



*Fayette*  
COUNTY

"WHERE QUALITY  
IS A LIFESTYLE"

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# **FAYETTE COUNTY, GEORGIA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2013**



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# FAYETTE COUNTY, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

*Prepared by the  
Fayette County Finance Department*



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Comprehensive Annual Financial Report  
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"WHERE QUALITY  
IS A LIFESTYLE"

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December 16, 2013

Honorable Steve Brown, Chairman,  
Members of the Board of Commissioners,  
and the Citizens of Fayette County, Georgia

The Comprehensive Annual Financial Report (CAFR) of Fayette County, Georgia for the fiscal year ended June 30, 2013, is hereby submitted as mandated by both Local ordinances and State statutes. These ordinances and statutes require that Fayette County, Georgia issue a report on its financial position and activity on an annual basis, and this report is to be audited by an independent firm of certified public accountants.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, Fayette County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the County's financial statements in accordance with generally accepted accounting principles (GAAP). 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, account groups, and component units of Fayette County, Georgia. All disclosures necessary to enable the reader to gain an understanding of the County financial activities have been included.

Fayette County's financial statements have been audited by Nichols, Cauley & Associates, LLC, a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Fayette County, Georgia for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified (i.e., clean) opinion that the Fayette County, Georgia's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section and can be found on pages 20 through 22.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A section. Management's Discussion and Analysis is located in the Financial Section of this report and can be found immediately following the report of the independent auditors on pages 23 through 39.

#### OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this letter of transmittal; a list of Fayette County's principal officials, department directors and elected officials; an organizational chart; and maps of the local area to add some visual perspective. The Financial Section includes the management's discussion and analysis, basic financial statements, combining and individual funds financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

#### REPORTING ENTITY

The financial reporting entity (Fayette County, Georgia) includes all the funds of the primary government, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and included as part of the primary government. The Fayette County Public Facilities Authority (PFA) is included as a blended component unit.

Discretely presented component units are reported as a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from the primary government. The Fayette County Development Authority and the Fayette County Department of Public Health are reported as discretely presented component units.

The County provides a full range of services to its estimated 107,573 citizens. Some of the services which are available to at least a portion of those residents include police and fire protection; emergency medical services; court systems; library services; the construction and



maintenance of highways, streets and infrastructure; fleet maintenance; buildings and grounds maintenance; tax assessment and collection; planning and zoning; building permitting and inspections; recreational activities and cultural events; and inherent administrative support services.

The County also operates a potable water distribution system, a solid waste management system and a stormwater utility, which are shown as Enterprise Funds in this report. The Water System was established in 1965 and serves approximately 28,736 customers in the unincorporated areas of the County and through the County owned distribution systems in the City of Peachtree City and the Towns of Tyrone and Woolsey. And by contractual agreement, the County operates the system owned by the Town of Brooks. The Water System also wholesales water to the City of Fayetteville pursuant to a wholesale water contract which expires in 2034.

#### PROFILE OF THE GOVERNMENT

Fayette County, which was established in 1821, is a body corporate and politic organized and existing under the Constitution and the laws of the State of Georgia. Encompassing only about 199 square miles, it is one of the smaller counties in the State in terms of area. Fayette County is geographically located in the northwestern part of Georgia about 15 miles south of the city limits of Atlanta and is considered an integral part of the Metro Atlanta area.

The governing authority of Fayette County is a Board of Commissioners consisting of five elected members. The commissioners serve on a part-time basis and are elected to staggered terms of four years. While all five commissioners are elected at large, three must reside in the district designated for their particular post. At their first meeting each calendar year, the Commission Chairman and Vice-Chairman are selected by the Board.

In their policy making capacity, the Board of Commissioners is authorized to levy taxes; direct and control all property of the County; establish, alter, or abolish roads and bridges; fill vacancies in County offices unless others are empowered to do so; examine, settle and allow claims against the County; examine and audit the accounts of all officers having the care, management, keeping, collection, or disbursement of money belonging to the County; establish the cost of licenses; and make such rules and regulations as necessary for the protection and preservation of health, safety, welfare, and morals. The Board of Commissioners appoints the County Administrator who serves as the County's chief administrative officer. The County Administrator is responsible for the daily operations of all County functions in accordance with the policies of the Board of Commissioners.

## DISTINGUISHING ATTRIBUTES OF FAYETTE COUNTY

Fayette County is bordered on the north by Fulton County, on the east by Clayton County, on the south by Spalding County, and on the west by Coweta County. This immediate area located just south of Atlanta is often referred to as the Southern Crescent. Incorporated communities located within the County include Fayetteville, which is the County seat; Brooks; Peachtree City; Tyrone and Woolsey.

An important attribute of Fayette County is its location in relationship to major transportation modes and the availability of a number of cost-effective alternatives for moving people and goods in the immediate area. Commercial air service is available at Hartsfield-Jackson International Airport which is a major hub for the air transportation business and is located just north of the County. Falcon Field which is located on the western side of the County serves as a local public airport for light aircraft including small jets.

For those wishing to travel by vehicle, the County is strategically located in close proximity to five interstate highway systems, I-20, I-75, I-85, I-675 and I-285. In addition, several principal arterial roadways, such as State Highways 54, 74, 85, 92, 279 and 314, pass through the County. Citizens also have fairly easy access to the public transportation systems which serves the immediate Atlanta area.

Other transportation needs can also be easily accommodated. For any business that might have a need to move freight, there is direct railway service which is provided by CSX Railroad along the western portion of the County. For motor freight needs, there is access to eight national or regional terminals. In addition, Savannah, Georgia and Jacksonville, Florida serve as major deep-water seaports which can be easily reached by interstate highway in a matter of hours.

For a number of years, the County's official letterhead has contained the phrase, "Where Quality is a Lifestyle". The County is considered by many to be the "crown jewel" of Metro Atlanta's many fine communities and thus is the destination many residents have chosen as their retirement home. Being considered a relatively safe community is a critical "quality of life" attribute provided by our public safety efforts. For example, Fayette County's crime rate per thousand of population is 15.4 and to put that number in perspective, it is less than half the national average of 33.4. And the ISO rating that the County's Fire Department has attained for its service level results in our residents paying far less on their home insurance premiums.

The 2010 Census data indicates that the median age of the County's population is 42.4 years. However, further breakdown of the data reveals that 12.5% of our population is over 65 years of age which is much higher than the other Metro Counties. To help serve the medical needs of this older population, the Piedmont Fayette Hospital is a 157-bed state-of-the-art facility that opened in September of 1997 and provides a full range of health services.

Fayette County also boasts of having an excellent education system for the children that live in the community. According to the 2010 American Community Survey, 92.7 percent of the students completed high school in Fayette County compared to a State-wide average of 80.8 percent. And of those that received their high school diploma, 91% chose to continue their education. Data from the Georgia Public Education Report Card for 2010-2011 shows that the average Scholastic Aptitude Test (SAT) scores for Fayette County students was 1,550 and compares quite favorably to the State average of 1,431 and the National average of 1,483.

## ECONOMIC CONDITIONS

**Environmental Scan:** The local economic conditions and operating environment for Fayette County, Georgia are often times directly or indirectly impacted by not only what is occurring in the United States but also globally. Thus, performing an environmental scan can certainly be helpful in establishing the proper perspective for any economic analysis on the local level. Some of the more important economic metrics in regards to financial activity in the third quarter of calendar year 2013 are highlighted in the following bullet points:

- Real gross domestic product (GDP) increased 3.6 percent in the third quarter of 2013 after increasing 2.5 percent in the second quarter;
- Consumer spending on goods increased during the second and third quarters reflecting a continued upturn in durable goods and motor vehicles;
- Residential housing investment continued to climb as sales of new and existing single-family structures increased;
- Business investment remains cautious due to uncertainty about Federal government activity; and
- Modest growth in exports seems to indicate an increase in global economic momentum.

**Local Economy:** Fayette County is strategically located just south of Atlanta in close proximity to three interstate highways, I-75, I-85 and I-285. It is just a short commute to the City of Atlanta, which is considered the Business Capital of the New South. And Hartsfield-Jackson International Airport, the World's busiest and one of the more significant economic engines for the south side of Atlanta, is located just north of the County.

Fayette County continues to benefit economically by being an integral part of one of the historically top growth areas in the United States. The Metropolitan Atlanta region represents one of the nation's primary transportation and distribution centers as well as being a major financial and consumer services leader. Georgia's geographically central location for domestic distribution, excellent surface transportation system, telecommunications infrastructure and proximity to major consumer markets make the State an excellent base for air cargo operations.

Again, in performing a more localized environmental scan, Fayette County has an outstanding labor force, abundant higher education opportunities, a favorable business climate, a wide

range of leisure opportunities and high quality housing. Each of these factors continues to make Fayette County an attractive place to live, work and play.

According to the U.S. Census Bureau's 2010 American Community Survey 5-year estimate, 62.1 percent of the labor force in Fayette County had at least some college training. Another 24.9 percent were either high school graduates or had obtained their GED. Based on those education numbers, it can be said that Fayette County's labor force is a highly skilled one.

Numbers for 2011 as published by the U S Census Bureau for County-to-County Worker Flow Files indicate that there were 49,208 employed residents in Fayette County. Of that number, 12,607 or about 25.6 percent worked at jobs located in the County. Conversely, that means that 74.4 percent commuted outside the County for employment. The two most frequent destinations for Fayette County's work force were Fulton and Clayton Counties at 22.3% and 17.1% respectively. Those percentages are no real surprise given that the airport is located mainly in Clayton County and the Central Business District (i.e., Downtown Atlanta) is located in Fulton County.

Statistics from the Georgia Department of Labor indicate that in 2012, there was an average of 3,451 industries located in Fayette County that produced 38,038 jobs. Of that total, 468 industries were labeled as "Goods Producing" and accounted for 4,916 jobs or 12.9 percent of the total. By far, the largest component was the "Service Providing" industries. That segment totaled 2,678 firms and represented 27,699 jobs or 72.8 percent of the total. Based on those numbers, it can also be said that Fayette County has a fairly broad industry mix and its economic well-being is not dependent on the success of any one employer or industry.

In looking at the effects of previous recessions, Atlanta and the Metro region have been able to weather them with comparative ease. In the past, the Atlanta business community has benefited from several strengths of the region which include having a diverse economic base; experiencing strong in-migration and population growth; serving as a transportation, distribution and cultural center; and offering a business-friendly environment. However, this latest downturn has hit hard, and the city and the surrounding counties have felt the full effects. Marked by significant job losses, a significant drop in tax collections and an upward trend in foreclosures, the Georgia economy struggled to find the necessary momentum for a full economic recovery. Finally, it appears that gradual recovery is forthcoming.

Forecasts predict favorable changes in economic indicators such as GDP, job growth and home starts. Numbers of foreclosures and distress sales have declined while construction permit activity has increased. Additionally, Pinewood Studios and Calpis America have announced new locations within Fayette County. The United Kingdom's Pinewood Studios has begun construction on Phase I for a full service film and entertainment studio complex, comprised of five sound stages on 288 acres and is scheduled for production in January, 2014. Along with additional production offices, workshops and service providers this complex will total 400,000 square feet. This new studio will target US productions. Phases II & III will add 600,000 square feet of stages, 70 acres of additional offices, warehouse and service providers space as well as

an educational component encompassing up to 74 acres. An independent economic study based on GA Tech's economic model estimates 3,400 jobs with a total impact of \$378m per year.

Calpis America has broken ground on a \$20m manufacturing and US headquarter facility. Calpis Co., Ltd is headquartered in Tokyo and is a manufacture of a cultured milk drink named "CALPIS" used in the livestock industry. The site will cover 12 acres and create 42 new jobs in its first year of operations slated to begin April, 2014.

The economic outlook for Fayette County remains stable as a result of cost cutting initiatives and direction by new leadership to eliminate deficit budgeting. This proactive approach has positioned the County to be able to face the current economic climate and maintain a strong financial position. Property values have stabilized somewhat resulting in a decrease in the 2013 tax digest of less than one percent. One of the benefits of having a skilled work force is that the unemployment rate continues to remain lower than the state and national averages. For October 2013, the rate for Fayette County was 7.0 percent compared to the State average of 8.0 percent and the national average of 7.0 percent.

And the local economy is showing some other signs of renewed economic growth. For example, revenue collections from the local option sales tax increased by \$131,000 or 1.3 percent for the 2013 fiscal year. The upscale retail centers located in Fayette County remain a shopping destination for many residents of the surrounding counties.

The quality and quantity of services provided by the County to its residents are second to none. In Fayette County, one will find one of the highest ranked school systems in Georgia, the lowest crime rate in the Metro-Atlanta area, and an efficient County government with one of the lowest millage rates and service costs per capita in the State. Each of these quality of life factors combine to make the County an extremely attractive place in which to reside.

**Economic Forecast:** Based on the economic information that is currently available, one can make certain projections about the economic conditions that Fayette County will face during its next operating cycle. The more relevant highlights from the economic forecast prepared by the University of Georgia's Selig Center for Economic Growth include the following projections:

- Georgia's unemployment rate will average 8% in 2014, 0.5 % lower than 2013;
- In 2014, the Atlanta metro area will add 57,800 jobs;
- Single family home starts will rise by 36%; and
- Nominal personal income in Georgia will rise by 5% in 2014.

## MAJOR INITIATIVES

Fayette County's road system will continue to benefit from revenue provided by the Special Purpose Local Option Sales Tax (SPLOST). The construction of new roads and improvements to existing ones are necessary to ensure the attractiveness of the County going forward as new

residents move to the area. During the past fiscal year, construction activities have continued on the West Fayetteville By-Pass and a number of intersection improvements have been made. As noted earlier, a large percentage of our residents are employed in other counties so a good road system is needed to make the daily commute easier for them. An effective road system is also needed to move those goods being manufactured by our local industries and to attract new businesses. It is important to our business community to make travel pleasant as possible for those that want to work and shop in the County. Additionally, Fayette County is participating in the Local Maintenance & Improvement Grant (LMIG) program that helps local governments make needed improvements to local and state roads. The grant requires a match of approximately 30 percent from the County. For FY 2013, \$549,000 was awarded to the County in grant money.

On January 1, 2012, the County created a new Stormwater Utility instituting a new stormwater fee as a means of funding the cost of maintenance and repairs of all stormwater structures. During FY 2013, the Board of Commissioners scheduled town hall meetings to hear concerns and receive feedback on alternative solutions to the stormwater fee from the citizens of Fayette County. As a result of citizen comment in these meetings, the Board of Commissioners called for a SPLOST initiative as a source of funding the necessary repairs of the failing stormwater infrastructure. The SPLOST initiative was defeated by the Fayette citizens and Management is continuing to assess alternative funding sources.

Fayette County continues to strategically position itself for future growth and the maintenance of the current quality of life of our citizens. With the population of the Metropolitan Atlanta Statistical Area approaching 5.5 million, the availability of potable water is becoming one of the most important attributes affecting growth patterns in the future. Where businesses decide to locate in the future could be determined by the availability of this precious resource. With the completion of the construction of Lake McIntosh, which is a 650-acre raw water reservoir located on Line Creek which borders Fayette and Coweta Counties, total raw water reserves should be sufficient to meet our customers' potable water needs for years to come.

#### LONG-TERM FINANCIAL PLANNING

The financial position of the County has continued to be sound over the past year, with actual operating results better than projected. This is due in part to careful budget management and expenditure of funds and the careful management of our utility billing rates. The finalization of the intergovernmental agreement between Peachtree City, City of Fayetteville, Town of Tyrone, Town of Brooks, and Fayette County; for the distribution of Local Option Sales Tax (LOST) proceeds establishes how the LOST proceeds are to be distributed for the years 2013 through 2022. This agreement of how local option sales tax proceeds will be allocated has enabled the County to reduce the dependence on ad valorem taxes to support the General Fund.

Moody's Investors Service maintained its underlying rating on Fayette County, Georgia's various-purpose GO bonds at "Aa1" based on the maintenance of the County's strong financial position and reserve levels and low debt burden. There are only eight other Georgia counties

with an equal or higher general obligation bond rating from Moody's. The "positive outlook" associated with the rating signals to investors of a future consideration to 'Aaa' status, the highest bond rating assigned by the Agency. This rating is a clear testament that the County continues to demonstrate sound financial performance despite a tough economic climate.

As is the case with most local governmental entities, the majority of services provided by Fayette County are funded through an ad valorem tax levied against real and personal property. In the past, the fair market value of real property had served as an excellent basis for funding governmental services since it had proven to be extremely stable and reliable.

When the housing bubble burst in 2008, it had a significant adverse impact on the fair market value of real property. With many people losing their jobs during this recession, they also lost their homes to foreclosure or were forced to sell at depressed market prices. And as the fair market value of homes declined during this period, the tax digest that supported governmental services decreased correspondingly. The assessed values for the 2012 tax digest (which funded the FY 2013 budget) decreased by \$488,291,304 or 10.2%. This was the third straight year of decreasing tax digest. As a sign that the worst is behind us and that property values should start to slowly increase, the 2013 tax digest increased a modest \$20,639,070 or 0.5%.

In recent years, to fund operations of the County, fund balance has been extensively used to cover the excess of expenditures over revenues. During FY 2013, the Board of Commissioners provided staff with direction to discontinue deficit budgeting and propose reductions that would not impact service delivery while maintaining no increase in property taxes. The FY 2014 budget, adopted June 27, 2013, meets all of these expectations and is the first step in a long-term commitment to fiscal conservatism and efficiency. As the economy improves and the tax base increases, Fayette County will start building up its cash reserves and will determine which additional services are needed in order to maintain an outstanding level of customer service to its citizens.

The Capital Improvement Program (CIP) plan was updated reflecting a focus on establishing critical needs for the upcoming five-year period. During FY 2013, county departments were assigned the task of identifying funding available from current projects that could be used to fund both the 5-year CIP plan and future capital projects. As an example, the Recreation department received approval for seven projects in FY 2014 to be fully funded from monies available from previously approved projects. As a result, in the FY 2014 adopted budget, only \$97,000 from the General Fund and \$37,225 from the Fire Services Fund is projected to be used to fund projects. Additionally, available funds from projects that were completed or determined to not be a priority was re-appropriated and designated as Contingency projects funds to be used for additional projects approved during the fiscal year. A proactive approach will be taken to determine as soon as possible which projects have been completed and to move any available funds to keep replenishing the Contingency projects account.

## CASH MANAGEMENT POLICIES AND PRACTICES

Cash temporarily idle during the year was invested in accordance with allowable investments per Georgia law. The County earned net interest income of \$169,799 on all investments of the Governmental and Proprietary Fund-Types for the year ended June 30, 2013. Because of the associated restrictions, a portion of these earnings is shown as “program revenues” on the Government-Wide Statements.

The County’s investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are required to be either insured by federal depository insurance or collateralized. At June 30, 2013, all of the County’s depositories provided sufficient and/or proper collateralization of the County’s deposits. All other collateral on deposits was held either by the County, its agent, or a financial institution’s trust department in the County’s name.

## RECENT AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fayette County for its comprehensive annual financial report (CAFR) for the year ended June 30, 2012. The County has received this award for each of the last twenty years. In order to be awarded a Certificate of Achievement, Fayette County published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, Fayette County also received the GFOA’s Award for Distinguished Budget Presentation for its annual appropriated budget for fiscal year 2013. This represents the sixteenth consecutive year that the County has received this particular award. In order to qualify for the award, the County’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

## ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the various County departments and officials, and in particular, the staff of the Finance Department. Our sincere appreciation is extended to each individual for the contributions made in the preparation of this report.



We would also like to thank the Chairman and members of the Board of Commissioners for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner and through whose efforts we have made substantial progress in responding to the extraordinary demands placed upon our community. We believe that the accomplishments that have been identified in this transmittal letter and the accompanying MD&A section clearly indicate that the Board of Commissioners has effectively and efficiently planned and managed the resources that were entrusted to them by the Citizens of the County.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Steve A. Rapson", with a long horizontal flourish extending to the right.

Steve A. Rapson  
County Administrator

A handwritten signature in blue ink, appearing to read "Mary S. Parrott", written in a cursive style.

Mary S. Parrott  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Fayette County**  
**Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

**Fayette County, Georgia  
List of Principal Officials  
June 30, 2013**

*Elected County Officers*

Board of Commissioners:

Post 4, Chairman.....Steve Brown  
Post 1, Vice Chairman..... Charles Oddo  
Post 2 .....David Barlow  
Post 3 ..... Randy Ognio  
Post 5 ..... Allen McCarty

Clerk of Courts.....Sheila Studdard  
Probate Court Judge ..... Ann Jackson  
Sheriff..... Barry Babb  
Tax Commissioner ..... George Wingo  
Superior Court Chief Judge.....Christopher C. Edwards

*Principal Officials*

County Administrator.....Steven A. Rapson, CPA  
Interim County Attorney ..... Dennis Davenport  
Chief Financial Officer ..... Mary S. Parrott, CPA  
County Purchasing Agent ..... Ted Burgess  
County Clerk..... Floyd Jones  
Community Development..... Pete Frisina  
E911 Communications Center.....Cheryl Rogers  
Emergency Management.....Pete Nelms  
Fire & Emergency Medical Services ..... Chief David Scarbrough  
Human Resources ..... Lewis Patterson  
Chief Information Officer .....Phillip Frieder  
Library ..... Chris Snell  
Parks and Recreation .....Anita Godbee  
Public Works .....Phil Mallon  
Tax Assessor.....Joel T. Benton  
Water System..... Lee Pope

*Special Services Providers*

Auditors.....Nichols, Cauley & Associates, LLC  
Bond and Disclosure Counsel.....McKenna Long & Aldridge LLP  
Bond Underwriters..... Merchant Capital  
Consulting Engineers..... CH2MHill

**Fayette County, Georgia  
Board of Commissioners  
Fiscal Year Ended June 30, 2013**

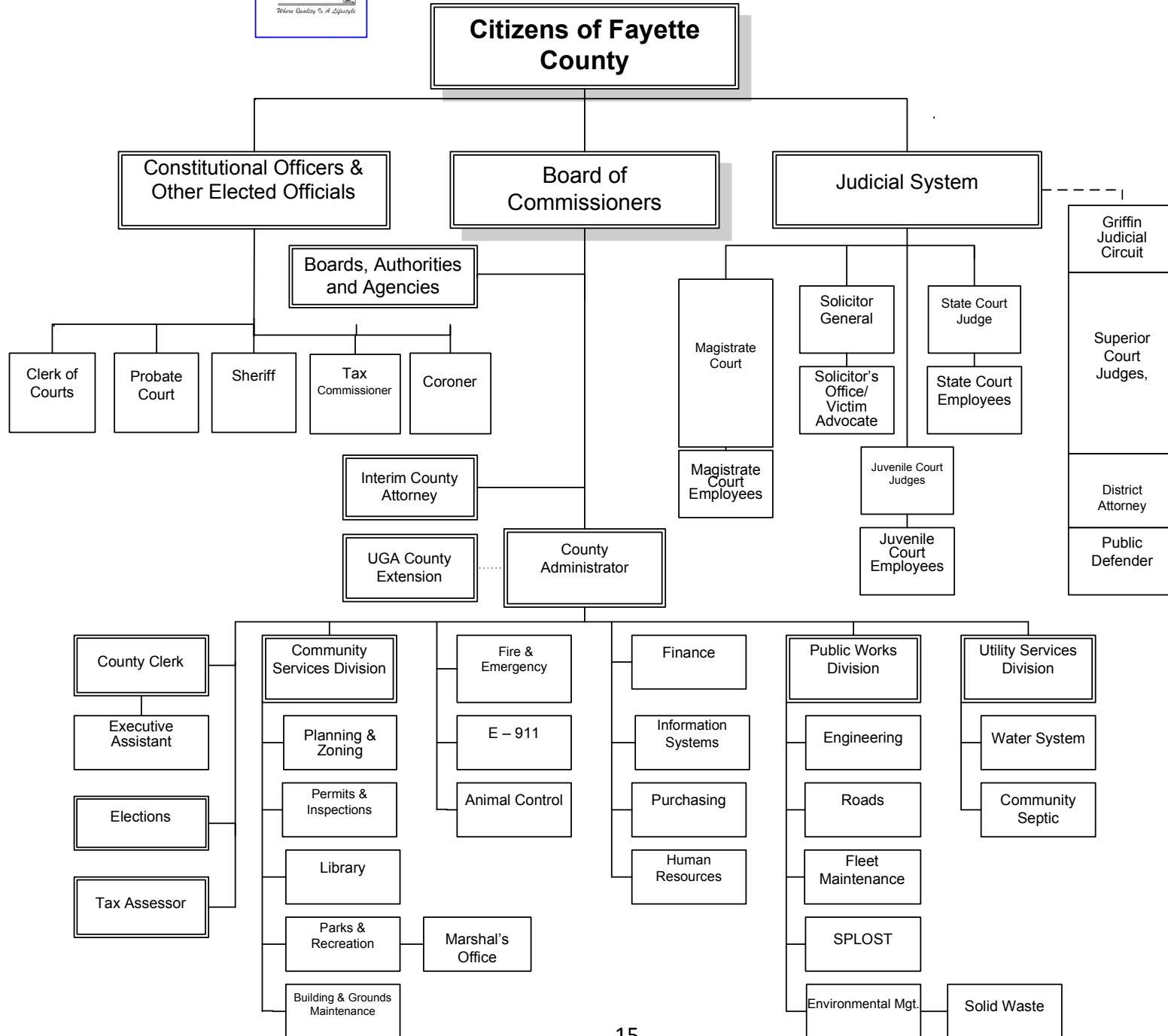


left to right: Steve Brown, David Barlow, Charles Oddo, Allen McCarty, Randy Ognio

**County Commission Mailing Address:**  
140 Stonewall Avenue West  
Suite 100  
Fayetteville, Georgia 30214  
Phone: 770.305.5200  
Fax: 770.305.5210



# Fayette County, Georgia 2013 Organizational Chart



**Fayette County, Georgia  
Service Delivery Principles  
Fiscal Year Ended June 30, 2013**

**RESOLUTION 2013-01**

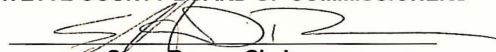
**RESOLUTION OF THE FAYETTE COUNTY COMMISSIONERS  
PLEDGE TO CITIZENS AND COUNTY STAFF ON CORE VALUES AND BELIEFS**


- WHEREAS,** upon the inauguration of the 2013 Fayette County Board of Commissioners, the five commissioners desire to affirm their core values and beliefs to our constituents and county staff; and
- WHEREAS,** the Board of Commissioners acknowledges they were placed in office by the voters of Fayette County and are responsible for conducting the official business of those citizens, looking out for their best interests; and
- WHEREAS,** the Board is determined to give the citizenry ample opportunity to voice their comments and concerns in all meetings; and
- WHEREAS,** the Board respects each individual staff member and believes that members who are treated with respect and given responsibility respond by giving their best; and
- WHEREAS,** although there may not be unanimous consent on every issue, the Board requires complete honesty and integrity in everything we do while valuing everyone's opinion; and
- WHEREAS,** the Board will take its commitments very seriously, and then do its utmost to live up to them, acknowledging the importance of doing what we say we are going to do; and
- WHEREAS,** the Board recognizes that the work performed by each staff member is an important part of their life, and it should be fulfilling and rewarding, so we encourage an open and welcoming workplace; and
- WHEREAS,** the Board vows to be good stewards of the citizen's resources, exercising the same vigilance that we would use to guard and conserve our own personal resources; and
- WHEREAS,** the Board insists that each commissioner and each staff member always give their best effort in everything we undertake, refusing to accept sloppiness or lack of effort; and
- WHEREAS,** the entire Board, each department director and each individual in our organization is expected to understand our mission and our goals realizing that doing so it is extremely critical to our success; and
- WHEREAS,** the Board believes in the Golden Rule, and we will strive to be friendly, courteous, fair and compassionate in all our dealings; and
- WHEREAS,** the Board and our staff members should always feel a sense of urgency on any matters related to our citizens, owning problems and always being responsive

**NOW, THEREFORE, BE IT RESOLVED** that we, the Board of Commissioners of Fayette County, Georgia do hereby pledge our acceptance of these core values and beliefs in the service of our citizens.

