita (not in thousands)
2002	\$ 41,469	29,927	11,542	36,474,277	0.03 %	
2003	35,473	30,443	5,030	38,902,270	0.01	5.71
2004	24,077	20,808	3,269	40,910,888	0.01	3.61
2005	14,381	13,086	1,295	42,496,898		1.39
2006	9,428	11,045		46,570,435		
2007	4,581	6,600		51,893,006	_	
2008	1,760	3,429	_	55,482,952	_	_
2009	—	_		55,717,671		
2010	169,469	_	169,469	53,981,561	0.31	184.09
2011	161,545	4,481	157,064	49,250,278	0.32	165.40

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements

### Sources:

Population data from Schedule 15 - Demographic statistics

### **FULTON COUNTY, GEORGIA** Schedule of Revenue Bond Coverage

Fulton County Water and Sewerage System Last Ten Fiscal Years

(in thousands)

Fiscal		Operating	Operating	Net				
Year		revenues*	expenses*	earnings	Principal	Interest	Total	Coverage
2003	\$	100,046	50,480	49,566	8,040	16,198	24,238	2.04
2004		123,676	56,703	66,973	8,655	30,163	38,818	1.73
2005		121,032	60,540	60,492	9,180	29,636	38,816	1.56
2006		122,378	63,288	59,090	9,740	29,077	38,817	1.52
2007	(1)	167,245	70,221	97,024	10,335	29,077	39,412	2.46
2008		110,949	66,929	44,020	10,965	27,851	38,816	1.13
2009		119,875	76,779	43,096	11,555	27,262	38,817	1.11
2010		121,562	75,381	46,181	12,160	26,654	38,814	1.19
2011		120,454	72,996	47,458	8,157	25,419	33,576	1.41
2012		116,843	70,148	46,695	5,655	24,909	30,564	1.53

\* As defined in the Fulton County, Georgia Water and Sewerage Bond Resolutions.

(1) 2007 includes one-time revenues of approximately \$32 million for sale of future wastewater treatment capacity to other municipalities.

### FULTON COUNTY, GEORGIA

Legal Debt Margin Information Last Ten Fiscal Years (in thousands)

Assessed value Less:	\$	51,993,021
Applicable property tax exemptions Assessed value for bond purposes	-	(2,742,743) 49,250,278
Debt limit 10% of assessed value		4,925,028
Less amounts of debt applicable to the limit: General Obligation debt outstanding less available debt service funds Total amount applicable to debt limit	-	161,545 (4,481) 157,064
Legal Debt Margin	\$_	4,767,964

	Debt Limit	Total net bonded debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a % of debt limit
2003	3,890,227	5,030	3,885,197	0.13%
2004	4,091,088	3,269	4,087,819	0.08%
2005	4,249,689	1,295	4,248,394	0.03%
2006	4,657,046		4,657,046	0.00%
2007	5,189,301		5,189,301	0.00%
2008	5,548,295		5,548,295	0.00%
2009	5,571,767		5,571,767	0.00%
2010	5,398,156	169,469	5,228,687	0.32%
2011	5,076,221	164,324	4,911,897	0.33%
2012	4,925,028	157,064	4,767,964	0.33%

### **FULTON COUNTY, GEORGIA** Demographic Information

Last Ten Fiscal Years

Fiscal Year	Fulton County Population	_	Per capita personal Income		Fulton County Personal Income (in thousands)		Unemployment Rate	t
2003	880,514	\$	45,202	\$	39,800,989		5.8	- %
2004	905,802		47,163		42,720,319		5.5	
2005	934,242		49,291		46,049,314		5.9	
2006	964,649		51,476		49,656,730		5.1	
2007	992,137		51,552		51,146,432		4.9	
2008	1,014,932		53,579		54,379,042		6.4	
2009	1,033,756		50,474		52,177,800		9.9	
2010	920,581		55,438		51,034,971		10.5	
2011	949,599		57,451		54,555,649		9.8	
2012	977,773		60,726	(1)	59,376,214	(1)	9.2	(2)

Population data from U.S. Census Bureau mid-year population estimates

Income data from U.S. Bureau of Economic Analysis

(1) 2012's estimate is based on national personal income totals from the 4rth quarter 2012 compared to 4rth quarter 2011 which shows a 5.7% increase

(2) Annual unemployment rates from the Georgia Department of Labor; 2012 is using the revised April 2012 rate.