So resolved the 2nd day of January 2013 by the

**FAYETTE COUNTY BOARD OF COMMISSIONERS**

  
Steve Brown, Chairman

  
Charles Oddo, Vice Chairman

  
Allen McCarty, Commissioner

  
David Barlow, Commissioner

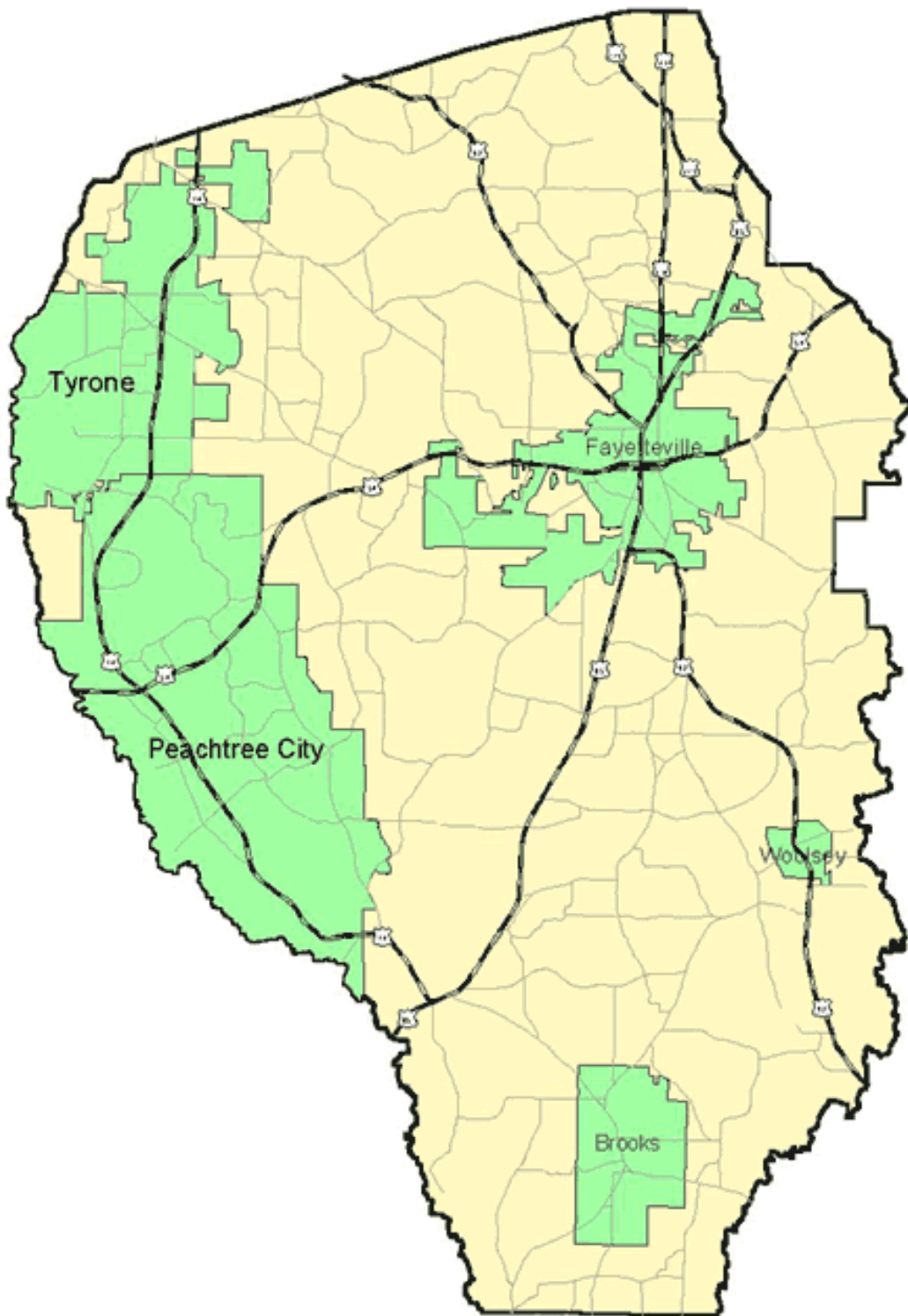
  
Randy Ognio, Commissioner

Fayette County, Georgia  
Map of Metropolitan Atlanta Area  
Fiscal Year Ended June 30, 2012



*Fayette County*

Fayette County, Georgia  
Jurisdiction and Road Map of Fayette County  
Fiscal Year Ended June 30, 2012







*Fayette*  
COUNTY

“WHERE QUALITY  
IS A LIFESTYLE”

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## **FINANCIAL SECTION**

This Section Contains the Following Subsections:

INDEPENDENT AUDITOR’S REPORT

MANAGEMENT’S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES

INTERNAL SERVICE FUNDS

FIDUCIARY FUNDS



## NICHOLS, CAULEY & ASSOCIATES, LLC

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Certified Valuation Analysts

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2800 Century Pkwy, Suite 900  
Atlanta, Georgia 30345  
404-214-1301  
FAX 404-214-1302

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### INDEPENDENT AUDITOR'S REPORT

Fayette County Board of Commissioners  
Fayette County, Georgia  
Fayetteville, 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 units, each major fund, and the aggregate remaining fund information of the Fayette County, Georgia, (the County), as of June 30, 2013, and for the year then ended, 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***

The County's 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 controls relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to error or fraud.

#### ***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 Fayette County Department of Public Health and the Fayette County Development Authority, the discretely presented component units of the County. Those financial statements, were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fayette County Department of Public Health and the Fayette County Development Authority 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 of material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the 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 units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and the Schedule of Funding Progress on pages 23–39 and 96–101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Projects Constructed with Special Local Option Sales Tax (as required by Section 48-8-121 of the Official Code of Georgia annotated) and other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the Schedule of Projects Constructed with Special Local Option Sales Tax (as required by Section 48-8-121 of the Official Code of Georgia annotated) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and the Schedule of Projects Constructed with Special Local Option Sales Tax (as required by Section 48-8-121 of the Official Code of Georgia annotated) are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 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.

*Richels, Cauley + Associates, LLC*

Atlanta, Georgia

December 16, 2013 except as to Note III. C., which is as of March 26, 2014.

**Fayette County, Georgia**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2013**

As management of Fayette County, Georgia, we offer the readers of Fayette County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013. The primary purpose of the ensuing discussion and analysis is to provide our Board of Commissioners, our customers, our taxpayers, our bondholders, the bond rating agencies and the other various users of our Comprehensive Annual Financial Report (CAFR) with additional insight into the financial performance of the County and to help place the operational information contained in the basic financial statements in its proper context. We encourage readers to consider the information presented here in conjunction with additional information we have included in our letter of transmittal, which can be found on pages 1 through 11 in the Introductory Section of this report.

<b>Financial Highlights</b>
-----------------------------

- The *Assets* of Fayette County, Georgia exceeded its *Liabilities* at June 30, 2013 by \$257,045,720 (*Net Position*). Of this amount, \$46,398,957 (*Unrestricted Net Position*) can be used to meet the County's ongoing obligations to its citizens and creditors.
- The County's *Total Net Position* at June 30, 2013 decreased by \$9,223,785 or about 3.5% compared to the restated previous year's balance. The main driver for this decrease in *Total Net Position* was implementation of the early retirement incentive program (ERIP) and its one-time financial impact, adjustments for employee medical coverage and the impact on operating revenues of the poor economic conditions resulting in the need to appropriate fund balance to cover the revenue shortage to fund governmental operating costs.
- At the close of the current fiscal year, the County's Governmental Funds reported combined ending fund balances of \$89,714,775. This amount represented a decrease of \$13,684,930 from the prior year and was principally attributable to expenditures in the SPLOST Road Capital Projects Funds and the shortfall in revenues and one-time expenditures in the Governmental Funds.
- At the end of the current fiscal year, the Unassigned Fund Balance for the General Fund was \$6,893,001. This amount represented about 14.7% of the total of Expenditures and Operating Transfers Out for the 2013 fiscal year. The Unassigned Fund Balance would be sufficient to cover about one and three fourths months' of operations if needed.
- Fayette County's total long-term debt decreased by about \$5.9 million for the fiscal year. The decrease comprises of a refunding of the Water System's Series 2002 bond in the amount of \$18,645,000 netted with the issuance of \$15,590,000 in water revenue bonds which was partially offset by the scheduled annual debt service payments on revenue bonds and capital leases, and the scheduled redemption of \$459,000 in Certificates of Participation.

## 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 are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other information that is considered supplementary to the Basic Financial Statements themselves.

### Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of Fayette County's finances, in a manner similar to those of a private sector business. There are two *Government-Wide Financial Statements* and they are commonly referred to as the "*Statement of Net Position*" and the "*Statement of Activities*". These statements use accounting methods similar to those used by private-sector companies.

The *Statement of Net Position* presents information on all of the County's assets and liabilities, with the difference between the two being reported as *Net Position*. Basically, the statement is intended to provide financial information about the County's overall financial status that is considered to be both from a long-term and short-term perspective. And over time, increases or decreases in the *Net Position* amount may serve as an 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years (e.g., uncollected taxes, earned but unused vacation leave). Additionally, this statement shows how much of the County's activities or functions are funded by program revenues (i.e., charges for services, grants and contributions) and how much of the County's functions rely on general revenues (primarily taxes) for funding.

Both of the *Government-Wide Financial Statements* distinguish services or functions of Fayette County that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other services or 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 *General Government; Judicial System; Public Safety; Public Works; Health and Welfare; Culture and Recreation; and Housing and Development*. And because the Internal Service Funds primarily provide services to the *Governmental Activities*, their financial activity is included in this component. The *Business-Type Activities* of Fayette County include the Water System, Solid Waste and the Stormwater Utility Funds.

The *Government-Wide Financial Statements* include not only Fayette County itself (which is referred to as the *Primary Government*), but also legally separate entities for which the County is financially accountable (referred to as *Component Units*). The County's two *Component Units* are the Fayette

County Development Authority and the Fayette County Department of Public Health. These are legally separate entities that are considered component units due to the significance of their operational or financial relationships with the County. Financial information for these *Component Units* is reported separately from the financial information presented for the *Primary Government* itself. The Fayette County Public Facilities Authority, although also legally separate, functions for all practical purposes as a revenue bond debt financing conduit for the County and therefore has been included as an integral part of the *Primary Government*.

The *Government-Wide Financial Statements* can be found on pages 41 and 42 of this report.

**Fund Financial Statements.** Traditional users of governmental financial statements will find the *Fund Financial Statements* presentation more familiar. 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. Fayette County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the various funds maintained by Fayette County can be divided into three separate categories: **Governmental Funds, Proprietary Funds and Fiduciary Funds.**

**Governmental 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 events that produce near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful to the reader 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 comparing functions between the two sets of statements for *Governmental Funds* and *Governmental Activities*, readers may better understand the long-term impact of the government's near-term financing decisions. The *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances* both provide a reconciliation to help facilitate this comparison between *Governmental Funds* and *Governmental Activities*.

Fayette County maintains numerous individual governmental funds that are combined into fifteen (15) different funds for reporting purposes. Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances* for those considered to be major funds. Based on the criteria set forth in the accounting standards, the major funds were determined to be the following: the General Fund, the Fire Services Tax District Special Revenue Fund, the Emergency Medical Services Tax District Special Revenue Fund and the County-Wide Roads SPLOST Capital Projects Fund. Financial information for the remaining non-major Governmental Funds is aggregated and reported in a single column labeled "Other Governmental Funds". Individual fund data for each of these non-major Governmental Funds is provided in the form of combining statements in the "Combining and Individual Fund Statements and Schedules" section appearing elsewhere in this report.

Fayette County adopts an annual appropriations budget for the General Fund and each of the Special Revenue Funds. A budgetary comparison statement is provided for each of these funds in order to present budgetary compliance. Project length financial plans are adopted for the Capital Project Funds.

The basic Governmental Fund Financial Statements can be found on pages 43 through 46 of this report.

**Proprietary Funds.** Fayette County maintains two different types of proprietary funds (i.e., enterprise funds and internal service funds). *Proprietary Funds* are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting.

*Enterprise Funds* are used to report the same functions presented as *Business-Type Activities* in the *Government-Wide Financial Statements*. Fayette County uses *Enterprise Funds* to account for the operations of its Water System, Solid Waste and Stormwater Utility Funds. The cost (expenses, including depreciation) of providing each of these services to the general public is recovered in whole or in part through user charges.

*Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Fayette County uses *Internal Service Funds* to account for certain employee benefit risk financing functions and for the replacement of vehicles and equipment. The *Internal Service Funds* used by the County are the Workers' Compensation Self-Insurance Fund, the Major Medical Self-Insurance Fund, the Dental and Vision Self-Insurance Fund, and the Vehicle Replacement Fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *Governmental Activities* in the *Government-Wide Financial Statements*.

The *Proprietary Fund Statements* provide the same type of financial information as the *Government-Wide Financial Statements*, only in more detail. Since there are only three *Enterprise Funds*, each of them is presented on the face of the *Proprietary Funds Financial Statements*. Again based on the criteria established in the accounting standards, the Water System is the only one considered to be a major fund of the County with the other two being identified as non-major funds in the headers of those financial statements.

Conversely, all four of the *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 Funds Financial Statements* can be found on pages 47 through 51 of this report.

**Fiduciary Funds.** *Fiduciary Funds* are used to account for resources held for the benefit of parties principally outside the government. *Fiduciary Funds* are **not** reflected in the Government-Wide Financial Statements because the resources of those 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 basic *Fiduciary Funds Financial Statement* can be found on page 52 of this report.



**Notes to the Financial Statements.** The *Notes to the Financial Statements* 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* can be found on pages 54 through 94 of this report.

**Other Information.** In addition to the *Basic Financial Statements* and accompanying *Notes*, this report also presents certain **Required Supplementary Information** concerning the County's progress in funding its obligations to provide pension and other postemployment benefits to its employees. *Required Supplementary Information* can be found on pages 96 through 101 of this report.

The combining statements referred to earlier in connect with *Nonmajor Governmental Funds* and *Internal Service Funds* are presented immediately following the Required Supplementary Information on pensions and other postemployment benefits. Combining and individual fund statements and schedules can be found on pages 104 through 131 of this report.

Additional information about the County, which may be of interest to the reader, is found in the Statistical Section of this report.

<b>Government-Wide Financial Analysis</b>
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During 2013, the County recorded prior period adjustments to record the implementation of new GASB standards, to better reflect the recording of water system infrastructure assets, and to change the County's accounting policies related to prepaid expenses in governmental funds. See Note IV. F. and Note IV. G. which can be found on pages 90 through 92 of this report for more details related to these adjustments. These adjustments have been reflected in the prior year balances in this discussion and analysis.

**Analysis of Net Position**

As noted earlier, *Net Position* may serve over time as a useful indicator of a government's financial position. In the case of Fayette County, *Assets* exceeded *Liabilities* by \$257,045,720 at the close of the most recent fiscal year. The condensed financial information for Fayette County, Georgia's Net Position as of June 30, 2013 and 2012 is presented in the following table.

<b>FAYETTE COUNTY, GEORGIA'S NET POSITION</b>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>
Current and Other Assets	<b>\$102,132,518</b>	\$116,676,133	<b>\$ 28,429,223</b>	\$ 34,266,623	<b>\$130,561,742</b>	\$150,942,756
Capital Assets (Net)	<b><u>119,443,150</u></b>	<u>118,881,927</u>	<b><u>112,783,665</u></b>	<u>111,561,142</u>	<b><u>232,226,815</u></b>	<u>230,443,069</u>
Total Assets	<b><u>\$221,575,668</u></b>	<u>\$235,558,060</u>	<b><u>\$141,212,889</u></b>	<u>\$145,827,765</u>	<b><u>\$362,788,557</u></b>	<u>\$381,385,825</u>
Long-Term Liabilities Outstanding	<b>\$39,155,814</b>	\$41,009,559	<b>\$54,934,217</b>	\$57,856,815	<b>\$ 94,090,031</b>	\$ 98,866,374
Other Liabilities	<b><u>5,733,139</u></b>	<u>8,515,864</u>	<b><u>5,919,667</u></b>	<u>7,734,082</u>	<b><u>11,652,806</u></b>	<u>16,249,946</u>
Total Liabilities	<b><u>\$44,888,953</u></b>	<u>\$49,525,423</u>	<b><u>\$60,853,884</u></b>	<u>\$65,590,897</u>	<b><u>\$105,742,837</u></b>	<u>\$115,116,320</u>
Net Invested in Capital Assets	<b>\$ 82,924,362</b>	\$ 80,352,869	<b>\$62,729,861</b>	\$62,804,078	<b>\$145,654,223</b>	\$143,156,947
Restricted	<b>50,612,241</b>	59,847,388	<b>14,380,299</b>	13,655,049	<b>64,992,540</b>	73,502,437
Unrestricted	<b><u>43,150,112</u></b>	<u>45,832,380</u>	<b><u>3,248,845</u></b>	<u>3,777,741</u>	<b><u>46,398,957</u></b>	<u>49,610,121</u>
Total Net Position	<b><u>\$176,686,715</u></b>	<u>\$186,032,637</u>	<b><u>\$80,359,005</u></b>	<u>\$80,236,868</u>	<b><u>\$257,045,720</u></b>	<u>\$266,269,505</u>

As indicated by the tabular information above, the largest portion of the County's *Net Position* (i.e., 57 % of the total) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt still outstanding that was used to acquire those assets. Fayette 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 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 the liabilities that are associated with them.

Further analysis of the information used to calculate this component of *Net Position* also demonstrates the capital intensive nature of operating a county government. The \$232,226,815 in *Capital Assets* (net of accumulated depreciation) that are owned by the County represents 64.0 percent of its *Total Assets*. As part of its on-going operations, these capital assets have to be maintained, insured for any associated risks and replaced at the end of their useful lives.

In reviewing the other components of the County's *Net Position*, *Restricted Net Position* was \$64,992,540 which translates into 25.3 percent of the total. *Restricted Net Position* represent resources subject to external restriction on how they may be used. For the *Governmental Activities*, the balance of \$50,612,241 primarily represents the unencumbered assets of the Special Revenue Funds that are restricted to specific purposes or programs due to their sources of funding, the proceeds from the certificates of participation that are restricted to debt service, and the two SPLOST Capital Projects Funds whose current positions are restricted to highway and bridge construction projects. And for the *Business-Type Activities*, the \$14,380,299 represents assets in the Water System Enterprise Fund that are restricted by revenue bond ordinances to future debt service, and system renewal and extension purposes.

And lastly, the *Unrestricted Net Position* component was \$46,398,957 and represents roughly 18.1 percent of the total. *Unrestricted Net Position* may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Fayette County is able to report positive balances in all three categories of *Net Position*, both for the government as a whole, as well as for its separate *Governmental* and *Business-Type Activities*. The same situation held true for the prior fiscal year.

There was a decrease of \$2,682,268 in *Unrestricted Net Position* reported in connection with the County's *Governmental Activities*. The principal reason for this decrease was the current economic conditions resulting in decreased revenues with minimal relief in expenditures.

In the *Business-Type Activities* component, there were decreases reported for both the *Assets* and *Liabilities* for the 2013 fiscal year. The principal reason for these decreases was a small increase in operating expense with an associated decrease in sales and fees.

## Analysis of Changes in Net Position

The following tabular information represents the condensed presentation of revenues, expenses and changes in net position for the fiscal years ended June 30, 2013 and 2012. As indicated by the information in the table, the Net Position for the fiscal year ended June 30, 2013 decreased by \$9,223,785. These most recent operating results compare unfavorably with the prior year when Net Position decreased by \$4,908,048.

<b>FAYETTE COUNTY, GEORGIA'S CHANGES IN NET POSITION</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
<b>Revenues:</b>						
Program Revenues:						
Charges For Services	\$ 8,911,514	\$7,953,509	\$14,253,657	\$15,003,294	\$23,165,171	\$22,956,803
Operating Grants and Contributions	287,451	947,402	--	--	287,451	947,402
Capital Grants and Contributions	1,181,470	598,070	332,659	116,920	1,514,129	714,990
General Revenues:						
Property Taxes	34,853,932	36,089,255	--	--	34,853,932	36,089,255
Sales Taxes	9,968,049	10,011,105	--	--	9,968,049	10,011,105
Other Taxes	3,205,096	3,247,599	--	--	3,205,096	3,247,599
Unrestricted Investment Earnings	97,882	905,075	15,089	10,561	112,971	915,636
Miscellaneous Revenues	287,887	834,182	20,868	--	308,755	834,182
<b>Total Revenues</b>	<b><u>\$58,793,281</u></b>	<b><u>\$60,586,197</u></b>	<b><u>\$14,622,273</u></b>	<b><u>\$15,130,775</u></b>	<b><u>\$73,415,554</u></b>	<b><u>\$75,716,972</u></b>
<b>Expenses:</b>						
General Government	\$8,231,193	\$13,736,217	\$ --	\$ --	\$8,231,193	\$13,736,217
Judicial System	6,530,318	5,570,703	--	--	6,530,318	5,570,703
Public Safety	36,652,065	35,486,701	--	--	36,652,065	35,486,701
Public Works	10,336,908	5,109,741	--	--	10,336,908	5,109,741
Health and Welfare	759,250	765,345	--	--	759,250	765,345
Culture and Recreation	2,578,096	2,563,090	--	--	2,578,096	2,563,090
Housing and Development	1,259,508	1,408,138	--	--	1,259,508	1,408,138
Interest and Fiscal Charges	1,791,865	2,102,925	--	--	1,791,865	2,102,925
Water System	--	--	13,856,941	13,361,819	13,856,941	13,361,819
Solid Waste	--	--	249,551	333,225	249,551	333,225
Stormwater Utility	--	--	393,644	187,116	393,644	187,116
<b>Total Expenses</b>	<b><u>\$68,139,203</u></b>	<b><u>\$66,742,860</u></b>	<b><u>\$14,500,136</u></b>	<b><u>\$13,882,160</u></b>	<b><u>\$82,639,339</u></b>	<b><u>\$80,625,020</u></b>
Increase (Decrease) in Net Position Before Transfers	(\$9,345,922)	(\$6,156,663)	\$ 122,137	\$ 1,248,615	(\$9,223,785)	(\$4,908,048)
Transfers	--	539,650	--	(539,650)	--	--
<b>Increase (Decrease) in Net Position</b>	<b>(\$9,345,922)</b>	<b>(\$5,617,013)</b>	<b>\$ 122,137</b>	<b>\$ 708,965</b>	<b>(\$9,223,785)</b>	<b>(\$4,908,048)</b>
<b>Net Position – Beginning (as restated)</b>	<b><u>186,032,637</u></b>	<b><u>191,649,650</u></b>	<b><u>80,236,868</u></b>	<b><u>79,527,903</u></b>	<b><u>266,269,505</u></b>	<b><u>271,177,553</u></b>
<b>Net Position – Ending</b>	<b><u>\$176,686,715</u></b>	<b><u>\$186,032,637</u></b>	<b><u>\$80,359,005</u></b>	<b><u>\$80,236,868</u></b>	<b><u>\$257,045,720</u></b>	<b><u>\$266,269,505</u></b>

**Governmental Activities.** Of the total decrease in Net Position for the fiscal year ended June 30, 2013, \$9,345,922 was attributable to the *Governmental Activities*. In comparing the operating results between the two fiscal years, \$9,345,922 versus \$5,617,013, the more significant points are discussed below:

- The *Charges for Services* category increased by \$958,005 from the prior year's amount. This change was due mainly to an increased number of building permits issued and the associated fire

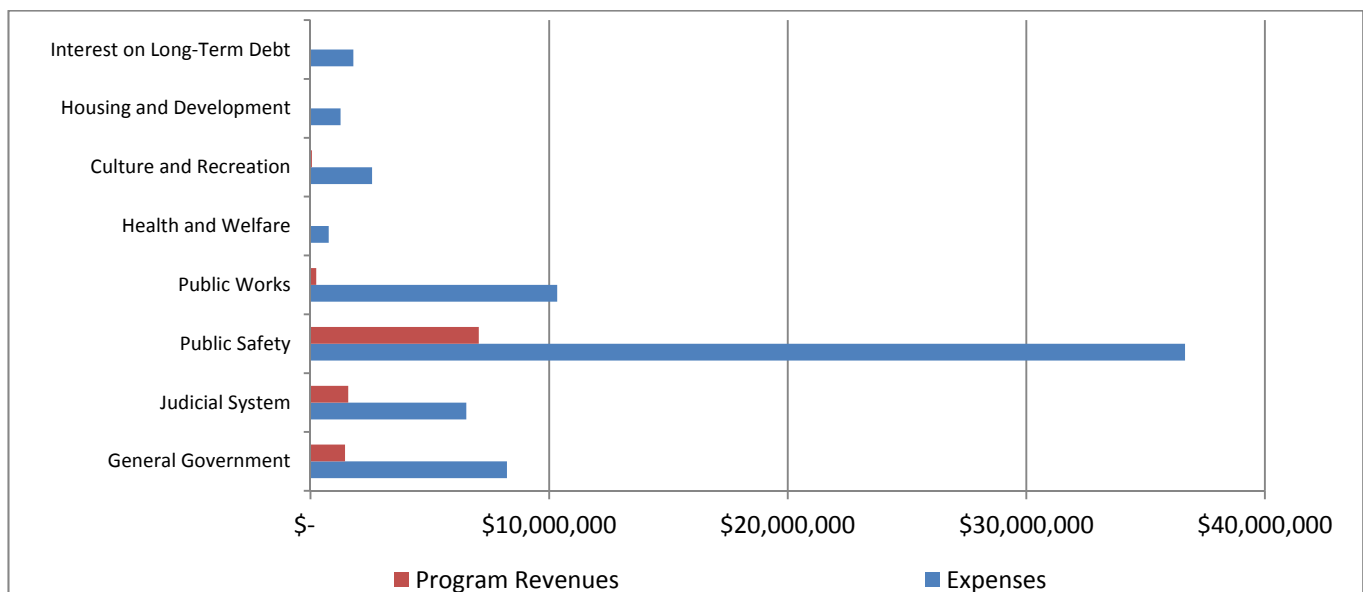
impact and plan reviews fees totaling approximately \$703,000. In addition, an increase was experienced in the number of transports for emergency medical services equating to \$206,000.

- A decrease of \$1,235,323 as shown in the *Property Tax* category is a combination of a 10.2% decline in property values with no offsetting change in tax rate resulting in a \$2 million decrease this year along with a change made at the State level to add a new title tax effective March 1, 2013 adding over \$800,000 in revenues.
- The decrease of \$807,193 in the *Unrestricted Investment Earnings* category is primarily attributable to last year's unusual high interest earned when a portion of the Certificates of Participation (COPs) were redeemed early. This year's reduction in the COPs is scheduled to be redeemed in FY2014. In addition, interest earned was negatively impacted by the downturn in market values of investments held by the County.
- The last area negatively impacted was miscellaneous revenues by \$546,295 and was mainly a result of the previous year's sale of assets, reduced rental income and a change in accounting for overtime reimbursement of Sheriff Deputies whereby this was handled as a reduction of overtime expense rather than revenue.

In total, there was only a minor variation in the functional expenses between the two fiscal years. However, a change in accounting resulting in variances between the individual functions whereby administrative cost incurred on behalf of other funds was handled as a reduction of expense rather than a transfer between funds. Lastly, expenses associated with assets were realigned with the appropriate function versus reported in total under General Government.

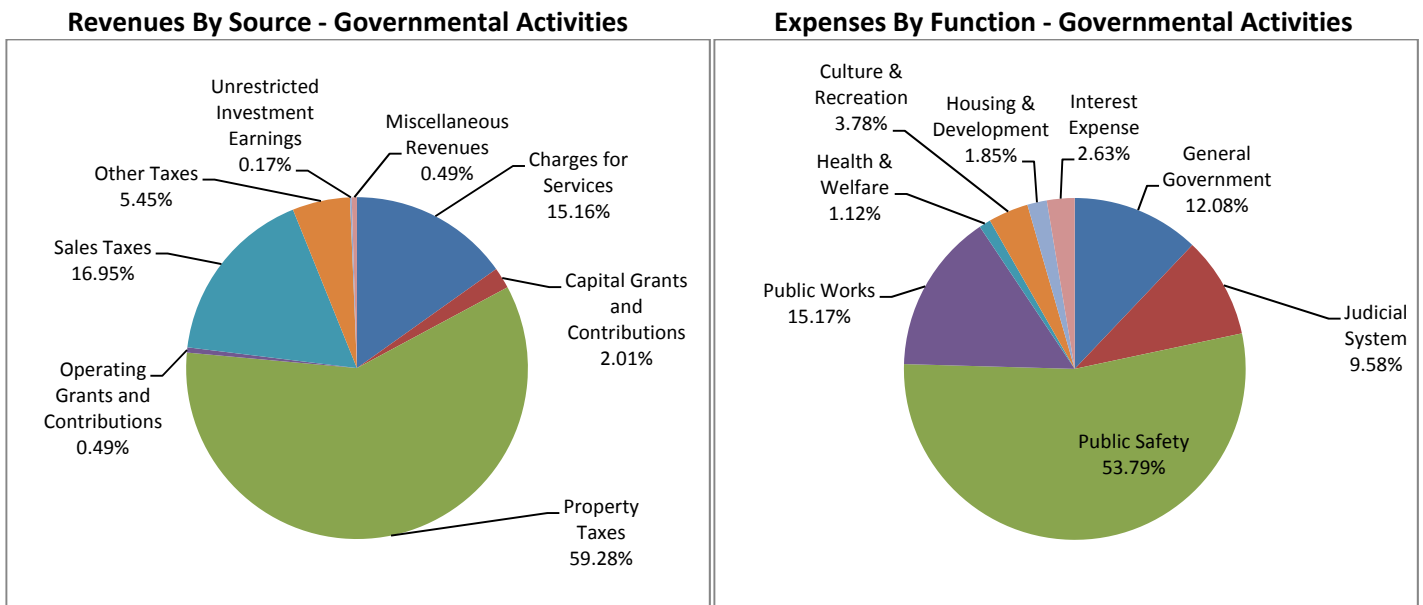
The chart provided below shows the relationship of functional expenses and the related program revenues that are generated to offset some of the expense of providing that service. Out of the \$68,139,203 in Total Governmental Activities Expenses for the 2013 fiscal year, \$10,380,435 is covered by Program Revenues. The net functional expenses of \$57,758,768 are funded through General Revenues such as taxes and interest income.

### Functional Expenses and Program Revenues – Governmental Activities



As with any government, management attempts to achieve the right mix between revenue sources and services. While the intrinsic nature of certain services, such as recreational programs and building inspections, lends themselves to the assessment of user fees to offset the cost of delivering that service; others such as public safety functions and social programs do not.

The pie chart that follows shows the relative mix of revenues used to fund the County's *Governmental Activities* during the fiscal year ended June 30, 2013. As one might expect in the case of providing governmental services, the largest source is the Property Tax category. The second chart depicts the relative mix of functional expenses incurred by the *Governmental Activities*. Again, it comes as no real surprise that the largest expense of the County is the Public Safety function. One of the reasons that the General Government function ranks as the second greatest expense is that the depreciation expense for infrastructure and governmental buildings is included in this component.



**Business-Type Activities.** An increase in Net Position for the fiscal year ended June 30, 2013 of \$122,137 was attributable to the *Business-Type Activities*. In comparing the operating results between the two fiscal years, the key elements are discussed below:

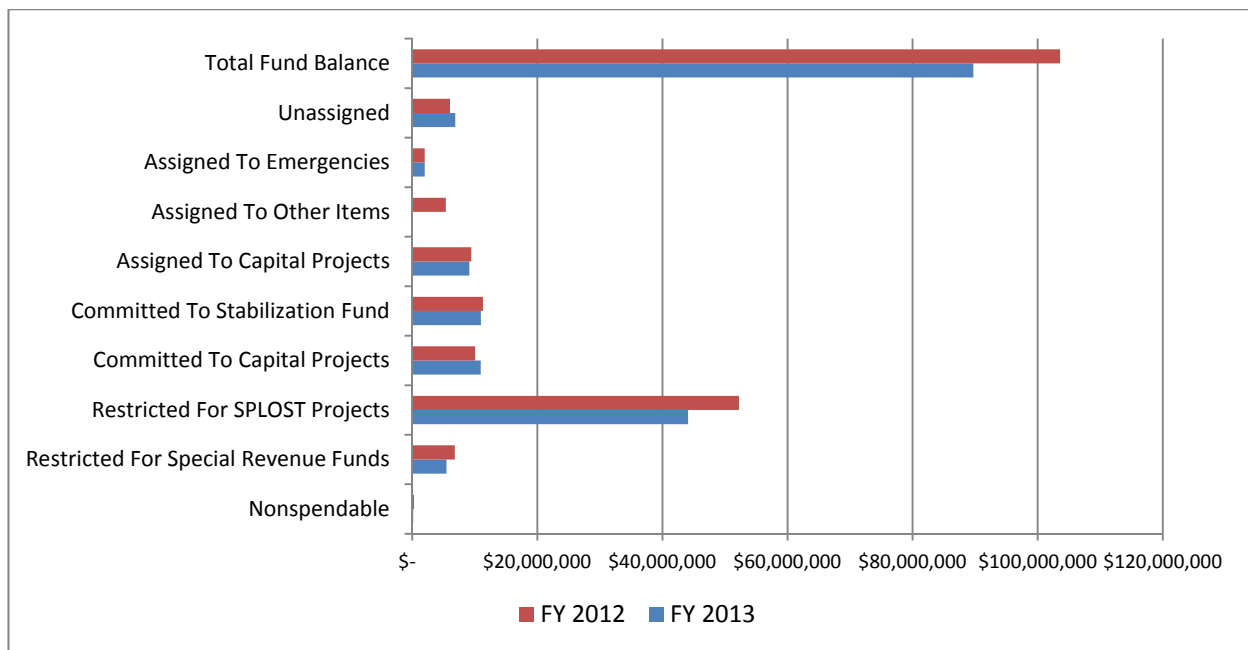
- The *Charges for Services* category decreased by \$749,637 compared to the results for the previous fiscal year. The two main components for this decrease include Water System revenues down by \$580,977 due to a lower water consumption resulting from increase rainfall during the year and \$151,902 as a result of a delay in Stormwater fee billings while alternative funding sources were evaluated.
- *Total Expenses* for the fiscal year ended June 30, 2013 decreased by \$617,976 compared to the previous fiscal year. The Stormwater Utility increased by \$206,528 with twelve months of operation compared to six months in fiscal year 2012. Expenses for the Solid Waste Fund decreased by \$83,674 primarily due to a reduction in landfill post closure expenses. There was a decrease of \$238,597 in Water System expenses along with a change in accounting procedure whereby administrative costs incurred within the general fund are no longer treated as a transfer to the Water System which is a positive variance from 2012 for \$539,650.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

**Governmental Funds.** The focus of the *Governmental Funds* that the County uses is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information from a more short-term perspective is useful in assessing the County's financing requirements. In particular, *Unassigned Fund Balance* of the General Fund may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. It is, however, important to note that the *Unassigned Fund Balance* is not the same as cash and must be analyzed carefully to determine the actual amount of spendable resources. The same need for additional analysis is called for in regards to the *Restricted Fund Balance* for the Special Revenue Funds.

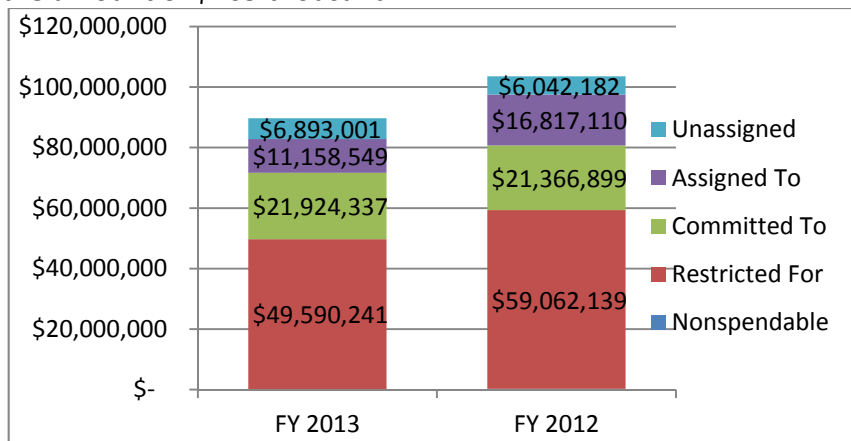
The following bar chart compares the fund balance information at June 30, 2012 and 2013. At the top of the chart is a comparison of the total for the two years. The items below "Total Fund Balance" provide an overview of how the various components of fund balance has changed as a result of the operating activity for the 2013 fiscal year. The discussion that immediately follows the chart will be helpful in understanding the underlying reasons for the increases or decreases in the particular data points.



As of June 30, 2013, Fayette County's *Governmental Funds* reported combined ending fund balances of \$89,714,775, a decrease of \$13,684,930 or about 13.2% percent in comparison with the previous fiscal year. There are specific spending patterns and budgetary decisions that are responsible for the majority of the decrease. First, the fund balances of the two SPLOST Road Capital Projects Funds decreased by a total of \$8,133,947 during the period. While the County is no longer receiving any revenues from the 2005 Special Purpose Local Option Sales Tax (SPLOST) which expired in March of 2010, those tax receipts collected in previous fiscal years are being spent to construct those road improvement projects

approved by the voters. Since this was a one-time revenue source dedicated to use for specific road construction projects, this trend for annual decreases in fund balance for these two SPLOST Capital Projects Funds will continue until the remaining funds of \$44,110,948 are exhausted.

Secondly, the Board of Commissioners implemented an early retirement incentive plan for which \$2.4 million of fund balance was utilized to meet this obligation. Third, a transfer was made to fund capital projects in the amount of \$2.1 million and to fund E911, Jail Surcharge and Victims Assistance funds in the amount of \$409 thousand.



To get a good understanding of the availability for appropriation in future periods or the “spendability” of the \$89,714,775 reported as *Governmental Funds* fund balance, it is critical to begin by reviewing its various components in the report. By doing so, the reader can ascertain what legal restrictions, previous commitments, or intended uses might be associated with the various fund balances. The chart above depicts these components.

In looking at the first item in the report, only \$148,647 or 0.2% of the total is reported in the “*Nonspendable*” category. This amount represents inventory and prepaid items that are considered current assets but are not in a spendable form. Thus, this amount is not available for appropriation.

The aggregate amount for the “*Restricted For*” category is \$49,590,241 and comprises 55.3% of the total. The purpose of this category is to inform the reader that these balances carry specific legal restrictions as to what they can be spent for in future periods. So in terms of availability, any future appropriation would have to meet the legal restrictions associated with that specific fund. This component comprises the fund balances of the Special Revenue Funds (i.e., \$5,479,293) which are legally restricted for certain programs or services based on each individual fund’s revenue stream and the two SPLOST Road Capital Projects Funds (i.e., \$44,110,948) which are restricted by referendum to road construction expenditures.

The aggregate amount for the “*Committed To*” category is \$21,924,337 and comprises 24.4% of the total. This category represents the amount of fund balance that is not considered available for “new expenditures” since it has already been committed to a specific purpose by the Board of Commissioners. This component comprises the fund balances of the remaining Capital Projects Funds (i.e., \$10,952,602) which represents monies that the Board of Commissioners has committed to specific capital improvements, and a Stabilization Fund (\$10,971,735) that represents monies that the Board of Commissioners has committed to use as a working cash reserve balance in the General Fund. Since

property tax revenues are not received until the middle of the fiscal year, these monies are needed to bridge the cash flow gap between expenditure outflows early in the fiscal year and revenue inflows which occur later in the operating period. To avoid the need for short-term borrowing, the Stabilization Fund was created by Board resolution and consequently these committed funds are not considered to be spendable. In terms of budgetary coverage for the General Fund, the Stabilization Fund is equal to three months of normal operating expenditures and transfers out.

The sum of the “*Assigned To*” category is \$11,158,549 or about 12.4% of the total amount. This category identifies existing limitations on the “availability” of fund balance for appropriation since a specific future use has already been formally identified. This component represents monies that the Board of Commissioners has assigned for future use in an emergency (\$2,000,000), to liquidate encumbrances carried over into the following fiscal year (\$27,149) and to provide a source of funding for the five-year capital improvements plan (\$9,131,400).

The final component is the *Unassigned Fund Balance* for the General Fund. At June 30, 2013, the balance was \$6,893,001 which comprises 7.7% of the total. This is the amount that can be spent at the government’s discretion in future periods.

### **Analysis of the Major Governmental Funds**

**General Fund:** The General Fund is the chief operating fund of Fayette County. At June 30, 2013 and 2012, the *Total Fund Balance* of the General Fund was \$29,171,932 and \$34,270,838, respectively. The net change in the fund balance during the 2013 fiscal year was a decrease of \$5,098,906 or 14.9%. This decrease was anticipated due to an early retirement incentive plan implemented July 1, 2012. The pension obligation associated with the retirement plan was assigned a portion of the 2012 fund balance at \$2.4 million and was paid in fiscal year 2013. In addition, \$2.8 million was assigned from the 2012 fund balance to cover the anticipated expenditures in 2013 related to the early retirement.

Activity impacting expenditures during the year consisted of a net reduction of approximately \$622 thousand in salaries and benefits due to the number of open positions during the year, \$1.6 million in credits for administrative services provided to other funds, \$1.3 million increase for medical and workers’ compensation costs, and a net increase of \$856 thousand in other expenditures associated with Public Safety and legal services.

At June 30, 2013 and 2012, the *Unassigned Fund Balance* was \$6,893,001 and \$6,042,182 respectively representing an increase of \$850,819 or 14.1%. A combination of reductions in committed and assigned fund balances related to the stabilization fund and the capital projects fund created a positive variance of \$647 thousand along with reduced nonspendables of \$98 thousand leaving \$106 thousand positive results in the assigned appropriation for balancing the 2013 budget.

As a measure of the liquidity of the General Fund, it is useful to compare both the *Unassigned Fund Balance* and *Total Fund Balance* to total fund expenditures. At June 30, 2013, *Unassigned Fund Balance* represents 15.4 percent of total General Fund expenditures; while *Total Fund Balance* represents 65.5 percent of that same amount.



Total General Fund revenues for the fiscal years ended June 30, 2013 and 2012 were \$41,848,953 and \$44,177,040, respectively. This is a \$2.3 million decrease of the revenue stream compared to the prior year which was mainly a result of the reduced tax base and the Board of Commissioners' direction not to increase property taxes and despite a positive increase in building permits the adverse economic conditions continue to impact the County's finances.

Fire Services: The Fire Services Tax District Special Revenue Fund accounts for fire services that are provided to those residents living and businesses located within the tax district. The financing for the services accounted for in this fund primarily comes from a special tax levy and the insurance premium tax. This fund has a *Total Fund Balance* of \$2,219,275 at June 30, 2013, which represents a decrease from the prior year of \$441,582 or 16.6%. The decrease in fund balance can be traced to the appropriation of fund balance for capital improvement projects and funding of \$348 thousand for vehicle and equipment replacement. Again in measuring liquidity, *Total Fund Balance* for the Fire Services Fund represents 26.7 percent of its FY 2013 expenditures.

Emergency Medical Services (EMS): The EMS Tax District Special Revenue Fund accounts for emergency medical services provided to those residents living and businesses located within the tax district. The financing for the services accounted for in this fund also comes from a special tax levy. In addition to the property taxes, patient transport fees represent a significant source of funding for the provision of EMS services. This fund has a *Total Fund Balance* of \$1,689,717 at June 30, 2013, which represents a decrease from the prior year of \$334,966 or 16.5%. The decrease in fund balance is due to the appropriation of fund balance for capital improvement projects totaling \$272,546. Again in measuring liquidity, *Total Fund Balance* for the EMS Fund represents 52.4 percent of its FY 2013 expenditures.

County-Wide Roads SPLOST: The County-Wide Roads SPLOST Capital Projects Fund has a total fund balance of \$43,162,238 at June 30, 2013, which represents a decrease from the prior year of \$7,638,659. The primary reasons for the decrease in fund balance is continued work on approved road projects during the fiscal year coupled with the absence of a funding source because the SPLOST tax collection period ended in March of 2010. As noted previously, this downward trend in fund balance is expected to continue over the remaining life of the road SPLOST program.

**Proprietary Funds.** Fayette County's *Proprietary Funds* provide the same type of financial information found in the *Government-Wide Statements*, but in more detail. The *Total Net Position* for the three *Proprietary Funds* was \$80,359,005 at June 30, 2013 which represented an increase of \$75,420 from the previous year.

The *Unrestricted Net Position* of the Water System Enterprise Fund was \$2,415,512 at June 30, 2013 which represented a decrease of \$221,771 compared to the previous year. The primary reason for this decrease was the change in debt service obligation for revenue bonds.

The *Total Net Position* for the Water System was \$79,354,427 at June 30, 2013 which represents an increase of \$453,421 during the 2013 fiscal year while Solid Waste and Stormwater had decreases of \$132,788 and 245,213, respectively.