### **FULTON COUNTY, GEORGIA** Principal Employers Current Year and Nine Years Ago

		Percentage of
	Employees*	County employment**
Ten major employers-within Atlanta Metro Statistical area	- 2008 (latest data a	vailable):
Delta Airlines	22,257	4.95%
AT&T	21,915	4.87%
Cox Enterprises	13,583	3.02%
Bellsouth Corp	15,500	3.45%
United Parcel Service	10,745	2.39%
United States Postal Service	14,000	3.11%
Fulton County School system	12,777	2.84%
Atlanta City Municipal Government	7,934	1.76%
Georgia Institute of Technology	7,342	1.63%
IBM Corporation	7,500	1.67%

\* From the Metro Atlanta Chamber of Commerce publication "Metro Atlanta Overview" these statistics could include employees working in other areas outside Fulton County.

Major employers of 2003 over 10,000: AT&T Technologies BellSouth Corporation Cobb County School System Dekalb County School System Delta Airlines Emory University and Hospitals Fulton County Schools Gwinnett County School System Wal-Mart Stores The Kroger Company Publix Supermarkets United Parcel Service United States Postal Service

\* From the Metro Atlanta Chamber of Commerce, these statistics categorized employers based on size and did not include specific employee counts

### FULTON COUNTY, GEORGIA Full-time County Employees by Function/Program Last Ten Fiscal Years (in thousands)

Fiscal	General					Emergency	Water &	All	Total
Year	Government	Police		Fire		Services (911)	Sewerage	Other	Government
2003	4,370	339		448		111	312	1,049	6,629
2004	4,348	339		448		111	321	1,041	6,608
2005	4,281	367		447		115	315	985	6,510
2006	4,368	298		345		114	326	931	6,382
2007	4,356	230	*	223	*	109	344	811	6,073
2008	4,561	198	*	186	*	109	345	816	6,215
2009	4,475	160		153		97	322	625	5,832
2010	4,249	154		142		74	302	537	5,458
2011	4,245	153		142		73	302	556	5,471
2012	4,108	155		136		58	292	534	5,283

Sources: Fulton County Budget Book

\* Does not include Police and Fire employees that provided contractual services to municipalities

# FULTON COUNTY, GEORGIA

### Operating Indicators by Function/Program Last Ten Fiscal Years

11 2012	4,167,728 3,732,312 - Jnavailable 1.303,099		:41 Unavailable 00 Unavailable		700,000 (est) 700,000 (est)	15.63 14.22 3.57 3.89 17.91 18.73 0.84 0.82	
2011	<u> </u>		96,341 6,500	D			
2010	4,007,431 - Unavailable	1,451*	$79,900_{(2)}$ 5,380	Unavailable	546,518	16.24 4.45 19.91 0.94	
2009	4,203,681 - Unavailable	1,027*	84,170 <sup>(2)</sup> 5,572	Unavailable	782,896	14.96 8.17 22.80 0.92	
2008	3,470,279 - 1,075,941	406,051	230,715 7,703	36	481,916	14.41 3.61 19.99 0.68	
2007	3,306,002 75,900 475,237	444,435	208,216 7,318		649,890	14.13 4.18 0.69	
2006	3,234,537 68,975	603,222	105,308 6,653	30	562,338	15.25 5.80 23.98 1.09	
2005	3,117,535 211,621	582,184	118,211 7,230	30	440,707	14.53 5.05 23.23 0.84	
2004	2,844,584 183,232	553,336	118,231 6,885	30	407,629	12.45 5.04 22.11 0.86	
2003	3,115,000 84,000	530,330	121,500 6,470	20	465,411	13.50 6.50 0.85 0.85	
	Atlanta/Fulton County Library Circulation-checked out New library cards issued Database inquiries (hits)	Human Services: Meals - Older Americans Act *No of people served	Health and Wellness: Total Nursing services visits Food service inspections	(2) clients receiving services Transportation: Roadway miles paved	911 Emergency Communications calls:	Water and Sewerage fund: Wastewater average flows in millions of gallons per day: Camp Creek John's Creek Big Creek Little River	*not available Source: Euriton County Dudget head

# FULTON COUNTY, GEORGIA

## Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Atlanta/Fulton County Library Branches, including main facility	33	34	34	34	34	34	34	34	34	34
Health and Wellness: Health centers	14	12	12	12	12	12	12	12	12	12
Jail and detention centers	б	Ω	m	ſ	б	ŝ	Ś	ς	т	ŝ
Fire Stations	21	21	21	19	15*	15*	15*	15*	15*	15*
Water and Sewerage fund: Wastewater treatment plants	4	4	4	4	4	4	4	4	4	4
Water treatment plant - (joint venture)	Ţ	-	-	1	-	1		1		-
County owned roadways (in miles)	1,794	1,794	1,794	1,386	736	556	684	684	684	684
*Three stations leased by municipalities										

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

### PJC GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners Fulton County, Georgia:

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Fulton County, Georgia ("the County"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2013. Other auditors audited the financial statements of the Fulton-Dekalb Hospital Authority, as described in our report on the County's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control such that there are a combination of deficiencies and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PJC Group, LLC

Atlanta, Georgia June 24, 2013