## General Fund Budgetary Highlights

During Fiscal Year 2013, there was a net increase of \$2,466,883 in appropriations (i.e., expenditures and other financing uses) between the original and final amended budget. The major components of that net increase are as follows:

- \$621,772 net reduction in appropriations for salaries and benefits for the Early Retirement Plan participants included in the original budget;
- \$962,860 reduction in appropriations for credits to salaries for services provided to other funds (ex. Fire Services fund, E911 fund, Water System fund, etc.);
- \$1,013,713 increase in supplemental appropriations for various departments to reflect higher than anticipated claims expense in the County's Major Medical Self-Insurance Fund;
- \$311,368 increase in supplemental appropriations to various departments to reflect higher than anticipated claims expense in the County's Workers' Compensation Self-Insurance Fund;
- \$2,435,200 increase in supplemental appropriations for payment of the Defined Benefit Plan Liability for the Early Retirement Plan participants;
- \$350,000 reduction to the Road Department Asphalt & Tack line-item appropriation to reverse the SPLOST Transfer-In of same amount with no effect on the General Fund budget bottom line;
- \$146,167 increase in supplemental appropriations for salary differential back pay paid to the State Court Solicitor and Elected Officials;
- \$683,352 reduction in appropriations in the form of credits to Engineering, Public Works Administration, and Road Department for expenses incurred in SPLOST projects;
- \$315,513 increase in supplemental appropriations for the Law Department to cover higher than budgeted litigation expenses incurred;
- \$362,331 increase in supplemental appropriations for Sheriff Support Services to cover higher than budgeted expenses for salaries and benefits, legal services, and building maintenance services;
- \$75,350 increase in supplemental appropriations for Sheriff CID to cover higher than budgeted expenses for salaries;
- \$102,611 increase in supplemental appropriations for Tax Assessors, County Coroner, Emergency Management, Fleet Maintenance, and Permits & Inspections to cover higher than budgeted expenses in various line-items;
- \$150,000 increase in supplemental appropriations for Transfers Out to the Jail Surcharge Special Revenue Fund and the Victims Assistance Special Revenue Fund for lower than expected revenues needed to cover expenses;
- \$74,000 net increase in supplemental appropriations for Transfers Out to capital and CIP projects.

Comparing the FY 2013 final amended budget to actual expenditures resulted in a positive variance of \$2,671,394 at the end of the year. As a point of clarification, the supplemental appropriations identified above actually represented the reallocation of budgeted dollars from savings in other line item expenditures at year-end as opposed to an increase in the original budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** Fayette County’s investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$232,226,815 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, roads, highways, bridges, improvements other than buildings, machinery and equipment, raw water reservoirs, and park facilities. The tabular information presented below provides a breakdown of capital asset balances by general classification and activity type as of June 30, 2013 and 2012.

<b>FAYETTE COUNTY, GEORGIA’S CAPITAL ASSETS (Net of Depreciation)</b>						
<u>General Classification</u>	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>
Land	\$ 9,462,285	\$ 9,449,785	\$ 20,210,721	\$ 15,219,178	\$ 29,673,006	\$ 24,668,963
Buildings and Structures	49,329,490	51,455,863	33,476,355	20,792,251	82,805,845	72,248,114
Infrastructure	30,597,226	32,999,331	49,077,398	48,752,281	79,674,624	81,751,612
Improvements Other than Buildings	5,762,388	6,207,449	6,083,326	2,765,084	11,845,714	8,972,533
Machinery and Equipment	6,341,138	7,557,894	2,161,455	2,001,046	8,502,593	9,558,940
Construction in Progress	17,950,623	11,211,605	1,774,410	22,031,302	19,725,033	33,242,907
Total Capital Assets	<u>\$119,443,150</u>	<u>\$118,881,927</u>	<u>\$112,783,665</u>	<u>\$111,561,142</u>	<u>\$232,226,815</u>	<u>\$230,443,069</u>

The total increase in the County’s investment in capital assets for the current fiscal year was \$1,783,746 or 0.8%. The increase can be further broken down into an increase of \$561,223 or 0.5% for the governmental activities and an increase of \$1,222,523 or 1.1% for the business-type activities.

The major capital asset events during the current fiscal year included the following:

- The Lake McIntosh raw water reservoir for the Water System Fund was placed in service in June, 2013 thus the decrease in construction in progress and the associated increase in the various classifications;
- A variety of street construction and intersection improvements were undertaken during the year. Land acquisition and construction activities continue on various phases of the West Fayetteville By-Pass. At the close of the fiscal year, governmental activities construction in progress for the various projects totaled \$17,950,623;

Additional information on Fayette County’s capital assets is provided in Note III. C. which can be found on pages 74 and 75 of this report.

**Long-Term Debt.** At the end of the current fiscal year, Fayette County had total bonded debt outstanding of \$93,400,000. This total represents a decrease of \$5,990,000 from the prior year. All of the outstanding bonds are revenue bonds which are secured by specified revenue sources. The bond debt as of June 30, 2013 and 2012 is shown in the following table.

<b>FAYETTE COUNTY’S OUTSTANDING REVENUE BOND DEBT</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012</u>
Revenue Bonds	\$38,190,000	\$39,350,000	\$55,210,000	\$60,040,000	\$93,400,000	\$99,390,000

The \$38,190,000 of debt shown in the Governmental Activities column represents the Fayette County Public Facilities Authority Revenue Bonds which were issued to construct the Criminal Justice Center and jail. The outstanding bonds are secured by a lease agreement with the County in which the annual installment payments on the purchase of the Criminal Justice Center and jail are equal to the annual debt service payments. The Public Facilities Authority Revenue Bonds have received a rating of "Aa1" positive outlook from Moody's Investors Service and a rating of "AA+" from Standard and Poor's.

The \$55,210,000 of debt shown in the Business-Type Activities column represents Fayette County Water Revenue Bonds which have been issued primarily for the purpose of constructing plants, storage tanks, raw water reservoirs and pipelines for the Water System, and the refunding of previous bond issues. The outstanding bonds are secured by a pledge of and lien on revenues derived by the County from the ownership and operation of the Water System. The Fayette County, Georgia Water Revenue Bonds have received a rating of "Aa2" from Moody's Investors Service and a rating of "AA" from Standard and Poor's.

In July, 2012, the County refunded \$18,645,000 in Series 2002 Water Revenue Bonds and issued \$15,590,000 in Series 2012B Water Revenue Bonds. This refunding resulted in a net present value savings in debt service of approximately \$2,365,968 over the life of the bonds.

Additional information on Fayette County's long-term debt is provided in Note III. G. which can be found on pages 77 through 83 of this report.

### **Economic Factors**

As a general trend, the Southeastern States have been slower than the rest of the Country in their economic recovery from the recession that officially ended in July of 2009. And with the growth in Georgia's economy relying heavily on the construction industry, it has taken several years to absorb the significant impact from the bursting of the housing bubble. Some of the more important barometers of the current economic conditions are contained in the following bullet points.

- According to the U.S. Department of Labor, the unemployment rate for the United States in June 2013 was 7.6 percent which represented a decrease of 0.6 percent from the June 2012 rate of 8.2 percent. Following a similar trend, the jobless rate for the State of Georgia in June 2013 was 8.5 percent which was also down 0.6 percent from the previous June. The unemployment rate for Fayette County was 8.2 percent in June 2013 which is above the national average but below the state average.
- According to the Bureau of Labor Statistics, the Consumer Price Index (CPI) has increased by 1.8 percent from June 2012 to June 2013.
- According to the Georgia Department of Revenue, the approved Net Maintenance and Operation (M&O) Tax Digest for Fayette County decreased by \$488,291,304 or 10.2% from January 1, 2011 to January 1, 2012. From January 1, 2012 to January 1, 2013, the M&O Tax Digest increased by \$20,639,070 or 0.5%.

All of these economic factors were taken into consideration when preparing the County's budget for the 2014 fiscal year.

## Next Year's Budget and Rates

During the current fiscal year, the *Unassigned Fund Balance* in the General Fund increased from \$6,042,182 to \$6,893,001. For the upcoming 2014 fiscal year budget, with the current economic conditions continuing to negatively impact the prosperity of our taxpayers, the direction from the Board of Commissioners was to develop a balanced budget without the use of fund reserves thus avoiding the need to raise property taxes. This was accomplished by focusing on reductions in expenditures.

The millage rates adopted for the various tax-supported Governmental Funds for fiscal years 2014 and 2013 are shown in the following table. The only adjustment to the millage rates for the 2014 fiscal year budget was the recapture of the rollback rate as determined from the reduced home values, thus no change in the amount of taxes billed.

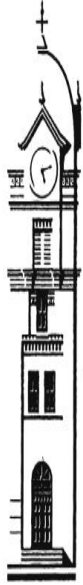
<u>Governmental Fund</u>	<u>MILLAGE RATES</u>		<u>NET CHANGE</u>	
	<u>FY 2014</u>	<u>FY 2013</u>	<u>AMOUNT</u>	<u>PERCENT</u>
General Fund (M&O)	5.714	5.645	0.069	1.222%
Fire Services	3.070	3.030	0.040	1.320%
Emergency Medical Services	0.456	0.450	0.006	1.333%
E911 Communications	<u>0.210</u>	<u>0.207</u>	<u>0.003</u>	<u>1.449%</u>
Total for All Funds	<u>9.450</u>	<u>9.332</u>	<u>0.118</u>	<u>1.264%</u>

For the 2014 fiscal year budget, there were no rate adjustments approved for any of the three Enterprise Funds.

## Request for Information

This financial report is designed to provide a general overview of Fayette County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be obtained by accessing the County's website at [finance@fayettecountyga.gov](mailto:finance@fayettecountyga.gov), or by contacting the Finance Department at the following address and telephone number:

Fayette County Finance Department  
140 Stonewall Avenue, West, Suite 101  
Fayetteville, GA 30214  
(770) 305-5413



*Fayette*  
COUNTY

“WHERE QUALITY  
IS A LIFESTYLE”

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# **BASIC FINANCIAL STATEMENTS**

**Fayette County, Georgia**  
**Statement of Net Position**  
**June 30, 2013**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Development Authority	Public Health
<b>ASSETS</b>					
Cash and cash equivalents:					
Unrestricted	\$ 34,321,784	\$ 2,582,208	\$ 36,903,992	\$ 327,928	\$ 830,185
Restricted	925,133	23,711,244	24,636,377	686,587	-
Investments	60,872,653	-	60,872,653	-	-
Internal balances	(17,500)	17,500	-	-	-
Receivables (net of allowance for uncollectibles)	3,775,180	1,722,246	5,497,426	23,750	35,962
Inventories and prepaid items	287,838	396,026	683,864	-	-
Net pension asset	1,967,430	-	1,967,430	-	-
Capital assets not being depreciated	27,412,908	21,985,131	49,398,039	-	-
Capital assets, net of accumulated depreciation	<u>92,030,242</u>	<u>90,798,534</u>	<u>182,828,776</u>	<u>187,079</u>	<u>2,135</u>
Total assets	<u>221,575,668</u>	<u>141,212,889</u>	<u>362,788,557</u>	<u>1,225,344</u>	<u>868,282</u>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	2,190,854	1,853,841	4,044,695	691,294	-
Salaries and benefits payable	1,412,732	137,506	1,550,238	-	-
Accrued interest payable	127,652	575,618	703,270	-	-
Noncurrent liabilities:					
Due within one year	2,001,901	3,352,702	5,354,603	-	32,651
Due in more than one year	<u>39,155,814</u>	<u>54,934,217</u>	<u>94,090,031</u>	<u>-</u>	<u>70,054</u>
Total liabilities	<u>44,888,953</u>	<u>60,853,884</u>	<u>105,742,837</u>	<u>691,294</u>	<u>102,705</u>
<b>NET POSITION</b>					
Net investment in capital assets	82,924,362	62,729,861	145,654,223	187,079	2,135
Restricted for:					
Highways and streets	44,110,948	-	44,110,948	-	-
Special tax district services	3,983,938	-	3,983,938	-	-
Other purposes	1,645,355	-	1,645,355	-	667,513
Debt service	872,000	8,110,767	8,982,767	-	-
Renewal and extension	-	6,269,532	6,269,532	-	-
Unrestricted	<u>43,150,112</u>	<u>3,248,845</u>	<u>46,398,957</u>	<u>346,971</u>	<u>95,929</u>
Total net position	<u>\$ 176,686,715</u>	<u>\$ 80,359,005</u>	<u>\$ 257,045,720</u>	<u>\$ 534,050</u>	<u>\$ 765,577</u>

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

**Fayette County, Georgia**  
**Statement of Activities**  
**June 30, 2013**

Functions / Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating	Capital	Primary Government			Component Units	
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Development Authority	Public Health
<b>Primary Government:</b>									
Governmental Activities:									
General government	\$ 8,231,193	\$ 1,382,169	\$ 65,925	\$ -	\$ (6,783,099)		\$ (6,783,099)		
Judicial system	6,530,318	1,090,187	-	491,632	(4,948,499)		(4,948,499)		
Public safety	36,652,065	6,372,134	164,697	511,414	(29,603,820)		(29,603,820)		
Public works	10,336,908	-	-	235,253	(10,101,655)		(10,101,655)		
Health and welfare	759,250	-	-	-	(759,250)		(759,250)		
Culture and recreation	2,578,096	57,774	-	-	(2,520,322)		(2,520,322)		
Housing and development	1,259,508	9,250	-	-	(1,250,258)		(1,250,258)		
Interest on long-term debt	1,791,865	-	-	-	(1,791,865)		(1,791,865)		
Total Governmental Activities	<u>68,139,203</u>	<u>8,911,514</u>	<u>230,622</u>	<u>1,238,299</u>	<u>(57,758,768)</u>		<u>(57,758,768)</u>		
Business-Type Activities:									
Water system	13,856,941	13,989,889	-	332,659		465,607	465,607		
Solid waste	249,551	115,337	-	-		(134,214)	(134,214)		
Stormwater utility	393,644	148,431	-	-		(245,213)	(245,213)		
Total Business-Type Activities	<u>14,500,136</u>	<u>14,253,657</u>	<u>-</u>	<u>332,659</u>		<u>86,180</u>	<u>86,180</u>		
Total Primary Government	<u>82,639,339</u>	<u>23,165,171</u>	<u>230,622</u>	<u>1,570,958</u>	<u>(57,758,768)</u>	<u>86,180</u>	<u>(57,672,588)</u>		
<b>Component Units:</b>									
Development authority	392,579	-	358,793	-				(33,786)	-
Department of public health	1,257,506	586,185	851,626	-				-	180,305
Total Component Units	<u>1,650,085</u>	<u>586,185</u>	<u>1,210,419</u>	<u>-</u>				<u>(33,786)</u>	<u>180,305</u>
General revenues:									
Property taxes					34,853,932	-	34,853,932	-	-
Sales taxes					9,968,049	-	9,968,049	-	-
Other taxes					3,205,096	-	3,205,096	-	-
Unrestricted investment earnings					97,882	15,089	112,971	514	-
Miscellaneous revenues					287,887	20,868	308,755	25,350	-
Total general revenues and transfers					<u>48,412,846</u>	<u>35,957</u>	<u>48,448,803</u>	<u>25,864</u>	<u>-</u>
Change in net position					(9,345,922)	122,137	(9,223,785)	(7,922)	180,305
Net position - beginning (as restated)					<u>186,032,637</u>	<u>80,236,868</u>	<u>266,269,505</u>	<u>541,972</u>	<u>585,272</u>
Net position - ending					<u>\$ 176,686,715</u>	<u>\$ 80,359,005</u>	<u>\$ 257,045,720</u>	<u>\$ 534,050</u>	<u>\$ 765,577</u>

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



**Fayette County, Georgia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	General	Fire Services	Emergency Medical Services	County-Wide Roads SPLOST	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ -	\$ 360,273	\$ 1,259,730	\$ 23,589,988	\$ 6,935,283	\$ 32,145,274
Due from other funds	-	-	-	-	2,147,086	2,147,086
Investments	31,453,779	2,026,180	-	20,287,975	4,061,086	57,829,020
Receivables (net of allowances for uncollectibles)	2,402,768	178,823	551,591	-	641,998	3,775,180
Inventories	148,647	-	-	-	-	148,647
Total Assets	<u>\$ 34,005,194</u>	<u>\$ 2,565,276</u>	<u>\$ 1,811,321</u>	<u>\$ 43,877,963</u>	<u>\$ 13,785,453</u>	<u>\$ 96,045,207</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES:</b>						
Liabilities:						
Accounts payable	\$ 788,579	\$ 5,873	\$ 14,435	\$ 715,725	\$ 237,336	\$ 1,761,948
Salary and benefits payable	1,025,604	237,601	86,211	-	63,316	1,412,732
Due to other funds	2,147,086	17,500	-	-	-	2,164,586
Compensated absences	23,926	1,644	1,526	-	123	27,219
Total Liabilities	<u>3,985,195</u>	<u>262,618</u>	<u>102,172</u>	<u>715,725</u>	<u>300,775</u>	<u>5,366,485</u>
Deferred inflows of resources -						
Unearned Revenue	<u>848,067</u>	<u>83,383</u>	<u>19,432</u>	<u>-</u>	<u>13,065</u>	<u>963,947</u>
Fund Balances:						
Nonspendable	148,647	-	-	-	-	148,647
Restricted For:						
Capital projects	-	-	-	43,162,238	948,710	44,110,948
Special Programs	-	2,219,275	1,689,717	-	1,570,301	5,479,293
Committed To:						
Capital projects	-	-	-	-	10,952,602	10,952,602
Stabilization fund	10,971,735	-	-	-	-	10,971,735
Assigned To:						
Emergencies	2,000,000	-	-	-	-	2,000,000
Special Programs	27,149	-	-	-	-	27,149
Capital projects	9,131,400	-	-	-	-	9,131,400
Unassigned	6,893,001	-	-	-	-	6,893,001
Total fund balances	<u>29,171,932</u>	<u>2,219,275</u>	<u>1,689,717</u>	<u>43,162,238</u>	<u>13,471,613</u>	<u>89,714,775</u>
Total liabilities and						
fund balances	<u>\$ 34,005,194</u>	<u>\$ 2,565,276</u>	<u>\$ 1,811,321</u>	<u>\$ 43,877,963</u>	<u>\$ 13,785,453</u>	<u>\$ 96,045,207</u>

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

**Fayette County, Georgia**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2013**

Total fund balances - Governmental Funds \$ 89,714,775

Amounts for Governmental Activities on the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore, are not reported as Assets in Governmental Funds. 119,443,150

Prepaid expenses are reported on the consumption method and therefore are not reported in the Governmental Funds. 57,896

The Net Pension Asset which represents amounts paid above the required actuarial determined contribution is not a financial resource and therefore, is not reported as an Asset in Governmental Funds. 1,967,430

Property Taxes that have been levied for the current and prior years and not collected within sixty days of the year-end are not available soon enough to pay for the current period's expenditures. Therefore, that portion of Taxes Receivable is reported as Unearned Revenues in the Governmental Funds. 950,675

Internal Service Funds are used by management to charge the costs of certain employee insurance coverages and vehicle/equipment expenses to the individual funds. The Assets and Liabilities of the Internal Service Funds are included in the Governmental Activities in the Statement of Net Position. The details of this difference is as follows:

Net Position of the Internal Service Funds	\$ 7,759,462	
Less: Capital Assets (included above)	<u>(2,821,429)</u>	4,938,033

Long-Term Liabilities are not due and payable in the current period and therefore, are not reported as Liabilities in the Governmental Funds. The details of this difference is as follows:

Revenue bonds payable	(38,190,000)	
Less: deferred charges on refunding	3,021,665	
Add: bond premium	(1,350,453)	
Compensated absences	(2,388,138)	
Early termination benefits	(328,025)	
Other postemployment benefits	(1,022,641)	
Accrued interest	<u>(127,652)</u>	<u>(40,385,244)</u>

Total net position - governmental activities \$ 176,686,715

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

**Fayette County, Georgia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

	General	Fire Services	Emergency Medical Services	County-Wide Roads SPLOST	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Taxes:						
Property	\$ 26,039,584	\$ 5,925,465	\$ 1,212,452	\$ -	\$ 1,215,997	\$ 34,393,498
Sales	9,968,049	-	-	-	-	9,968,049
Other	999,702	2,197,542	5,749	-	2,103	3,205,096
Licenses and permits	775,962	-	-	-	-	775,962
Intergovernmental	397,513	-	-	-	1,003,046	1,400,559
Charges for services	1,885,709	160,925	1,934,855	-	1,867,673	5,849,162
Fines and forfeitures	1,495,554	-	-	-	789,094	2,284,648
Investment earnings	46,021	4,152	1,020	54,514	9,839	115,546
Contributions and donations	11,533	1,742	-	-	-	13,275
Miscellaneous revenues	229,326	60,480	2,231	-	34,332	326,369
Total Revenues	<u>41,848,953</u>	<u>8,350,306</u>	<u>3,156,307</u>	<u>54,514</u>	<u>4,922,084</u>	<u>58,332,164</u>
<b>EXPENDITURES:</b>						
Current:						
General government	7,957,441	-	-	-	-	7,957,441
Judicial system	5,214,166	-	-	-	547,239	5,761,405
Public safety	20,659,622	8,303,530	3,223,727	-	3,520,599	35,707,478
Public works	3,808,461	-	-	-	308,924	4,117,385
Health and welfare	754,060	-	-	-	-	754,060
Culture and recreation	2,010,788	-	-	-	-	2,010,788
Housing and development	1,278,862	-	-	-	-	1,278,862
Debt service:						
Principal retirement	1,160,000	-	-	-	948,566	2,108,566
Interest and fiscal charges	1,669,556	-	-	-	45,196	1,714,752
Capital outlay	-	-	-	5,559,574	2,593,337	8,152,911
Intergovernmental	-	-	-	2,133,599	-	2,133,599
Total expenditures	<u>44,512,956</u>	<u>8,303,530</u>	<u>3,223,727</u>	<u>7,693,173</u>	<u>7,963,861</u>	<u>71,697,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,664,003)</u>	<u>46,776</u>	<u>(67,420)</u>	<u>(7,638,659)</u>	<u>(3,041,777)</u>	<u>(13,365,083)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	27,468	12,000	5,000	-	3,195,449	3,239,917
Transfers out	(2,489,989)	(505,093)	(272,546)	-	(324,489)	(3,592,117)
Sale of capital assets	27,618	4,735	-	-	-	32,353
Total other financing sources (uses)	<u>(2,434,903)</u>	<u>(488,358)</u>	<u>(267,546)</u>	<u>-</u>	<u>2,870,960</u>	<u>(319,847)</u>
Net change in fund balance	(5,098,906)	(441,582)	(334,966)	(7,638,659)	(170,817)	(13,684,930)
Fund balance, beginning of year (as restated)	<u>34,270,838</u>	<u>2,660,857</u>	<u>2,024,683</u>	<u>50,800,897</u>	<u>13,642,430</u>	<u>103,399,705</u>
Fund balance, end of year	<u>\$ 29,171,932</u>	<u>\$ 2,219,275</u>	<u>\$ 1,689,717</u>	<u>\$ 43,162,238</u>	<u>\$ 13,471,613</u>	<u>\$ 89,714,775</u>

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

**Fayette County, Georgia**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances**  
**with the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**

Net Change in Fund Balances - Total Governmental Funds \$ (13,684,930)

Amounts for Governmental Activities on the Statement of Net Position are different because:

Governmental Funds report Capital Outlays as Expenditures. However in the Statement of Activities, the cost of those Assets is allocated over their estimated useful lives and reported as Depreciation Expense. The details of this difference is as follows:

Capital outlay	\$ 8,004,251	
Depreciation expense	<u>(7,051,759)</u>	952,492

The net effect of various transaction involving capital assets (i.e., sales , trade-ins and donations) is to decrease Net Position. (15,254)

Internal Service Funds are used by management to charge the costs of certain employee insurance coverages and vehicle/equipment expenses to the individual funds. The Net Revenue of certain activities of Internal Service Funds is reported with Governmental Activities. 145,954

Prepaid expenses are reported on the purchases method in governmental funds but are reported as consumed in the Statement of Net Position (105,119)

Property Taxes that have been levied for the current and prior years and not collected within sixty days of year-end are not considered "available" revenues and are considered to be Unearned Revenues in the Governmental Funds. This item increased by this amount from the prior year. 460,434

In the Statement of Activities, certain payroll related expenses are measured by the amounts that are earned during the year. However in the Governmental Funds, expenditures for these items are recorded as financial resources are used to compensate the employee during the fiscal year. The detail of changes in these Accrued Expenses from the prior year is as follows:

Compensated absences	396,524	
Early termination benefits	116,190	
Other post employment benefits	<u>(121,296)</u>	391,418

Changes in the Net Pension Asset shown in the Statement of Net Position are not recognized in the Governmental Funds since current financial resources are used in the creation of the Asset. 471,743

Some Expenses reported in the Statement of Activities do not require the use of Current Financial Resources and therefore, are not reported as in Expenditures in Governmental Funds. Accrued Interest Payable on the long-term debt represents this difference. 27,070

The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the financial resources of Governmental Funds. Neither transaction, however, has any effect on Net Position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The detail of the effect of these differences in the treatment of long-term debt and related items is as follows:

Repayment of bond principal	1,160,000	
Repayment of lease principal	948,566	
Deferred charges amortization	(177,745)	
Bond premium amortization	<u>79,449</u>	<u>2,010,270</u>

Change in Net Position of Governmental Activities \$ (9,345,922)

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

**Fayette County, Georgia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

<b>ASSETS</b>	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	NonMajor Funds			Total	
	Water System	Solid Waste	Stormwater Utility		
Current assets:					
Cash and cash equivalents:					
Unrestricted	\$ 1,738,019	\$ 786,467	\$ 57,722	\$ 2,582,208	\$ 1,895,977
Restricted	23,711,244	-	-	23,711,244	925,133
Cash with fiscal agent	-	-	-	-	280,533
Investments	-	-	-	-	3,043,633
Interest receivable	-	14	-	14	-
Accounts receivable	1,682,483	9,145	163,794	1,855,422	-
Allowance for uncollectibles	(125,000)	-	(8,190)	(133,190)	-
Due from other funds	17,500	-	-	17,500	-
Inventories	389,322	-	-	389,322	-
Prepaid items	6,704	-	-	6,704	81,295
Total current assets	27,420,272	795,626	213,326	28,429,224	6,226,571
Noncurrent assets:					
Capital assets:					
Land	20,194,204	16,517	-	20,210,721	-
Improvements other than buildings Infrastructure	14,577,081	120,170	-	14,697,251	-
Buildings and other structures	85,926,253	-	-	85,926,253	-
Machinery, equipment and vehicles	57,511,786	158,499	-	57,670,285	-
Construction in progress	9,779,184	210,445	78,202	10,067,831	14,841,987
Less: accumulated depreciation	1,774,410	-	-	1,774,410	-
Total capital assets (net of accumulated depreciation)	(77,150,498)	(350,773)	(61,815)	(77,563,086)	(12,020,558)
Total assets	\$ 140,032,692	\$ 950,484	\$ 229,713	\$ 141,212,889	\$ 9,048,000

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

**Fayette County, Georgia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water System	NonMajor Funds		Total	
		Solid Waste	Stormwater Utility		
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	\$ 1,611,994	\$ 5,187	\$ 256	\$ 1,617,437	\$ 1,848
Claims payable	-	-	-	-	413,786
Salaries and benefits payable	128,470	706	12,878	142,054	-
Compensated absences	32,166	-	988	33,154	-
Unearned revenue	80,800	-	155,604	236,404	-
Accrued interest payable	575,618	-	-	575,618	-
Revenue bonds payable - current	3,315,000	-	-	3,315,000	-
Total Current Liabilities	<u>5,744,048</u>	<u>5,893</u>	<u>169,726</u>	<u>5,919,667</u>	<u>415,634</u>
Noncurrent Liabilities:					
Arbitrage payable	-	-	-	-	904
Compensated absences	124,742	-	-	124,742	-
Early termination benefits	19,587	-	-	19,587	-
Certificates of participation	-	-	-	-	872,000
Bonds payable (net of discounts, premiums and deferred amounts on refundings)	54,789,888	-	-	54,789,888	-
Total noncurrent liabilities	<u>54,934,217</u>	<u>-</u>	<u>-</u>	<u>54,934,217</u>	<u>872,904</u>
Total liabilities	<u>60,678,265</u>	<u>5,893</u>	<u>169,726</u>	<u>60,853,884</u>	<u>1,288,538</u>
<b>NET POSITION</b>					
Net investment in capital assets	62,558,616	154,858	16,387	62,729,861	2,821,429
Restricted For:					
Debt service	8,110,767	-	-	8,110,767	872,000
Renewal and construction	6,269,532	-	-	6,269,532	-
Unrestricted	2,415,512	789,733	43,600	3,248,845	4,066,033
Total net position	<u>\$ 79,354,427</u>	<u>\$ 944,591</u>	<u>\$ 59,987</u>	<u>\$ 80,359,005</u>	<u>\$ 7,759,462</u>

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

**Fayette County, Georgia**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water System	NonMajor Funds		Total	
		Solid Waste	Stormwater Utility		
Operating revenues:					
Charges for sales and services:					
Water sales	\$ 13,989,889	\$ -	\$ -	\$ 13,989,889	\$ -
Solid waste fees	-	115,337	-	115,337	-
Stormwater fees	-	-	148,431	148,431	-
Other services	-	-	-	-	8,527,462
Total operating revenues	<u>13,989,889</u>	<u>115,337</u>	<u>148,431</u>	<u>14,253,657</u>	<u>8,527,462</u>
Operating expenses:					
Costs of sales and services	3,945,825	232,213	386,824	4,564,862	7,388,495
Administration	2,910,872	-	-	2,910,872	372,101
Depreciation	4,382,987	17,338	6,820	4,407,145	904,509
Total operating expenses	<u>11,239,684</u>	<u>249,551</u>	<u>393,644</u>	<u>11,882,879</u>	<u>8,665,105</u>
Operating income (loss)	<u>2,750,205</u>	<u>(134,214)</u>	<u>(245,213)</u>	<u>2,370,778</u>	<u>(137,643)</u>
Nonoperating revenues (expenses):					
Interest income	14,911	178	-	15,089	39,165
Interest expense	(2,578,311)	-	-	(2,578,311)	(5,470)
Gain (loss) on disposal of capital assets	19,620	-	-	19,620	(55,581)
Other income	-	1,248	-	1,248	-
Other expenses	(85,663)	-	-	(85,663)	-
Total nonoperating revenues (expenses)	<u>(2,629,443)</u>	<u>1,426</u>	<u>-</u>	<u>(2,628,017)</u>	<u>(21,886)</u>
Income before contributions and transfers	120,762	(132,788)	(245,213)	(257,239)	(159,529)
Capital contributions	332,659	-	-	332,659	-
Transfers in	-	-	-	-	352,200
Change in net position	453,421	(132,788)	(245,213)	75,420	192,671
Total net position - beginning (as restated)	<u>78,901,006</u>	<u>1,077,379</u>	<u>305,200</u>		<u>7,566,791</u>
Total net position - ending	<u>\$ 79,354,427</u>	<u>\$ 944,591</u>	<u>\$ 59,987</u>		<u>\$ 7,759,462</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>46,717</u>	
Change in net position of Business-type activities				<u>\$ 122,137</u>	

The accompanying notes are an integral part of these financial statements

**Fayette County, Georgia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Water System	NonMajor Funds			
		Solid Waste	Stormwater Utility		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users	\$ 14,252,907	\$ 118,041	\$ 448,765	\$ 14,819,713	\$ 1,980,826
Receipts from interfund services provided	-	-	-	-	6,546,635
Payments to suppliers	(5,263,864)	(215,451)	(59,720)	(5,539,035)	(8,229,512)
Payments to employees	(3,345,282)	(52,776)	(331,323)	(3,729,381)	-
Net cash provided (used) by operating activities	<u>5,643,761</u>	<u>(150,186)</u>	<u>57,722</u>	<u>5,551,297</u>	<u>297,949</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Other income	-	1,248	-	1,248	-
Net cash used by noncapital financing activities	<u>-</u>	<u>1,248</u>	<u>-</u>	<u>1,248</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from issuance of revenue bonds	17,574,497	-	-	17,574,497	-
Principal paid on revenue bonds	(20,420,000)	-	-	(20,420,000)	-
Interest paid on revenue bonds	(2,652,947)	-	-	(2,652,947)	-
Redemption of certificates of participation	-	-	-	-	(459,000)
Interest paid on certificates of participation	-	-	-	-	(5,470)
Acquisition and construction of capital assets	(4,162,591)	-	-	(4,162,591)	-
Purchase of capital assets	-	-	-	-	(526,772)
Bond issuance costs paid and paying agent fees	(85,663)	-	-	(85,663)	-
Proceeds from sale of capital assets	19,620	-	-	19,620	-
Net cash provided (used) by capital and Related financing activities	<u>(9,727,084)</u>	<u>-</u>	<u>-</u>	<u>(9,727,084)</u>	<u>(991,242)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	14,911	178	-	15,089	335,801
Purchase of investments	-	-	-	-	(3,772)
Net cash provided by investing activities	<u>14,911</u>	<u>178</u>	<u>-</u>	<u>15,089</u>	<u>332,029</u>
Net increase (decrease) in cash and cash equivalents	(4,068,412)	(148,760)	57,722	(4,159,450)	(361,264)
Cash and cash equivalents at beginning of year	29,517,675	935,227	-	30,452,902	3,462,907
Cash and cash equivalents at end of year	<u>\$ 25,449,263</u>	<u>\$ 786,467</u>	<u>\$ 57,722</u>	<u>\$ 26,293,452</u>	<u>\$ 3,101,643</u>

*Continued on next page*

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



**Fayette County, Georgia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water System	NonMajor Funds		Total	
		Solid Waste	Stormwater Utility		
<b>Reconciliation of Operating Income (Loss) To Net Cash Flows Provided (Used) By Operating Activities:</b>					
Operating income (loss)	\$ 2,750,205	\$ (134,214)	\$ (245,213)	\$ 2,370,778	\$ (137,643)
Adjustments to reconcile operating income (loss) to Net cash provided (used) by operating activities:					
Depreciation expense	\$ 4,382,987	\$ 17,338	\$ 6,820	\$ 4,407,145	\$ 904,509
Decrease (increase) in assets:					
Accounts receivable	310,809	2,706	144,729	458,244	-
Due from other funds	(17,500)			(17,500)	
Inventory	72,528	-	-	72,528	-
Prepaid items	33,968	-	56	34,024	79,900
Increase (decrease) in liabilities:					
Accounts payable	(1,907,633)	(33,537)	180	(1,940,990)	108
Salaries and benefits payable	(31,167)	(876)	(689)	(32,732)	-
Compensated absences	9,251	(1,603)	-	7,648	-
Early termination benefits	(9,087)	-	-	(9,087)	-
Unearned revenue	49,400	-	155,604	205,004	-
Due to other funds	-	-	(3,765)	(3,765)	-
Claims payable	-	-	-	-	(548,925)
Total adjustments	<u>\$ 2,893,556</u>	<u>\$ (15,972)</u>	<u>\$ 302,935</u>	<u>\$ 3,180,519</u>	<u>\$ 435,592</u>
Net cash provided (used) by operating activities	<u>\$ 5,643,761</u>	<u>\$ (150,186)</u>	<u>\$ 57,722</u>	<u>\$ 5,551,297</u>	<u>\$ 297,949</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>					
Contributions of capital assets	<u>\$ 332,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,659</u>	<u>\$ -</u>
Inventory utilized in the construction of capital assets	<u>\$ 1,134,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134,416</u>	<u>\$ -</u>

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

**Fayette County, Georgia**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2013**

**ASSETS**

Cash and cash equivalents	\$ 2,423,102
Taxes receivable	<u>4,126,080</u>
 Total assets	 <u>\$ 6,549,182</u>

**LIABILITIES**

Due to others	\$ 6,369,526
Tax protest / bankruptcy / tax sale	<u>179,656</u>
 Total liabilities	 <u>\$ 6,549,182</u>

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



*Fayette*  
COUNTY

“WHERE QUALITY  
IS A LIFESTYLE”

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## **NOTES TO THE FINANCIAL STATEMENTS**

**Fayette County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**Fayette County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE I. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Fayette County, Georgia (the “County” or the “Government”) was established in 1821 and is a body corporate and politic organized and existing under the Constitution and laws of the State of Georgia. The County operates under a Board of Commissioners – County Administrator form of government and provides the following services as authorized by its charter: Public Safety, Public Works, Culture, Recreation, Community Services and other General Government Services.

The governing authority of the County is a Board of Commissioners, consisting of five part-time members, who serve for four-year staggered terms. The Board appoints the County Administrator, who serves as the County’s chief administrative officer. The County Administrator is responsible for the daily operations of all County functions in accordance with the policies of the Board of Commissioners.

The financial statements of Fayette County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The accompanying financial statements present the County and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the County’s operations, and their financial information is aggregated and presented as a component of the appropriate County’s operations. Each discretely presented component unit is reported in a separate column in the Government-Wide Statements (see note below for description) to emphasize that it is legally separate from the County. In terms of the consistency of the financial information being reported, each of the component units also has a fiscal year ending June 30.

*Blended Component Unit.* The Fayette County Public Facilities Authority is governed by a three-member board appointed by the County’s Board of Commissioners. Although it is legally separate from the County Government, the Public Facilities Authority is reported in the financial statements as if it were part of the primary government because it serves as a financial conduit for debt issued to construct and/or maintain public buildings and related projects. The financial activity of this Authority was previously reported as the Criminal Justice Center Capital Projects Fund, which was a nonmajor governmental fund. Bond payments are currently being paid out of the general fund until a fund can be established to account for the activities of the Public Facilities Authority. No separate financial statements are issued by the Fayette County Public Facilities Authority.

*Discretely Presented Component Units.* The Fayette County Development Authority is responsible for promoting industrial and commercial development within Fayette County. The Board of Commissioners appoints the members of the Authority’s governing board to staggered terms. The Development Authority is responsible for adopting its own annual budget and making its own

operating decisions. However, Fayette County does provide substantial financial support each year and has contractually obligated itself to use its taxing power to guarantee the repayment of principal and interest on certain industrial revenue bonds issued by the Authority. The Fayette County Development Authority is presented as a governmental fund type.

The Fayette County Department of Public Health is responsible for providing environmental and physical health services to the citizens of Fayette County. The Board of Commissioners appoints the majority of the members of the Health Department's governing board. The Board of Commissioners reviews the proposed annual budget of the Health Department and makes a decision as to the County's funding contribution level for each fiscal year.

The County also provides this entity with free office space at the Stonewall Village Administrative Complex. The Fayette County Department of Public Health is presented as a governmental fund type. Complete financial statements for each of the individual component units can be obtained at the entity's administrative office. Their addresses are shown below:

Fayette County Development Authority  
200 Courthouse Square  
Fayetteville, Georgia 30214

Fayette County Department of Public Health  
140 Stonewall Avenue, W., Suite 107  
Fayetteville, Georgia 30214

## **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 nonfiduciary activities of the primary government and its component units. In these Statements, *Governmental Activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *Business-Type Activities*, which rely to a significant extent on fees and charges for support. Likewise in terms of presentation, the *Primary Government* (i.e., County and its blended component unit) is reported separately from certain legally separate *Component Units* (i.e., the Discretely Presented Component Units), for which the Primary Government is financially accountable.

The Statement of Activities demonstrates the degree to which the *Direct Expenses* of a given function or segment is offset by *Program Revenues*. *Direct Expenses* represent those expenses that are clearly identifiable with a specific function or segment of operations. *Program Revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among Program Revenues are reported instead as *General Revenues*.

Separate financial statements are provided for the Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the Government-Wide Financial Statements. Major individual Governmental Funds and all three of the individual Enterprise Funds (two of which are nonmajor) are reported as separate columns in the fund financial statements. These statements display information about major funds individually and non-major funds in the aggregate for Governmental Funds. The Fiduciary Fund statements include financial information for

the agency funds. These funds represent assets held by the County in a custodial capacity for individuals or other governments.

### **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 Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. In these statements, revenues are recognized when susceptible to accrual (i.e., when they are considered to be both “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible with the current period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, Fayette County considers all revenues to be available if they are collected with 60 days after year-end. Expenditures are generally recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early termination benefits, other postemployment benefits, and claims and judgments, are recorded only when payment is due and the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, and interest are associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the State of Georgia Department of Revenue at year-end on behalf of the County are also recognized as revenue. Entitlements and shared revenues are recorded at the time of receipt or earlier if susceptible to accrual criteria. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the County and are recognized as revenue at that time.

In terms of understanding the information being presented on the various financial statements, there are some important differences to consider. For example, amounts paid to acquire or construct capital assets are capitalized as *Assets* in the Government-Wide Financial Statements; however, these amounts are reported as an *Expenditure* in the Governmental Fund Financial Statements. Proceeds of long-term debt are recorded as *Liabilities* in the Government-Wide Financial Statements but they are reported as an *Other Financing Source* in the Governmental Fund Financial Statements. Also, amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of *Liabilities* in the Government-Wide Financial Statements but as a *Debt Service Expenditure* in the Governmental Fund Financial Statements.

The Government reports the following Major Governmental Funds:

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.

The *Fire Services Tax District Special Revenue Fund* is used to account for those expenditures incurred to provide fire protection services to those citizens and businesses in the County not being served by the Peachtree City or Fayetteville Fire Departments. Revenues to fund this public safety activity are derived principally from a separate tax levy on those property owners located in the Fire Services Special Tax District.

The *Emergency Medical Services (EMS) Tax District Special Revenue Fund* is used to account for those expenditures incurred to provide emergency medical services to those citizens and businesses in the County not being served by the Peachtree City Emergency Medical Services Department. A portion of the revenues used to fund this public safety activity are derived from a separate tax levy on those property owners located in the EMS Special Tax District. Ambulance transport fees are also dedicated sources of revenue for the provision of this service.

The *County-Wide Roads SPLOST Capital Projects Fund* is used to account for a segment of the revenues and expenditures associated with the 1% Special Purpose Local Option Sales Tax (SPLOST) passed by voter referendum on November 2, 2004 for the construction of roads, streets, and bridges. This Capital Projects Fund is used to record the financial activity from 70% of the SPLOST proceeds that were earmarked for projects considered to provide a county-wide benefit.

The Government reports the following Major Proprietary Fund:

The *Water System Fund* accounts for the activities of the County's water system operations. The Water System provides potable water services to 28,736 customers in the unincorporated County and in Peachtree City, Tyrone, Woolsey and Brooks.

Additionally, the government reports the following fund types:

*Internal Service Funds* account for operations that provide services to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. The County uses the following Internal Service Funds: Worker's Compensation, Medical, Dental and Vision Self-Insurance Funds, and a Vehicle Replacement Fund.

*Fiduciary Fund* reporting focuses on net position. The County's fiduciary funds include agency funds. Agency funds represent the activities of the Tax Commissioner, Superior Court, Probate Court, Magistrate Court, Sheriff's Office, State Court and Juvenile Court.

As a general rule, the effect of interfund activity has been eliminated from the Government-Wide Financial Statements. Exceptions to this general rule are charges between the Government's Water System, the Stormwater Utility function and various other functions of the Government. Elimination of these charges would distort the *Direct Expenses* and *Program Revenues* reported for the various functions concerned.



Amounts reported as *Program Revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *General Revenues* rather than as *Program Revenues*. Likewise, *General Revenues* include all taxes.

Proprietary Funds distinguish *operating revenues* and *operating 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. The principal operating revenues of the Water System Enterprise Fund, the Solid Waste Enterprise Fund, the Stormwater Utility Enterprise Fund and the Internal Service Funds are charges to customers for sales and services. The Water System Enterprise Fund also recognizes as operating revenue the portion of the tap fees intended to recover the cost of connecting new customers to the distribution system. Operating expenses for these funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### **D. Overview of Accounting Structure and Fund Purposes**

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

The *Capital Projects Funds* account for the acquisition of capital assets or construction of capital projects not being financed by proprietary fund types.

*Enterprise Funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The Water System, Solid Waste and Stormwater Utility Funds are examples of this type of fund and represent business-type activities.

*Fiduciary Funds* account for assets held by the County in a trustee capacity or as an agent on behalf of others. Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. Fayette County's agency funds are:

Tax Commissioner:	to account for the billing, collection and remittance of taxes to the County, Board of Education, Municipal Governments, and the State of Georgia;
Sheriff's Office:	to account for the collection and remittance of fines, costs, and bond forfeitures to the County;
Juvenile Court:	to account for the collections of Juvenile Court fines and settlements and subsequent remittance to the applicable parties;
Magistrate Court:	to account for the collection of charges for Magistrate Court costs, filings, and settlements and the subsequent remittance to the applicable parties;
Probate Court:	to account for the collections of Probate Court fines and settlements and the subsequent remittance to the applicable parties;
State Court:	to account for the collection of charges for the State Court costs, filings and settlements and the subsequent remittance to the applicable parties; and
Superior Court:	to account for the collection of charges for Superior Court costs, filings and settlements and the subsequent remittance to the applicable parties.

**E. Assets, Liabilities and Equity**

**1. Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, funds on deposit in the Georgia Fund 1 State Investment Pool, and other short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the Proprietary Fund Statement of Cash Flows, the County considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The statutes of the State of Georgia authorize the County to invest in U.S. Government obligations; U.S. Government agency obligations; State of Georgia obligations; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc.; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; repurchase agreements when collateralized by U.S. Government or agency obligations; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the County reports investments at fair value. Money market investments and those investments, which had a remaining maturity at the time of purchase of one year or less are recorded at amortized cost or cost plus accrued interest, which approximates fair value.

Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds and is regulated by the State Treasurer of the State of Georgia. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the Securities and Exchange Commission (SEC) as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on a \$1.00 per share. Due to the nature of the accounts, no amounts in this fund are categorized from an investment risk perspective.

The fair value of all other investments was calculated using quoted market prices because these prices have been determined to be the most reliable and verifiable and are the most understood by investors, creditors and other users of financial information.

## 2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances between Governmental Activities and the Business-Type Activities are reported on the Government-Wide Financial Statements as "Internal Balances".

Advances between funds, as reported in the Fund Financial Statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectibles on receivable balances represent an estimate based on historical collection rates and account balance aging reports.

Property taxes were levied and billed on September 5, 2012. The billings are considered due upon receipt; however, the actual due date is based on a period ending 75 days after the tax bill mailing. On November 16, 2012, the bills became delinquent, the applicable property is subject to lien, and penalties and interest may be assessed by the County. The Tax Commissioner bills and collects those property taxes levied by the County, the Fayette County Board of Education, the municipalities located within the County and the State of Georgia. Collections and remittances to the County and other governmental agencies are accounted for in an Agency Fund.

All property taxes levied for the current and any previous years, but not received as of June 30, 2013, are shown as property taxes receivable at that date. Any of those taxes, which are determined to be unavailable to pay liabilities of the current period, are classified as "Unearned Revenue" on the Governmental Fund Statements.

At year-end, the Water System had approximately \$1.07 million in billed customer receivables. In addition, a receivable of \$611,397 was recorded for services rendered at year-end but not yet billed at June 30, 2013. The receivable was computed using the cycle billings sent to customers in July and prorating the charges based on the days applicable to the current period. These amounts are shown net of an allowance for uncollectibles of \$125,000.

The Stormwater Utility had \$163,794 in receivables for stormwater services at June 30, 2013. Customers are billed one time annually for stormwater services provided on a calendar year basis. Using an estimate of a five-percent reduction in the \$163,794 in customer billings yielded an allowance for uncollectibles in the amount of \$8,190.

### 3. Inventories and Prepaid Items

Inventories in the Water System enterprise fund are valued at cost, which approximates market value using the first-in, first-out (FIFO) method. Inventories primarily consist of meters, and pipe and fittings intended for use in construction of line extensions and to support the maintenance work on the system. Inventories of Governmental Funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as Prepaid Items in both the Government-Wide and Proprietary Fund Financial Statements. Prepaid Items are recorded as expenditures/expenses when consumed rather than when purchased. In the governmental funds, prepaid items are recorded as expenditures when purchased.

### 4. Restricted Assets

*Primary Government:* In the Vehicle Replacement Internal Service Fund which is included in the Governmental Activities on the Government-Wide Statements, the unused proceeds of the Certificates of Participation are classified as restricted assets on the Statement of Net Position because their use is limited pursuant to an agreement with the Georgia Municipal Association. These monies are to be used to pay off the outstanding obligation when it becomes due.

Certain proceeds of the Water System Enterprise Fund revenue bonds, as well as certain resources set aside for their payment are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond sinking fund" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond debt service reserve" account is used to report resources set aside to subsidize the potential future deficiencies in the revenue bond sinking fund account. The "revenue bond renewal and extension" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

*Component Unit – Development Authority:* As part of the bond issue for the Cooper 1996 bond series, a special covenant provided for the payment by Cooper of ad valorem property taxes on the building and other assets acquired with the bond proceeds. Over a ten-year period, Cooper will remit

payments to the Authority in amounts sufficient to pay current year taxes. The escrowed payments received and the investment earnings thereon will be approximately equal to the future taxes that would be paid under current property tax rates. Funds held in escrow for the payment of future years' taxes were \$686,587 at the end of the fiscal year.

5. Capital Assets

*Primary Government:* Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, distribution lines, and similar items), are reported in the applicable Governmental or Business-Type Activities column of the Government-Wide Financial Statements. Capital assets, other than infrastructure assets, are defined by the County as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The County has retroactively reported major general infrastructure assets. In this case, the government chose to include all items regardless of their acquisition date. The County engaged a consultant who was able to estimate historical cost for the initial reporting of these assets through backtrending. The Government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction and acquisition of infrastructure assets are capitalized and reported in the Government-Wide Financial Statements regardless of their amount.

The cost of normal maintenance and repairs that do not add to the value of the asset or do not substantially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements, including infrastructure assets, are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Classification</u>	<u>Years</u>
Building Improvements	10
Buildings	40
Computer Equipment	5
Infrastructure	15 - 40
Office Equipment	5
Vehicles	7 - 15

6. Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item, which arises only under

a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unearned revenue*, is reporting only in the governmental funds balance sheet. The governmental funds report unearned revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### 7. Compensated Absences

County employees are granted vacation, compensatory, holiday and sick leave in varying amounts. It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits up to a specified maximum number of hours. Compensatory and holiday leave is accumulated based on departmental discretion of need. In the event of termination of employment, an employee is paid for accrued annual, compensatory, and holiday leave days.

In addition, regular full-time employees hired before March 1, 1998, with three or more years of service who resign in good standing or retire from service with the County may elect to be paid at the rate of \$15 for each day of unused sick leave up to a maximum of \$900. For other employees, the balance is treated as credited service for the defined benefit pension plan.

Vacation, compensatory, holiday and termination sick leave pay are accrued when incurred in proprietary funds and reported as a fund liability. On the Government-Wide Statements, vacation, compensatory, holiday, and termination sick leave pay is accrued and reported as a liability for the Governmental Activities similar to Business-Type Activities. Vacation, compensatory, holiday, and termination sick leave pay that has matured and is reimbursable to an employee is reported as an expenditure and a fund liability of the Governmental Funds that are responsible for payment.

#### 8. Long-Term Obligations

In the Government-Wide Financial Statements, and Proprietary Fund Types in the Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund Type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount, and the deferred refunding charges.

In the Fund Financial Statements, Governmental Fund Types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as an Other Financing Source. Premiums received on debt issuances are reported as an Other Financing Source while discounts on debt issuances are reported as an Other Financing Use. Issuance costs, even if withheld from the actual debt proceeds received, are reported as Debt Service expenditures.

## 9. Fund Equity: Fund Balance and Net Position

Fund equity at the Governmental Fund financial reporting level is classified as “Fund Balance”. Fund equity for all other reporting is classified as “Net Position”.

*Fund Balance:* Generally, “Fund Balance” represents the difference between the assets and liabilities reported under the current financial resources measurement focus of accounting. In the Fund Financial Statements, Governmental Funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.

Fund Balances are classified as follows:

- **Nonspendable** – Fund Balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items, such as inventory or prepaid insurance, that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund Balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. An example of this classification is those Special Revenue Funds where the revenues generated from fine surcharges have to be spent for specific purposes by State statute.
- **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 County Commission. Only the County Commission may modify or rescind the commitment. An example of this classification is stabilization funds where the Board commits three months of working capital through the adoption of the annual budget resolution, and may modify or rescind the commitment as part of any subsequent budget adjustments that it approves.
- **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 or committed. Again, the Board of Commissioners is solely responsible for assigning fund balance through formal actions that it takes. An example of this classification is the assignment by the Board of a portion of the fund balance to set aside \$2 Million for natural disaster emergencies.
- **Unassigned** – Fund Balances are reported as unassigned when the balances do not meet any of the above criterion. The County reports an unassigned fund balance only in the General Fund.

*Fund Balance Flow Assumptions:* When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, and then (3) Unassigned.

*Net Position:* As noted previously, equity for the Government-Wide and Proprietary Fund Financial Statements is classified as Net Position. On the aforementioned financial statements, the Net Position category is displayed utilizing the following three components:

- **Net investment in capital assets** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, capital leases, certificates of participation or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of the component. Instead, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted Net Position** – This component of net position consists of those net position that have constraints placed on them through external restrictions by creditors (e.g., debt covenants), grantors, contributors, or laws, or regulations of other governments. This component would also include constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of the net position that does not meet the definition of “invested in capital assets, net of related debt” or “restricted”. Generally, these net position represent those financial resources that are available to the County to meet any future obligations that arise.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and restricted assets are available.

#### 10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **NOTE II. – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. Budgetary Information**

The applicable statutes of the State of Georgia require Fayette County to operate under an annual balanced budget adopted by resolution. A budget is defined as being balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. Because the Board of Commissioners adopts each of its operating budgets at the department level, the applicable State statutes require that total expenditures not exceed the total amount of appropriations at the individual department level.



Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all of the Special Revenue Funds. Operating budgets are not prepared for the Internal Service Funds or the Agency Funds. Expenditures for those funds are controlled by legal use restrictions imposed by ordinances. For administrative control purposes, cash flow budgets are adopted for each of the Enterprise Funds.

Project-length plans are adopted for the Capital Projects Funds. The County adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

1. In April of each year, all departments submit requests for appropriation to the County Administrator so that an annual operating budget can be prepared. The budget is prepared by fund, function and department, and includes information on the past year, current year estimates and requested appropriation amounts for the next fiscal year.
2. Prior to May 1, the County Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general fund and special revenue funds.
3. In late May and early June, public hearings are conducted to obtain taxpayer comments about the proposed budget.
4. Prior to July 1, the budget is legally enacted through the passage of an appropriation ordinance by the Commission.

Operating budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of control (i.e. the level at which the governing body must approve any over expenditures of appropriations or transfers of appropriated amounts) for each legally adopted annual operating budget for Fayette County, Georgia is at the departmental level within each fund. Unexpended appropriations lapse at year-end.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. Encumbrances of the General Fund outstanding at year end are reported as one component of Assigned Fund Balance. Encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Encumbrances lapse at year-end and are reappropriated as part of the ensuing year’s budget.

Formal budget integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Individual budgets and actual statements are presented for these funds at the department level. To help ensure that each department keeps their spending during the year within its total approved appropriations amount, certain internal administrative controls are utilized. County department heads are authorized to approve budget transfers between the various line item expenditure accounts within their departments. All other transfers or

supplemental appropriations, which change the total budget for a departmental cost center, must be approved by the Board of Commissioners.

## **B. Debt Service and Sinking Fund Requirements on Water Revenue Bonds**

### **1. Sinking Fund Requirements**

The bond resolutions require the creation and maintenance of a sinking fund that is to be used to pay the principal and interest on the revenue bonds as they become due. The bond resolutions specifically require that monies be deposited monthly into the sinking fund until such time that sufficient funds are on hand to pay the semi-annual interest payments and the bonds as they mature.

During fiscal year ended June 30, 2013, \$5,914,331 was paid from the revenue fund into the sinking fund (including the debt service reserve account) with required debt and interest payments made from the sinking funds when due.

### **2. Debt Service Reserve**

The bond resolutions require the creation and maintenance of a debt service reserve within the sinking fund. According to the resolutions, monies are to be transferred each month from the revenue fund to the reserve so that the reserve will be fully funded in an amount equal to \$5,655,863 by April 1, 2017. The debt reserve balance at June 30, 2013 is \$4,998,711, the sinking fund balances are \$3,112,056, for a debt service total of \$8,110,767, which is shown as restricted cash in the proprietary funds.

### **3. Renewal and Extension Fund**

After the monthly operating and maintenance expenses have been paid and the required debt service transfers have been made, all monies remaining in the revenue fund in excess of a working capital reserve (in an amount not to exceed one month's estimated operating and maintenance expenses) are to be transferred to the renewal and extension fund. The bond resolutions restrict disbursements from this fund to the following:

- a. Paying principal and interest on any revenue bonds falling due when there are insufficient funds in the sinking fund to make the payment;
- b. Emergency expenditures if there are insufficient funds in the revenue fund (operating account);
- c. Replacements, additions, extensions, and improvements to the system in the best interests of the county and bondholders;
- d. Payments of investment services for the investment of monies held in the renewal and extension fund (renewal and extension account); and
- e. The transfer of moneys, if any required, pursuant to the arbitrage rebate provision of the bond resolution.

#### 4. Rates and Fee Requirements

In accordance with the bond resolutions, the Water System's schedule of rates, fees, and charges for services shall be maintained at such a level so as to produce net revenues (after payment of reasonable and necessary cost of operating and maintaining the system) equal to at least 1.20 times the amount required to be paid in to the sinking fund in the current sinking fund year. This ratio is computed annually. For the year ended June 30, 2013, the County was in compliance with this requirement.

### NOTE III. – DETAILED NOTES ON ALL FUNDS

#### A. Cash, Cash Equivalents and Investments

##### 1. Summary of Cash, Cash Equivalents and Investments

A summary of cash, cash equivalents and investments for Fayette County, Georgia as of June 30, 2013 is detailed in the following tabular information:

#### Balances per Statement of Net Assets:

Unrestricted:

Cash and Cash Equivalents – Primary Government	\$36,903,992
Cash and Cash Equivalents – Development Authority	327,928
Cash and Cash Equivalents – Public Health	830,185
Investments – Primary Government	60,872,653

Restricted:

Cash and Cash Equivalents – Primary Government	24,636,377
Cash and Cash Equivalents – Development Authority	686,587

#### Balances per Statement of Fiduciary Net Assets:

Cash – Agency Funds	<u>2,423,102</u>
Total Cash, Cash Equivalents and Investments	<u>\$126,680,824</u>

In the following table, those cash, cash equivalents and investments are summarized by general custodial classification:

	<u>Primary Government</u>	<u>Agency Funds</u>	<u>Development Authority</u>	<u>Public Health</u>	<u>Total By Classification</u>
Cash and Cash Equivalents:					
Cash on Hand	\$ 2,400	\$ --	\$ --	\$ --	\$ 2,400
Cash Held by Fiscal Agent	280,534	--	--	--	280,534
Demand Deposits at Financial Institutions	29,369,723	2,423,102	1,014,515	830,185	33,637,525
Georgia Fund 1 Investment Pool	<u>31,887,712</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>31,887,712</u>
Total Cash and Cash Equivalents	\$ 61,540,369	\$2,423,102	\$1,014,515	\$830,185	\$ 65,808,171
Investments:					
BNY Mellon Investments	<u>60,872,653</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>60,872,653</u>
Total Cash, Cash Equivalents And Investments	<u>\$122,413,022</u>	<u>\$2,423,102</u>	<u>\$1,014,515</u>	<u>\$830,185</u>	<u>\$126,680,824</u>

## 2. Demand Deposits at Financial Institutions

**Custodial Credit Risk:** Custodial credit risk for demand deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and our bond resolutions require all deposits and investments (other than federal or state government instruments) be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities.

*Primary Government and Agency Funds:* At June 30, 2013, the carrying amount of the County's demand deposits was \$29,369,723 and the bank balances totaled \$30,163,260. The Agency Funds' accounts had a carrying value of \$2,423,102 and a bank balance of \$4,576,705. All of the County's deposits were covered either by FDIC coverage or collateralized with securities held by the County's agent in the County's name. The collateral pledged by the banks' trust department in the County's name is composed of various bonds of the U.S. Government Agencies and bonds of public authorities, counties and municipalities of the State of Georgia.

*Component Unit – Development Authority:* At year end, the carrying amount of the Authority's deposits was \$1,014,515, which includes \$786,581 on deposit with a broker, and the bank balance was \$1,034,132. The broker account is covered in accordance with provisions of the Securities Investor Protection Corporation. All of bank balance was either covered by federal depository insurance or covered by collateral held in the pledging bank's trust department or by its agent in the Authority's name.

*Component Unit – Public Health:* At June 30, 2013, the Public Health Department's cash deposits were entirely covered by federal depository insurance and collateral held by the custodial bank in the Health Department's name.

## 3. Investments

**Credit Risk:** Credit risk for investments is the risk that an issuer or other counterparty will not fulfill its obligations. State statutes authorize the County to invest in obligations of the State of Georgia or of other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government Agency; obligations of any corporation of the U.S. Government; repurchase agreements backed by the U.S. Government or a U.S. Government Agency; prime banker's acceptances that are eligible for purchase by the Federal Reserve bank and have a Letter of Credit rating of A+ or better; the Local Government Investment Pool (LGIP); obligations of Other Political Subdivisions of the State of Georgia; and time deposits and savings deposits of banks organized under the laws of Georgia or the U.S. Government and operating in Georgia.

The County's investment policy permits the investment of County funds in the Georgia Fund 1, United States Treasury securities, United States Government Agency securities with the full faith and credit of the United States Government, Federal Instrumentalities (Government Sponsored Enterprises), time deposits (certificates of deposit) and savings accounts of financial institutions that are qualified public depositories, and money market funds.

One measure of the perceived credit risk of an issuer is the credit rating. The County’s investment policy provides strict guidelines and limits investments to highly rated securities with minimum ratings of AAA money market funds, AAA rated agency notes, AAA rated Government Sponsored Enterprises, AAA Federal Deposit Insurance Corp backed notes and U.S. Treasuries.

As a means of reducing the risk associated with counterparties, the County utilizes the State Investment Pool for the majority of its short-term investment needs. Georgia Fund 1, which was created by the Official Code of Georgia Annotated (“OCGA”) § 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor’s criteria for AAA rated money market funds. However, Georgia Fund 1 operates in a manner consistent with a Rule 20-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. Georgia Fund 1 is not registered with the Securities and Exchange Commission as an investment company. The Georgia Office of the State Treasurer is the regulatory oversight agency of Georgia Fund 1. Georgia Fund 1’s primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. Georgia Fund 1 distributes earnings (net of management fees) on a monthly basis and determines participant’s shares sold and redeemed on \$1.00 per share.

**Concentration of Credit Risk:** An additional dimension of credit risk relates to the amount of investment in any one entity. The greater the reliance on a single investment vehicle or issuer, the greater the concentration of the associated risk becomes for the portfolio. However with that said, the County does not consider having a large percentage of U.S. Government issued or backed investments in the portfolio as increasing its investment risks because of the financial stability of the issuer.

To minimize this component of credit risk, the County’s investment policy also provides asset allocation limits for each security type. Issuer limits are provided for each investment type with the exception of U.S. Treasuries which have a 100% permitted allocation. The following guidelines represent maximum limits established for diversification by instrument by the Fayette County Board of Commissioners:

- U.S. Treasury Obligations 100%
- U.S. Government Agency Securities and Securities Issued by Instrumentalities of Government Sponsored Corporations 50%
- Repurchase Agreement 25%
- Prime Banker’s Acceptances 10%
- Local Government Investment Pool 100%
- Certificates of Deposit 50%
- Obligations of other political subdivisions of the State of Georgia 25%

**Custodial Credit Risk:** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no specific investment policy in regards to custodial credit risk for investments.

However as part of the County's investment program, a large percentage of the investment portfolio is held by the State of Georgia (i.e., Georgia Fund 1). In addition, the County's externally managed open market security investments are held with a third party custodian in accordance with Georgia Code. The County's investment holdings are designated as assets of the County in separate accounts in the County's name.

**Interest Rate Risk:** Interest rate risk arises from investments in debt instruments and represents the risk that changes in the interest rate will adversely affect the fair value of an investment. For example, the amount of the loss in the fair value of a fixed-income security increase as the current market interest rate related to the investment rises.

The County employs multiple investment duration and investment management strategies which seek to minimize the County's portfolio interest rate risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the County's Policy limits the investment of operating funds to investments with a stated maturity of no more than 5 years from the date of purchase.

The County maintains liquidity in overnight investments vehicles for short term expenditures and remaining assets are invested in short term securities with maturity limitations and by security type for the entire portfolio. The investment program is designed to diversify and minimize changes in market price as interest rates change.

The County utilizes an external investment manager to actively manage a portion of its investment portfolio. Performance is measured in total return against the 1 - 3 Year U.S. Treasury/Agency benchmark. The County utilizes two investment portfolios with the external manager, an enhanced cash portfolio with a duration of less than a year, and a core portfolio with a duration strategy between 1.5 and 2.0 years. This dual portfolio strategy is structured to manage interest rate volatility. All assets managed by the external manager are held in custody with the Bank of New York in the County's name. As of June 30, 2013, all assets within the externally managed portfolios are rated AA or better.

As indicated in the earlier tabular information, investment cash equivalents comprised \$31,887,712 or about 34.38% of the total investment balance of \$92,760,365 at year end. These cash equivalents, which are shown in the table below, represented monies deposited into the State Investment Pool which is essentially a money market account with one day's liquidity. With the ability to quickly access these funds should the need arise, the County feels that it has sufficient flexibility to address interest rate risk should the rates suddenly rise since there would be no real exigency to sell any of the longer term investments prior to their actual maturities.

Cash Equivalents:	<u>FAIR VALUE</u>	<u>MATURITIES</u>
Georgia Fund 1 Investment Pool	<u>\$31,887,712</u>	48 Day Weighted Average

At June 30, 2013, the County had \$60,872,653 in investments that are not considered cash equivalents by the County because of their longer maturity dates and the fact that these monies are invested over the long-term for the County by an external money manager. As a necessary component of this portfolio due to the frequency and timing of investment activities, there is a need to maintain a portion of the balance in a short-term, highly liquid form. In keeping with those

liquidity needs, there was \$1,959,692 deposited in the Fidelity Institutional Treasury Portfolio Money Market Fund at June 30, 2013.

The chart below presents the fair value for each security type and maturity distribution for the investments, other than the aforementioned money market position, totaling \$58,912,961 as of June 30, 2013.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent Of Total</u>	<u>Weighted Average Maturity (In Years)</u>
U. S. Treasuries	\$31,912,174	54.17%	1.41
Federal Agencies	1,485,817	2.52%	1.24
Government Sponsored Corporations	24,125,881	40.95%	2.62
Municipal Securities	<u>1,389,089</u>	2.36%	2.33
Total Fair Value	<u>\$58,912,961</u>		
Portfolio Weighted Average Maturity			1.93

## B. Receivables

Receivables as of year-end for the Government's individual major funds; and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Fire Services</u>	<u>Emergency Medical Services</u>	<u>NonMajor Governmental Funds</u>	<u>Water System</u>	<u>NonMajor Enterprise Funds</u>	<u>Totals</u>
Receivables:							
Property Taxes	\$ 724,628	\$188,736	\$ 45,036	\$ 23,883	\$ --	\$ --	\$ 982,283
Sales Taxes	1,031,215	-	--	-	--	--	1,031,215
Interest	-	-	--	5	--	14	19
Intergovernmental Accounts	64,578	-	--	191,373	--	--	255,951
	<u>940,202</u>	<u>73,193</u>	<u>617,633</u>	<u>434,935</u>	<u>1,682,483</u>	<u>172,939</u>	<u>3,921,385</u>
Gross Receivables	\$2,760,623	\$261,929	\$662,669	\$650,196	\$1,682,483	\$172,953	\$6,190,853
Less: Allowance for Uncollectibles	<u>(357,855)</u>	<u>(83,106)</u>	<u>(111,078)</u>	<u>(8,198)</u>	<u>(125,000)</u>	<u>(8,190)</u>	<u>(693,427)</u>
Net Total Receivables	<u>\$2,402,768</u>	<u>\$178,823</u>	<u>\$ 551,591</u>	<u>\$ 641,998</u>	<u>\$1,557,483</u>	<u>\$ 164,763</u>	<u>\$5,497,426</u>

### C. Capital Assets

Capital assets for the Primary Government for the fiscal year ended June 30, 2013, are shown in the following tabulations. The first table contains a breakdown of the capital assets utilized in the operations of governmental activities by general asset classification and the associated accumulated depreciation. The tabular information also shows the activity that occurred with each asset class during the 2013 fiscal year.

<b>Governmental Activities</b>	Beginning Balances	Increases	Transfers and Decreases	Ending Balances
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 9,449,785	\$ 48,261	\$ (35,761)	\$ 9,462,285
Construction in Progress	<u>11,211,605</u>	<u>7,936,584</u>	<u>(1,197,566)</u>	<u>17,950,623</u>
Total Capital Assets, Not Being Depreciated	<u>20,661,390</u>	<u>7,984,845</u>	<u>(1,233,327)</u>	<u>27,412,908</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings and Structures	74,716,143	-	16,385	74,732,528
Infrastructure	301,904,061	1,185,066	(3,901)	303,085,226
Improvements	9,857,655	-	(125,000)	9,732,655
Machinery and Equipment	20,557,460	56,316	(298,486)	20,315,290
Vehicles	<u>12,177,918</u>	<u>568,866</u>	<u>(285,657)</u>	<u>12,461,127</u>
Total Capital Assets Being Depreciated	<u>419,213,237</u>	<u>1,810,248</u>	<u>(696,659)</u>	<u>420,326,826</u>
<b>Less Accumulated Depreciation For:</b>				
Buildings and Structures	(23,260,280)	(2,130,059)	(12,699)	(25,403,038)
Infrastructure	(268,904,730)	(3,583,270)	-	(272,488,000)
Improvements	(3,650,206)	(441,373)	121,312	(3,970,267)
Machinery and Equipment	(16,115,399)	(833,227)	315,411	(16,633,215)
Vehicles	<u>(9,062,085)</u>	<u>(968,339)</u>	<u>228,360</u>	<u>(9,802,064)</u>
Total Accumulated Depreciation	<u>(320,992,700)</u>	<u>(7,956,268)</u>	<u>652,384</u>	<u>(328,296,584)</u>
Total Capital Assets Being Depreciated, Net	<u>98,220,537</u>	<u>(6,146,020)</u>	<u>(44,275)</u>	<u>92,030,242</u>
Governmental Activities Capital Assets, Net	<u>\$ 118,881,927</u>	<u>\$ 1,838,825</u>	<u>\$ (1,277,602)</u>	<u>\$ 119,443,150</u>

Subsequent to the originally released financial statements, management reduced the current year additions to Construction in Progress in these financial statements by \$2,133,599 to properly reflect amounts paid to the City of Fayetteville, Georgia for capital projects funded through Special Purpose Local Option Sales Tax (SPLOST) revenues and likewise changed these financial statements to properly reflect the aggregate expenditure as public works expense in the Statement of Activities. The County expended these funds for the City of Fayetteville, Georgia to acquire, construct and retain possession of the capital projects and the correction was necessary to remove the expenditures from Construction in Progress and report as an intergovernmental expenditure.



The following table shows the same type of information for those capital assets utilized by the business-type activities.

<b>Business-Type Activities</b>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Transfers and Decreases</u>	<u>Ending Balances</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 15,219,178	\$ 4,991,543	\$ -	\$ 20,210,721
Construction in Progress	22,031,302	3,974,587	(24,231,479)	1,774,410
Total Capital Assets, Not Being Depreciated	<u>37,250,480</u>	<u>8,966,130</u>	<u>(24,231,479)</u>	<u>21,985,131</u>
Capital Assets Being Depreciated:				
Buildings and Structures	43,385,873	14,284,412	-	57,670,285
Infrastructure	83,167,018	2,759,235	-	85,926,253
Improvements	11,313,274	3,383,977	-	14,697,251
Machinery and Equipment	9,547,994	483,937	35,900	10,067,831
Total Capital Assets Being Depreciated	<u>147,414,159</u>	<u>20,911,561</u>	<u>35,900</u>	<u>168,361,620</u>
Less Accumulated Depreciation For:				
Buildings and Structures	(22,593,622)	(1,600,309)	-	(24,193,931)
Infrastructure	(34,646,343)	(2,202,511)	-	(36,848,854)
Improvements	(8,333,128)	(280,797)	-	(8,613,925)
Machinery and Equipment	(7,546,948)	(323,528)	(35,900)	(7,906,376)
Total Accumulated Depreciation	<u>(73,120,041)</u>	<u>(4,407,145)</u>	<u>(35,900)</u>	<u>(77,563,086)</u>
Total Capital Assets Being Depreciated, Net	<u>74,294,118</u>	<u>16,504,416</u>	<u>-</u>	<u>90,798,534</u>
Business-Type Activities Capital Assets, Net	<u>\$ 111,544,598</u>	<u>\$ 25,470,546</u>	<u>\$ (24,231,479)</u>	<u>\$ 112,783,665</u>

Depreciation expense was charged to functions/ programs of the Primary Government as follows:

**Governmental Activities:**

General Government, including depreciation of general infrastructure assets	\$ 530,213
Judicial System	937,452
Public Safety	1,881,280
Public Works	4,032,291
Health and Welfare	5,190
Culture and Recreation	563,688
Housing and Development	<u>6,154</u>
Total Depreciation Expense – Governmental Activities	<u>\$7,956,268</u>

**Business-Type Activities:**

Water System	\$4,382,987
Solid Waste	17,338
Stormwater Utility	<u>6,820</u>
Total Depreciation Expense – Business-Type Activities	<u>\$4,407,145</u>

**D. Interfund Receivables, Payables and Transfers**

The purpose of interfund receivables and payables is to meet temporary cash flow requirements and timing differences between receiving and recognizing certain revenues. The only interfund balance at June 30, 2013 was \$17,500 which was due from the Fire Services Fund to the Water System Fund.

Interfund transfers for the fiscal year ended June 30, 2013 is shown in the following table:

	Transfers in:					Total
	General Fund	Fire Services	Emergency Medical Services	NonMajor Governmental Funds	Internal Service Funds	
Transfers out:						
Capital Improvement Projects:						
General fund	\$ -	\$ -	\$ -	\$ 1,987,929	\$ -	\$ 1,987,929
Fire fund	-	-	-	157,093	-	157,093
Emergency medical service fund	-	-	-	272,546	-	272,546
NonMajor governmental funds	27,468	12,000	5,000	275,821	-	320,289
Vehicle replacement:						
Fire fund	-	-	-	-	348,000	348,000
NonMajor governmental funds	-	-	-	-	4,200	4,200
Supplemental funding of operations:						
General fund	-	-	-	502,060	-	502,060
<b>Total</b>	<b>\$ 27,468</b>	<b>\$ 12,000</b>	<b>\$ 5,000</b>	<b>\$ 3,195,449</b>	<b>\$ 352,200</b>	<b>\$ 3,592,117</b>

Interfund transfers are made for several reasons during the course of each fiscal year. First, transfers are made to move revenues from the fund with collection authorization to the Capital Projects Funds where the accounting for these construction projects occurs. Likewise, transfers are made from the Capital Projects Funds back to the original transferring fund for any monies not spent on the project. Second, transfers are made to move funds to the Vehicle Replacement Internal Service Fund for the purchase of vehicles and equipment. And lastly, transfers are made to move unrestricted General Fund revenues to finance various programs that the County must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**E. Capital Leases**

The County entered into an equipment lease-purchase agreement with Motorola, Inc. on December 27, 2002 for an 841 Mhz radio system with six satellites and one prime site. The total purchase price was \$7,760,000. Under the terms of the financing the County is required to make annual lease payments in the amount of \$993,761 covering a ten-year lease term.

Cost of Leased Assets	\$ 7,760,000
Accumulated Depreciation	<u>(4,817,111)</u>
Net Value of Assets	<u>\$2,942,889</u>

At June 30, 2013, the County had fulfilled all principal and interest payments on this capital lease purchase.

## **F. Closure and Postclosure Care Cost**

Current State and Federal laws and regulations require the County to place a final cover on its landfill sites when municipal solid waste is no longer accepted, and to perform certain maintenance and monitoring functions at these sites for a minimum of five years after closure. Fayette County closed the Grady Avenue Landfill in 1988 and First Manassas Mile Road (FMMR) Sanitary Landfill in June of 1994. The County has entered into a contractual agreement with an outside contractor to lease an unused part of the old FMMR landfill site as a waste transfer station.

Governmental Accounting Standards Board, Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, requires that the County report closure and postclosure care costs as an operating expense in each reporting period based on landfill capacity used at the balance sheet date. With the closing of both of its sanitary landfills prior to June 30, 1994, the Solid Waste Enterprise Fund recognized 100% of the total estimated amount of the closure and postclosure care costs. As of June 30, 2013 the closure and postclosure care liability account had a zero balance. EPD provides estimates of the cost and there is a potential for change due to inflation, deflation, technology, or applicable laws or regulations.

## **G. Long-Term Debt**

General Obligation (G.O.) Bonds: Periodically, the County issues general obligation bonds to provide funds for the acquisition and construction of major general government capital facilities. General Obligation bonds are direct obligations and pledge the full faith and credit of the government. The County currently has no general obligation bonds outstanding.

Revenue Bonds: As certain construction needs arise that cannot be paid for out of existing cash reserves, the County issues revenue bonds to raise the necessary monies to fund those capital projects. With revenue bonds, the government pledges income derived from the acquired asset to pay debt service. The various bond indentures may contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. Management believes the County is in compliance with all such significant financial limitations and restrictions.

### **1. Water Revenue Bonds**

The Water System (the "System") has pledged future water customer revenues, net of specified operating expenses, to repay \$55.21 million in revenue bonds. Proceeds from the outstanding bonds provided financing for various construction projects and the refunding of prior bonds. These bonds are payable solely from the System's customer net revenues and have varying maturity dates through 2030.

As a general rule, annual principal and interest payments on the bonds have been scheduled so that total debt service amount is fairly consistent from one year to the next. By design, the total annual debt service payment is in the range of \$5.8 million for the next several years. The total principal and interest remaining to be paid on the bonds is \$73,913,664. Principal and interest paid on outstanding

bonds in the current year was \$22,823,773 and “net revenues” as defined by the bond ordinance were \$6,795,952.

a) Series 1996A Water Revenue Bonds

In January 1997, the County issued \$10,245,000 in Series 1996A Water Revenue Bonds. Depending upon the specific year, the amount maturing ranged from \$25,000 to \$920,000 with the longest maturity being twenty-four years (i.e., October 1, 2020) from the date of issuance. Interest rates for the various maturities ranged from 3.6% to 5.5%. After redeeming the \$25,000 in bonds that mature on October 1, 2013, there will remain a balance of \$220,000 outstanding on this series.

The Series 1996A Bonds were issued for the purpose of refunding the outstanding Series 1986 Bonds and constructing a water tank on Highway 92 North.

b) Series 2002 Water Revenue Bonds

In July 2002, the County issued \$22,670,000 in Series 2002 Water Revenue Bonds. Depending upon the specific year, the amount maturing ranged from \$50,000 to \$2,250,000 with the longest maturity being thirty years (i.e., October 1, 2032) from the date of issuance. Interest rates for the various maturities ranged from 3.25% to 5.125%. The Series 2002 Water Revenue Bonds were refunded by the Series 2012B Water Revenue Bonds and other available funds.

The Series 2002 Bonds were issued for the purpose of refunding the outstanding Series 1992A Bonds and constructing the New Hope Road water line, and the Ellis Road water tank and pump station.

c) Series 2009 Water Revenue Bonds

In August 2009, the County issued \$36,340,000 in Series 2009 Water Revenue Bonds. Depending upon the specific year, the amount maturing ranged from \$85,000 to \$4,415,000 with the longest maturity being roughly twenty years (i.e., October 1, 2029) from the date of issuance. Interest rates for the various maturities ranged from 2.0% to 5.0%. After redeeming the \$1,760,000 in bonds that mature on October 1, 2013, there will remain a balance of \$29,545,000 outstanding on this series.

The Series 2009 Bonds were issued for the purpose of refunding the Series 1998 Revenue Bonds, paying off seven loans from the Georgia Environmental Facilities Authority (GEFA) and providing additional funding for the Lake McIntosh Reservoir Project.

d) Series 2012A Water Revenue Bonds

In April 2012, the County issued \$8,070,000 in Series 2012A Water Revenue Bonds. Depending upon the specific year, the amount maturing ranged from \$100,000 to \$3,660,000 with the longest maturity being less than thirteen and a half years (i.e., October 1, 2025) from the date of issuance. Interest rates for the various maturities ranged from 3.0% to 5.0%. The first maturity on the 2012A Series occurs on October 1, 2016.

The Series 2012A Bonds were issued for the purpose of providing funding for the Crosstown Water Treatment Plant Upgrades, the South Fayette Water Treatment Plant Upgrades and the associated engineering and program management costs.

e) Series 2012B Water Revenue Refunding Bonds

In July 2012, the County issued \$15,590,000 in Series 2012B Water Revenue Refunding Bonds. Depending upon the specific year, the amount maturing ranged from \$45,000 to \$2,015,000 with the longest maturity being less than thirteen and a half years (i.e., October 1, 2025) from the date of issuance. Interest rates for the various maturities ranged from 3.0% to 5.0%. The first maturity on the 2012B Series occurs on October 1, 2013. The Series 2012B Bonds were issued for the purpose of refunding the Series 2002 Bond.

f) Schedule of Revenue Bond Activity

The following includes a summary of Water System revenue bond transactions for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Current Portion
<u>Revenue Bond Issues</u>					
Series 1996A	\$ 270,000	\$ -	\$ 25,000	\$ 245,000	\$ 25,000
Series 2002	18,645,000	-	18,645,000	-	-
Series 2009	33,055,000	-	1,750,000	31,305,000	1,760,000
Series 2012A	8,070,000	-	-	8,070,000	-
Series 2012B	-	15,590,000	-	15,590,000	1,530,000
Total Revenue Bonds	60,040,000	15,590,000	20,420,000	55,210,000	\$ 3,315,000
<u>Less Deferred Amounts for:</u>					
Refunding Charges	(1,437,952)	-	(109,888)	(1,328,064)	
Bond Discounts / Premiums (Net)	2,365,466	1,984,497	127,011	4,222,952	
Net Revenue Bonds	\$ 60,967,514	\$ 17,574,497	\$ 20,437,123	\$ 58,104,888	

g) Schedule of Future Debt Service Payments

At June 30, 2013, the County was obligated to make payments of principal and interest on its outstanding water revenue bond debt as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 3,315,000	\$ 2,307,275	\$ 5,622,275
2015	3,370,000	2,213,888	5,583,888
2016	3,405,000	2,094,625	5,499,625
2017	3,505,000	1,965,088	5,470,088
2018	3,675,000	1,817,825	5,492,825
2019-2023	20,500,000	6,410,241	26,910,241
2024-2028	15,010,000	1,779,772	16,789,772
2029-2030	2,430,000	114,950	2,544,950
	\$ 55,210,000	\$ 18,703,664	\$ 73,913,664

## 2. Public Facilities Authority Revenue Bonds

In June 2000, the Fayette County Public Facilities Authority (a blended component unit) issued \$55,250,000 of Series 2000 Revenue Bonds with an average interest rate of 5.87% to construct a new Criminal Justice Center. Concurrently, the County signed a contractual agreement with the Public Facilities Authority to lease purchase the Criminal Justice Center with the annual lease payments being equal to the amount of the annual debt service payments on the bonds. In September 2001, the Fayette County Public Facilities Authority issued \$50,435,000 of Series 2001 Refunding Revenue Bonds with an average interest rate of 3.82% to partially advance refund \$45,570,000 of the Series 2000 bonds.

### a) Series 2011 Public Facilities Authority Revenue Bonds

In April 2011, the Fayette County Public Facilities Authority issued \$40,300,000 of Series 2011 Refunding Revenue Bonds with an average interest rate of 3.88%. This along with \$8 million in cash refunded the \$47,995,000 Series 2001 bonds. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2001 bonds. The refunding of the Series 2001 bonds reduced the total debt service payments by almost \$6.8 million and resulted in an economic gain of more than \$3.3 million.

### b) Schedule of Revenue Bond Activity

The following includes a summary of the Fayette County Public Facilities Authority revenue bond transactions for the fiscal year ended June 30, 2013:

Revenue Bond Issues	Balance	Additions	Reductions	Balance	Current Portion
	July 1, 2012			June 30, 2013	
Series 2011	\$ 39,350,000	\$ -	\$ 1,160,000	\$ 38,190,000	\$ 1,220,000
<u>Less Deferred Amounts for:</u>					
Refunding Charges	(3,199,410)	-	(177,745)	(3,021,665)	
Bond Discounts / Premiums (Net)	1,429,902	-	79,449	1,350,453	
Net Revenue Bonds	<u>\$ 37,580,492</u>	<u>\$ -</u>	<u>\$ 1,061,704</u>	<u>\$ 36,518,788</u>	<u>\$ 1,220,000</u>

### c) Schedule of Future Debt Service Payments

At June 30, 2013, the County was obligated to make payments of principal and interest on the outstanding Series 2011 Fayette County Public Facilities Authority revenue bond debt as follows:

Fiscal Years Ending June 30,	Total Debt		
	Principal	Interest	Service
2014	\$ 1,220,000	\$ 1,611,056	\$ 2,831,056
2015	1,710,000	1,552,306	3,262,306
2016	1,785,000	1,477,306	3,262,306
2017	1,835,000	1,423,756	3,258,756
2018	1,890,000	1,368,706	3,258,706
2019 – 2023	10,570,000	5,727,131	16,297,131
2024 – 2028	13,095,000	3,204,162	16,299,162
2029 – 2030	<u>6,085,000</u>	<u>437,000</u>	<u>6,522,000</u>
Total Debt Service	<u>\$38,190,000</u>	<u>\$16,801,423</u>	<u>\$54,991,423</u>

*Certificates of Participation:* In June 1998, the County entered into a lease pool agreement with the Georgia Municipal Association (“the Association”). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the County’s original participation totaling \$5,000,000. However, the original level of participation has decreased in recent years to only \$872,000 at June 30, 2013.

The lease pool agreement with the Association provides that the County owns its portion of the assets invested by the pool and is responsible for the payment of its portion of principal and interest of the Certificates of Participation. The remaining principal balance of \$872,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year for an annual payment of \$41,420. The County may draw from the investment to lease equipment from the Association. The lease pool agreement requires the County to make payments back into its investment account to fund the interest requirements of the 1998 GMA Certificates of Participation.

As part of the issuance of the certificates of participation, the County entered into an interest rate swap agreement. Under the Swap Agreement, the County is required to pay (1) a monthly floating rate of interest based on the TBMA Municipal Swap Index (plus a spread) to, or on behalf of, the Swap Counterparty (the “Swap Payment”); and the Swap counterparty will pay to, or on behalf of, the County a semi-annual payment based on a rate equal to the fixed rate on the Contract times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement.

The semi-annual payments from the Swap Counterparty with respect to the County are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Under the Swap Agreement, the County’s obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the TBMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028. In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the County would be exposed to credit risk in the amount of the Swap’s fair value. To minimize the risk, the County executed this agreement with counterparties of appropriate credit strength. All participants in the lease pool are required to participate in the interest swap agreement and the Swap Counterparty computes the fair value of the Swap Agreement on the aggregate basis only.

*Early Termination Benefits:* In response to the rising cost of personnel and budgetary concerns over falling revenues due to a declining real property tax digest, the County completed an early retirement incentive program prior to the end of the 2012 fiscal year. To be eligible for the early termination benefit, an employee had to be at least 55 years of age and have a minimum of 20 years of service with the County. Out of the 44 employees that met the criteria, 32 chose to accept the retirement package and their employment with the County was terminated on June 30, 2012.

As an incentive to retire early, these employees receive health coverage until age 65, are credited with an additional five years of service and were given an unreduced retirement benefit due to their age. The net present value of the estimated future health coverage benefit is \$352,160 with \$77,702 due in the 2014 fiscal year. As determined by the defined benefit plan's actuary, the estimated additional pension liability associated with the early termination program was \$2,880,000. In keeping with the Board's Resolution for the program dated March 22, 2012 and its commitment to not adversely impact future operating budgets, this amount was deposited by the County into the Defined Benefit Pension Plan on October 26, 2012.

Changes in Long-Term Liabilities:

The following tabular information is a reconciliation of debt disclosures presented above to amounts reported in the Statement of Net Position:

	Balance			Balance	Current
<b>Governmental Activities</b>	July 1, 2012	Additions	Reduction	June 30, 2013	Portion
Revenue bonds	\$ 39,350,000	\$ -	\$ 1,160,000	\$ 38,190,000	\$ 1,220,000
Less deferred amounts for:					
Refunding charges	(3,199,410)	-	(177,745)	(3,021,665)	-
Bond discounts / premiums (net)	1,429,902	-	79,449	1,350,453	-
Total revenue bonds payable	37,580,492	-	1,061,704	36,518,788	1,220,000
Certificates of participation	1,331,000	-	459,000	872,000	-
Compensated absences	2,784,662	312,706	682,011	2,415,357	708,747
Capital leases	948,566	-	948,566	-	-
Arbitrage payable	904	-	-	904	-
Early termination benefits	444,215	-	116,190	328,025	73,154
Other postemployment benefits (OPEB) liability	901,345	226,352	105,056	1,022,641	-
Governmental activities noncurrent liabilities	<u>\$ 43,991,184</u>	<u>\$ 539,058</u>	<u>\$ 3,372,527</u>	<u>\$ 41,157,715</u>	<u>\$ 2,001,901</u>
	Balance			Balance	Current
<b>Business-Type Activities</b>	July 1, 2012	Additions	Reduction	June 30, 2013	Portion
Revenue bonds	\$ 60,040,000	\$ 15,590,000	\$ 20,420,000	\$ 55,210,000	\$ 3,315,000
Less deferred amounts for:					
Refunding charges	(1,437,952)	-	(109,888)	(1,328,064)	-
Bond discounts / premiums (net)	2,365,466	1,984,497	127,011	4,222,952	-
Total revenue bonds payable	60,967,514	17,574,497	20,437,123	58,104,888	3,315,000
Compensated absences	150,248	23,174	15,526	157,896	33,154
Early termination benefits	33,222	-	9,087	24,135	4,548
Business-type activities noncurrent liabilities	<u>\$ 61,150,984</u>	<u>\$ 17,597,671</u>	<u>\$ 20,461,736</u>	<u>\$ 58,286,919</u>	<u>\$ 3,352,702</u>

For governmental activities, certificates of participation and the arbitrage payable are being retired by the vehicle replacement fund. Capital leases have been retired by the emergency 911 fund. Compensated absences, early termination benefits, net pension obligations and other post



employment obligation liabilities will be paid from the fund from which the employees' salaries are paid, generally from the general fund. Revenue bonds are generally paid from the general fund.

**H. Fund Balance Classifications**

The composition of the Special Programs Fund Balance Classification is as follows:

Special Program Classification: Restricted Fund Balance					
	General	Fire Services	Emergency	Non-Major	Total
Special Programs:	Fund	Fund	Medical	Governmental	Governmental
			Services	Funds	Funds
Court services	\$ -	\$ -	\$ -	\$ 359,253	\$ 359,253
Fire services	-	2,219,275	-	-	2,219,275
Emergency medical services	-	-	1,689,717	-	1,689,717
E-911 communications	-	-	-	133,015	133,015
Law enforcement	-	-	-	751,608	751,608
Street Lights	-	-	-	74,946	74,946
Grants	-	-	-	251,479	251,479
	<u>\$ -</u>	<u>\$ 2,219,275</u>	<u>\$ 1,689,717</u>	<u>\$ 1,570,301</u>	<u>\$ 5,479,293</u>

Special Program Classification: Assigned Fund Balance					
	General	Fire Services	Emergency	Non-Major	Total
Special Programs:	Fund	Fund	Medical	Governmental	Governmental
			Services	Funds	Funds
Financial services	\$ 8,000	\$ -	\$ -	\$ -	\$ 8,000
Information systems	5,000	-	-	-	5,000
Emergency management	904	-	-	-	904
Recreation	9,175	-	-	-	9,175
Library supplies	4,070	-	-	-	4,070
	<u>\$ 27,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,149</u>

See Note 1 for descriptions of the fund balance classifications used by the County.

**NOTE IV. – OTHER INFORMATION**

**A. Risk Management**

Fayette County, Georgia is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. Settled claims have not exceeded purchased commercial insurance coverage in any of the past three years.

The County established a limited risk management program for workers' compensation during the 1988 fiscal year. The purpose of the Worker's Compensation Self-Insurance Internal Service Fund is to pay workers' compensation claims from accumulated assets of the fund and minimize the total cost of workers' compensation insurance to the County. Specific and aggregate excess insurance is provided through a private insurance carrier.

The County initiated its Dental Self-Insurance Internal Service Fund in the 1991 fiscal year. The purpose of this fund was to pay claims for employees for certain health care expenses incurred up to a maximum of \$1,000 per covered individual. Claims are handled by a third party administrator as of June 1, 2005.

The County initiated its Vision reimbursement plan in the 1997 fiscal year. Employees are reimbursed up to \$200 per year per covered individual for out of pocket expenses associated with vision care. Claims are handled by a third party administrator as of June 1, 2005.

Fayette County established its Major Medical Self-Insurance Internal Service Fund in the 1991 fiscal year, and on June 1, 2002 became fully insured. In June of 2010, the County reinstated its self-insurance program for this risk.

All funds of the County participate in these programs and make payments to these Internal Service Funds based on actuarial estimates of the amounts needed to pay prior and current year claims, claim reserves, and administrative costs of the programs. The total claims liability of \$413,786 reported at June 30, 2013, is based on requirements of Governmental Accounting Standards Board Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Liabilities also include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

Changes in the balances of claims liabilities during the past two fiscal years for each of the three self-insurance programs and the total amounts are as follows:

	<u>Unpaid Claims At Beginning Of Fiscal Year</u>	<u>Incurred Claims (Including Any IBNRs)</u>	<u>Claim Payments</u>	<u>Unpaid Claims At End Of Fiscal Year</u>
<b>Workers' Compensation Claims:</b>				
Fiscal Year Ended June 30, 2013	\$ 28,429	\$ 610,103	\$ 565,165	\$ 73,367
Fiscal Year Ended June 30, 2012	52,589	484,097	508,257	28,429
<b>Dental and Vision Claims:</b>				
Fiscal Year Ended June 30, 2013	31,522	343,063	360,195	14,390
Fiscal Year Ended June 30, 2012	28,086	449,362	445,926	31,522
<b>Medical Claims:</b>				
Fiscal Year Ended June 30, 2013	902,759	4,970,113	5,546,843	326,029
Fiscal Year Ended June 30, 2012	744,193	7,634,981	7,476,415	902,759
<b>Total Claims:</b>				
Fiscal Year Ended June 30, 2013	962,710	5,923,279	6,472,203	413,786
Fiscal Year Ended June 30, 2012	824,868	8,568,440	8,430,598	962,710

**B. Other PostEmployment Benefits (OPEB)**

*Plan Description.* In addition to providing pension benefits, the County provides funding for certain health care related benefits for retired employees under a single-employer defined benefit OPEB plan. Continued health care benefits in the form of single coverage will be paid fully by the County from the Major Medical Self-Insurance Fund. This benefit is limited to a period which is the shorter of (a) ten years or (b) the length of time it takes for the employee to reach the age at which they become eligible for Medicare benefits. During 2013, the Board of Commissioners discontinued the OPEB plan and only the current 28 retired employees receiving the benefit will continue to receive. Separate financial statements are not prepared for the OPEB plan.

Other retired employees have the option to pay the current employee rates amount to cover themselves, their spouse and dependents under the plan.

*Funding Policy.* At June 30, 2013, the County had 28 employees receiving medical insurance coverage under the plan. The County has not advance funded or established a funding methodology for the annual OPEB costs or net OPEB obligations but finances the plan on a pay-as-you-go basis. The plan is administered by the County. For the year ended June 30, 2013, the County paid an estimated \$105,056 for this benefit.

*Annual OPEB Cost and Net OPEB Obligation.* The County’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer which is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years. The following table shows the calculation of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the County’s net OPEB obligation for the fiscal year ended June 30, 2013:

Normal cost - Unit Credit Method	\$ -
Amortization of unfunded actuarial accrued liability (UAAL)	406,046
ARC	406,046
Interest on net OPEB obligation	1,439
Adjustment to annual required contribution	(181,133)
Annual OPEB cost (expense)	226,352
Contributions made	(105,056)
Increase in net OPEB obligation	121,296
Net OPEB obligation - beginning of the year	901,345
Net OPEB obligation - end of the year	<u>\$ 1,022,641</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the Net OPEB obligation for the three most recent fiscal years are shown in the following table.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual County Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 226,352	\$ 105,056	46.41%	\$ 1,022,641
June 30, 2012	334,702	42,960	12.84%	901,345
June 30, 2011	261,459	18,139	6.94%	609,603

*Funding Status and Funding Progress.* The funded status of the Health Plan as of June 30, 2013,

Actuarial accrued liability (AAL) - Unit Credit	\$ 1,918,628
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,918,628</u>
Funded ratio (actuarial value of plan assets / AAL)	0.0%
Covered payroll	\$ -
UAAL as a percentage of covered payroll	n/a

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. GASB 45 requires that the schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of the Health Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* The basis for projections of benefits for financial reporting purposes is the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The County's actuarial valuation information is as follows:

Current valuation date:	July 1, 2013
Actuarial cost method:	Unit Credit Method
Amortization method:	Closed
Initial Amortization period:	30
Remaining amortization period:	5
Asset valuation method:	Not Applicable
Actuarial assumptions:	
Investment rate of return	Not applicable

Healthcare cost trend rate	<u>Medical</u>	<u>Pharmacy</u>	<u>Excise Tax Threshold</u>
2014	9.00%	7.00%	0.00%
2015	8.50%	7.00%	0.00%
2016	8.00%	7.00%	0.00%
2017	7.50%	7.00%	0.00%
2018	7.00%	7.00%	4.24%
2019	6.50%	6.50%	3.24%
2020	6.00%	6.00%	3.24%
2021	5.50%	5.50%	3.24%
2022	5.00%	5.00%	3.24%

Discount rate	.1596%
Inflation Assumption	1.5% (Included in above trend rates)

### C. Employees' Pension Plan

In the fiscal year 2010, the County established a hybrid retirement plan for employees. The plan consists of a defined benefit and a defined contribution component. Employees are eligible for the plan if they are at least 18 years old and work a minimum of 30 hours per week. Participation in the defined benefit plan begins upon employment. Participants are vested after 5 years.

In the case of the defined contribution plan, the employee becomes eligible on the first day of the month following three months of employment. Participants are vested at 20 percent intervals over the first five years of employment.

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Fayette County Employees (The Plan), which is a defined benefit pension plan. The plan provides retirement, disability and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan, administered by the Government Employee Benefits Corporation (GEBCorp). The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document.

The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document. GEBCorp issues a publicly available financial report that includes financial statements and required supplementary information for ACCG. This report can be obtained by contacting GEBCorp, 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

*Funding Policy.* The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes. The actuarial recommended contribution rate based on the January 1, 2013 valuation was 2.5% of payroll. However, the Board of Commissioners has adopted a

contribution rate of 3.8% of payroll. The higher contribution was recommended at the establishment of the plan to smooth fluctuations in the plan and has been maintained since establishment of the plan. In addition to the 3.8% contributed by the County, employees are required to contribute 2.5% of salary to the plan for a total contribution of 6.3% of payroll. The unfunded liability is being amortized over 10 years. The County contributed an additional \$2,880,000 to cover costs associated with the Early Retirement Incentive Program.

The actuarial assumptions used as a basis in the pension valuation include the following:

Current Valuation Date	January 1, 2013
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	3.5%-6.0% based on age
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (Closed)
Amortization Period	Ten Years

*Current Funded Status.* As of the most recent valuation date, January 1, 2013, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value Of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	(Surplus)/ Unfunded AAL (UAAL) ( b - a )	Funded Ratio ( a / b )	Covered Payroll ( c )	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
January 1, 2013	\$30,581,382	\$23,035,577	\$(7,545,805)	132.8%	\$31,794,136	(23.7%)

Actuarial valuations for pension plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made in the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Annual Pension Cost and Net Pension Asset.* The County's annual pension cost and net pension asset for the most recent fiscal years were determined as follows:

	<u>Fiscal year ended June 30</u>	
	<u>2013</u>	<u>2012</u>
Derivation of Annual Pension Cost:		
Annual Required Contribution	\$ 732,243	\$ 777,081
Interest on Net Pension Asset	(96,829)	(62,307)
Amortization of Net Pension Obligation	103,605	66,668
Annual Pension Cost	<u>\$ 739,019</u>	<u>\$ 781,442</u>

	<u>Fiscal year ended June 30</u>	
	<u>2013</u>	<u>2012</u>
Derivation of Net Pension Asset:		
Net pension asset - beginning of the year	\$ 1,495,687	\$ 1,049,200
Annual pension cost for fiscal year	(739,019)	(781,442)
Annual contributions to plan for fiscal year	<u>1,210,762</u>	<u>1,227,929</u>
Increase in net pension assets	<u>471,743</u>	<u>446,487</u>
Net pension asset - end of the year	<u>\$ 1,967,430</u>	<u>\$ 1,495,687</u>

*Three Year Trend Information for the Defined Benefit Pension Plan:*

<u>For Fiscal Period Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
June 30, 2013	\$ 739,019	163.83%	\$ 1,967,430
June 30, 2012	781,442	157.14%	1,495,687
June 30, 2011	762,568	159.09%	1,049,200

In conjunction with the defined benefit plan, the County offers a defined contribution plan administered by Mass Mutual. The 401(a) pension plan is a defined contribution plan that covers substantially all full time County employees. Under the current provisions, the County will match contributions made by an employee to the deferred compensation plan on a 1-for-2 basis up to a maximum contribution by the County of 2.5%. Contributions are calculated and made on a biweekly payroll basis. During the fiscal year, employees contributed \$1,723,446 to the defined contribution plan and the County contributed \$605,564 in matching funds. The Board of Commissioners establishes matching percentages.

On April 25, 2013, the Board of Commissioners approved substantial changes to the County's defined benefit pension plan. The approved changes will become effective on January 1, 2014, at which time a new actuarial valuation will be performed.

**D. Contingent Liabilities**

The County has participated in a number of grant programs funded by certain Federal and State agencies. Several of these programs are subject to program compliance audits and reviews by the grantor, some of which have not been concluded. Accordingly, the County's compliance with applicable grant requirements may be established at some future date. That 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 to be immaterial based upon previous experience. The County is a defendant in various litigations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

**E. Joint Venture**

Under Georgia law, the County, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by Fayette County. The County's membership dues paid to the ARC for the fiscal year ended June 30, 2013 were \$109,100. Membership in the ARC is required by the Official Code of Georgia (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC. The ARC board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-9-30.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements of the ARC may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

**F. Prior Period Adjustments**

The County has determined that a restatement of the beginning net position of the Water System Fund is required to correct the reporting of water meter transponder purchases. During 2012, the County installed 9,600 transponders for a total cost of \$1,175,762 and were originally treated as an operating expense. During 2013, the County installed an additional 13,105 transponders for a total cost of \$1,488,196. Management reviewed the accounting for the transponders and determined the transponders extended the life of the asset and improved the asset by changing the radio frequency between the transponder and receiving computer and by providing for the recording of hourly water usage and the meters should be reported as capital assets in the statement of net position. The County has also elected to early implement Governmental Accounting Standards Board (GASB) No. 65. With the implementation of GASB No. 65, the County determined the bond issuance costs should be expensed in accordance with the statement. The restatement resulted in changes to the beginning net position of the Water System Fund as follows:

Net Position, as previously reported	\$ 78,112,662
Capitalize water transponders at June 30, 2012	1,175,762
Recognition of bond issuance costs in accordance with GASB No. 65	<u>(387,418)</u>
Net Position, as restated	<u>\$ 78,901,006</u>



In addition, the Business-Type Activities net position as of June 30, 2012 has been restated in the government-wide financial statements as follows:

Net Position, as previously reported	\$ 79,448,524
Capitalize water transponders at June 30, 2012	1,175,762
Recognition of bond issuance costs in accordance with GASB No. 65	<u>(387,418)</u>
Net Position, as restated	<u>\$ 80,236,868</u>

The effect on the change in net position reported in business-type activities and the Water System for the fiscal year ended June 30, 2012 was an increase of \$1,070,955.

The County has determined that a restatement of beginning net position of the Vehicle Replacement Fund is required to report the early implementation of Governmental Accounting Standards Board (GASB) No. 65. With the implementation of GASB No. 65, the County determined the bond issuance costs should be expensed in accordance with the statement. The restatement resulted in changes to the beginning net position of Vehicle Replacement Fund as follows:

Net Position, as previously reported	\$ 7,845,134
Recognition of bond issuance costs in accordance with GASB No. 65	<u>(177,302)</u>
Net Position, as restated	<u>\$ 7,667,832</u>

In addition, the Governmental Activities net position as of June 30, 2012 has been restated in the government-wide financial statements as follows:

Net Position, as previously reported	\$ 186,209,939
Recognition of bond issuance costs in accordance with GASB No. 65	<u>(177,302)</u>
Net Position, as restated	<u>\$ 186,032,637</u>

The effect on the change in net position reported in governmental activities and the Vehicle Replacement Fund for the fiscal year ended June 30, 2012 was an increase of \$11,082.

#### **G. Change in Accounting Principles**

During 2013, the County changed its accounting for prepaid expenses in governmental funds from the consumption method to the purchases method of accounting in accordance with National Council on Governmental Accounting Statement 1, *Governmental Accounting and Financial Reporting Principles*. This will provide an improved accounts payable process by eliminating additional steps required to account for prepaid expenses. The change in accounting principles resulted in changes to the beginning fund balances of the following:

General Fund	
Fund Balance, as previously reported	\$ 34,405,985
Change in accounting for prepaid expenses	<u>(135,147)</u>
Fund Balance, as restated	<u>\$ 34,270,838</u>

Fire Services	
Fund Balance, as previously reported	\$ 2,663,651
Change in accounting for prepaid expenses	<u>(2,794)</u>
Fund Balance, as restated	<u><u>\$ 2,660,857</u></u>
Emergency Medical Services	
Fund Balance, as previously reported	\$ 2,041,210
Change in accounting for prepaid expenses	<u>(16,527)</u>
Fund Balance, as restated	<u><u>\$ 2,024,683</u></u>
Emergency 911	
Net Position, as previously reported	\$ 628,201
Recognition of bond issuance costs in accordance with GASB No. 65	<u>(1,360)</u>
Net Position, as restated	<u><u>\$ 626,841</u></u>
Confiscated Assets	
Net Position, as previously reported	\$ 957,646
Recognition of bond issuance costs in accordance with GASB No. 65	<u>(7,162)</u>
Net Position, as restated	<u><u>\$ 950,484</u></u>
Fine Surcharges	
Net Position, as previously reported	\$ 289,492
Recognition of bond issuance costs in accordance with GASB No. 65	<u>(25)</u>
Net Position, as restated	<u><u>\$ 289,467</u></u>

The change in accounting principle resulted in no changes to the government-wide statements.

#### **H. Capital Contributions**

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the County has recorded capital contributions received by the Water System enterprise fund as capital contributions revenue. Capital contributions include amounts received from Federal, State and other governments for aid in construction and development of the Water System. Also included are amounts received from real estate sub-dividers for water line extensions built by sub-dividers and contributed to the Water System, both of which are capitalized as part of the water system's capital assets. It also includes amounts received for meter, connection and tap fees from sub-dividers and other customers. The actual cost of meter installations has been capitalized as part of the water distribution system.

## I. General Fund Fund Balance – Committed and Assigned Designations

On the Governmental Funds Balance Sheet, the total Fund Balance for the General Fund at June 30, 2013 was \$29,171,932. The various components comprising that amount are as follows:

Fund Balance:		
Nonspendable:		
Inventories		\$ 148,647
Committed To:		
Stabilization Fund		10,971,735
Assigned To:		
Emergencies	\$2,000,000	
Special Programs	27,149	
Capital Projects	<u>9,131,400</u>	
Unassigned		<u>6,893,001</u>
Total Fund Balance		<u>\$29,171,932</u>

With its adoption of a resolution on August 25, 2011, the Board of Commissioners updated its financial policies in regard to reserve funds. One of the new policies called for a Stabilization Fund or working reserve to be established equal to at least three months (i.e., 25%) of the appropriations budget for the governmental tax funds. Per the policy, this amount is to be shown in the committed fund classification of the County's financial statements. The Stabilization Fund is to be created and maintained to provide the fiscal capacity to 1) offset any significant economic downturn and the revision of any general government activity; 2) provide sufficient working capital; and 3) provide a sufficient cash flow for current financial needs without short-term borrowing. To be able to use the funds that are committed for stabilization, the Board of Commissioners must take formal action to release the funds. This type of action will only be taken when failure to take such action would result in a negative position for the unassigned fund balance. At June 30, 2013, \$10,971,735 of the Fund Balance, which represents 25% of the FY 2014 appropriations budget, was committed for this purpose.

As a second component of the resolution adopted on August 25, 2011, the Board also approved the assignment of \$2 million of fund balance. The assigned fund balance for emergencies is to be used only for natural or man-made disasters. These funds cannot be released without formal action of the Board of Commissioners.

The County employs encumbrance accounting for transactions during the fiscal year. Encumbrances are commitments related to unfilled contracts for goods and services including purchase orders. In accordance with the County's financial policies which have been adopted by Board resolution, appropriations lapse at year-end. Any open encumbrances are recorded and those financial commitments are honored in the subsequent fiscal year. The ensuing year's appropriations budget is adjusted by the amount of outstanding encumbrances which totaled \$27,149 at June 30, 2013. Accordingly, encumbrances are disclosed by purpose in Note 3.H. as Special Programs.

On June 27, 2013, the Board of Commissioners adopted resolution 2013-14 which set forth the approved budgets for Fiscal Year 2014. The resolution also included the adoption of the Capital Improvements Program for the next five years which totaled \$9,131,400. The source of funding for the various construction projects was designated as appropriated Fund Balance.

**J. Subsequent Events**

On May 9, 2013 the Board of Commissioners approved amendments to the Defined Benefits Plan by 1) eliminating pre-retirement death benefits, 2) eliminating disability benefits, 3) to reduce the benefit multiplier from 1.50% to 1.25%, 4) to change the normal retirement age from 65 years old to 67 years old, 5) increase the average annual compensation from its current 7-year average to a 10-year average, and 6) increase the current vesting period from 5 years to 10 years. The changes will be effective as of January 1, 2014 and will be considered in the County's actuarial valuation to determine any changes to the pension asset/liability.



*Fayette*  
COUNTY

“WHERE QUALITY  
IS A LIFESTYLE”

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## REQUIRED SUPPLEMENTARY INFORMATION

**Fayette County, Georgia**  
**Required Supplementary Information**

**Fayette County Employees Defined Benefit Pension Plan**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) - Projected Unit Credit ( b )	(Surplus) Unfunded AAL (UAAL) ( b - a )	Funded Ratio ( a / b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll [( b - a ) / c ]
1/1/2010	\$ 15,311,443	\$ 15,500,023	\$ 188,580	98.78%	\$ 30,397,046	0.62%
1/1/2011	18,640,690	18,028,224	(612,466)	103.40%	31,434,837	-1.95%
1/1/2012	22,388,253	20,270,412	(2,117,841)	110.45%	31,009,475	-6.83%
1/1/2013	30,581,382	23,035,577	(7,545,805)	132.76%	31,794,136	-23.73%

**Other PostEmployment Benefits Plan**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) - Projected Unit Credit ( b )	Unfunded AAL (UAAL) ( b - a )	Funded Ratio ( a / b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll [( b - a ) / c ]
1/1/2009	\$ -	\$ 1,451,450	\$ 1,451,450	0.00%	\$ 32,700,000	4.44%
1/1/2011	-	2,197,298	2,197,298	0.00%	32,500,000	6.76%
6/30/2013	-	1,918,628	1,918,628	0.00%	-	0.00%

**Fayette County, Georgia**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES:</b>				
Taxes	\$ 36,502,200	\$ 36,502,200	\$ 37,007,335	\$ 505,135
Licenses and permits	224,500	574,500	775,962	201,462
Intergovernmental	741,697	741,697	397,513	(344,184)
Charges for services	1,823,000	1,824,500	1,885,709	61,209
Fines and forfeitures	1,335,000	1,335,000	1,495,554	160,554
Investment earnings	300,000	300,000	46,021	(253,979)
Contributions and donations	5,000	12,525	11,533	(992)
Miscellaneous revenues	249,600	249,600	229,326	(20,274)
Total revenues	<u>41,180,997</u>	<u>41,540,022</u>	<u>41,848,953</u>	<u>308,931</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Commissioners	564,258	543,896	505,390	38,506
Administration	321,781	573,346	434,921	138,425
Elections	756,125	790,840	669,474	121,366
Finance	1,023,610	799,434	672,968	126,466
Purchasing	200,819	150,283	145,879	4,404
Law department	172,202	449,692	449,631	61
Information systems	710,242	637,994	568,742	69,252
Human resources	423,397	384,674	362,159	22,515
Tax commissioner	1,025,448	1,064,006	1,022,039	41,967
Tax assessor	802,327	887,938	875,828	12,110
Buildings & grounds maintenance	1,629,284	1,819,618	1,735,194	84,424
Engineering office	319,035	95,234	93,708	1,526
Non-departmental	448,730	448,877	421,508	27,369
Total General Government	<u>8,397,258</u>	<u>8,645,832</u>	<u>7,957,441</u>	<u>688,391</u>
Judicial System:				
Judges, court reporter	340,285	351,762	351,762	-
Clerk of superior court	1,259,467	1,350,587	1,309,739	40,848
District attorney	330,052	330,052	329,728	324
Clerk of state court	280,704	288,429	277,159	11,270
State court solicitor	488,609	651,335	642,947	8,388
State court judge	338,751	347,947	291,038	56,909
Magistrate court	466,960	579,470	553,691	25,779
Probate court	342,768	348,347	346,957	1,390
Juvenile court	316,924	421,276	396,903	24,373
Public defender	484,800	484,800	484,800	-
Non-departmental	221,857	229,542	229,442	100
Total Judicial System	<u>4,871,177</u>	<u>5,383,547</u>	<u>5,214,166</u>	<u>169,381</u>

*Continued on next page*

**Fayette County, Georgia**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Public Safety:</b>				
Marshal	713,678	607,230	568,583	38,647
Sheriff's office	16,624,037	18,457,434	18,150,568	306,866
County coroner	79,371	92,787	92,674	113
Animal control	317,663	335,578	327,382	8,196
Emergency management	460,937	503,213	501,775	1,438
Non-departmental	1,103,136	1,042,951	1,018,640	24,311
Total Public Safety	<u>19,298,822</u>	<u>21,039,193</u>	<u>20,659,622</u>	<u>379,571</u>
<b>Public Works:</b>				
Public works administration	181,808	164,141	164,125	16
Road department	4,757,364	4,235,212	3,081,084	1,154,128
Fleet maintenance	510,420	563,252	563,252	-
Total Public Works	<u>5,449,592</u>	<u>4,962,605</u>	<u>3,808,461</u>	<u>1,154,144</u>
<b>Health and Welfare:</b>				
Physical health	336,181	336,181	336,181	-
Fayette counseling center	125,380	125,380	125,380	-
Family and children services	39,325	39,325	39,325	-
Fayette community options	59,270	59,270	59,270	-
Senior citizens center	174,556	174,556	174,556	-
Youth protection	19,348	19,348	19,348	-
Total Health and Welfare	<u>754,060</u>	<u>754,060</u>	<u>754,060</u>	<u>-</u>
<b>Culture and Recreation:</b>				
Recreation	1,097,382	1,208,240	1,072,128	136,112
Library	955,680	976,152	938,660	37,492
Total Culture and Recreation	<u>2,053,062</u>	<u>2,184,392</u>	<u>2,010,788</u>	<u>173,604</u>
<b>Housing and Development:</b>				
County extension	125,860	125,860	116,665	9,195
Georgia forestry commission	3,422	3,422	3,422	-
Permits and inspections	439,730	487,598	486,476	1,122
Planning and zoning	421,454	470,811	376,301	94,510
Development authority	296,829	296,829	295,998	831
Total Housing and Development	<u>1,287,295</u>	<u>1,384,520</u>	<u>1,278,862</u>	<u>105,658</u>

*Continued on Next Page*



**Fayette County, Georgia**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal retirement	1,160,000	1,160,000	1,160,000	-
Interest and fiscal charges	1,670,201	1,670,201	1,669,556	645
Total Debt Service	<u>2,830,201</u>	<u>2,830,201</u>	<u>2,829,556</u>	<u>645</u>
Total expenditures	<u>44,941,467</u>	<u>47,184,350</u>	<u>44,512,956</u>	<u>2,671,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,760,470)</u>	<u>(5,644,328)</u>	<u>(2,664,003)</u>	<u>2,980,325</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,177,815	27,468	27,468	-
Transfers out	(2,265,989)	(2,489,989)	(2,489,989)	-
Sale of capital assets	-	-	27,618	27,618
Total Other Financing Sources (Uses)	<u>(1,088,174)</u>	<u>(2,462,521)</u>	<u>(2,434,903)</u>	<u>27,618</u>
Net change in fund balance	<u>\$ (4,848,644)</u>	<u>\$ (8,106,849)</u>	(5,098,906)	<u>\$ 3,007,943</u>
Fund balance, beginning of year (as restated)			<u>34,270,838</u>	
Fund balance, end of year			<u>\$ 29,171,932</u>	

**Fayette County, Georgia**  
**Fire Services Tax District Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 4,969,100	\$ 5,812,100	\$ 5,925,465	\$ 113,365
Other	2,025,800	2,025,800	2,197,542	171,742
Charges for services	45,500	45,500	160,925	115,425
Investment earnings	22,000	22,000	4,152	(17,848)
Contributions and donations	-	1,742	1,742	-
Miscellaneous revenues	45,000	45,000	60,480	15,480
	<u>7,107,400</u>	<u>7,952,142</u>	<u>8,350,306</u>	<u>398,164</u>
<b>EXPENDITURES:</b>				
Current:				
Public Safety:				
Fire services	7,382,275	8,484,374	8,303,530	180,844
	<u>7,382,275</u>	<u>8,484,374</u>	<u>8,303,530</u>	<u>180,844</u>
Excess (deficiency) of revenues over (under) expenditures	(274,875)	(532,232)	46,776	579,008
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	12,000	12,000	-
Transfers out	(157,093)	(505,093)	(505,093)	-
Sale of capital assets	-	-	4,735	4,735
	<u>(157,093)</u>	<u>(493,093)</u>	<u>(488,358)</u>	<u>4,735</u>
Net change in fund balance	<u>\$ (431,968)</u>	<u>\$ (1,025,325)</u>	(441,582)	<u>\$ 583,743</u>
Fund balance, beginning of year (as restated)			<u>2,660,857</u>	
Fund balance, end of year			<u>\$ 2,219,275</u>	

**Fayette County, Georgia**  
**Emergency Medical Services (EMS) Tax District Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance With
<b>REVENUES:</b>	Original	Final	Amounts	Final Budget
Taxes:				
Property	\$ 1,230,300	\$ 1,230,300	\$ 1,212,452	\$ (17,848)
Other	11,500	11,500	5,749	(5,751)
Charges for services	1,630,000	1,630,000	1,934,855	304,855
Investment earnings	-	-	1,020	1,020
Miscellaneous revenues	3,900	3,900	2,231	(1,669)
	<u>2,875,700</u>	<u>2,875,700</u>	<u>3,156,307</u>	<u>280,607</u>
<b>EXPENDITURES:</b>				
Current:				
Public Safety:				
Emergency medical services	3,043,852	3,240,254	3,223,727	16,527
	<u>3,043,852</u>	<u>3,240,254</u>	<u>3,223,727</u>	<u>16,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(168,152)</u>	<u>(364,554)</u>	<u>(67,420)</u>	<u>297,134</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	5,000	5,000	-
Transfers out	(272,546)	(272,546)	(272,546)	-
Total other financing sources (uses)	<u>(272,546)</u>	<u>(267,546)</u>	<u>(267,546)</u>	<u>-</u>
Net change in fund balance	<u>\$ (440,698)</u>	<u>\$ (632,100)</u>	<u>(334,966)</u>	<u>\$ 297,134</u>
Fund balance, beginning of year (as restated)			<u>2,024,683</u>	
Fund balance, end of year			<u>\$ 1,689,717</u>	



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## **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**Fayette County, Georgia**  
**NonMajor Governmental Funds**

**Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The County has the following five NonMajor Special Revenue Funds.

Emergency 911 Services Fund – This fund is used to account for taxes collected from a separate tax levy and user fees generated from telephone customers that are restricted to the operation of a call center to handle the communications between citizens and public safety providers.

Street Lights Fund - This fund is used to account for a separate tax levy that is restricted to the provision of street lighting services for subscribing property owners for this service.

Grants Fund - This fund is used to account for the various federal and state grant monies that are received and legally restricted for purposes specified in the grant application.

Confiscated Assets Fund – This fund is used to account for cash received from the confiscation of assets of individuals convicted of drug offenses which is restricted to law enforcement purposes.

Fine Surcharges Fund – This fund is used to account for the collection of fine surcharges which are restricted as to use for specific court or law enforcement related programs.

**Capital Projects Funds**

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds. The County has the following five NonMajor Capital Projects Funds.

Library SPLOST Fund – This fund is used to account for the construction activities of the library. Funds for this project came from a Special Purpose Local Option Sales Tax (SPLOST) that was approved by the voters.

Unincorporated County Roads SPLOST Fund – This fund is used to account for the construction of specific road and road improvements that were approved by the voters in a special referendum. Funding for these projects came from a Special Purpose Local Option Sales Tax (SPLOST) levied for this purpose.

Early Warning Sirens Fund – This fund is used to account for the construction of an early warning siren system throughout the County to alert citizens to potentially dangerous weather conditions.

Kenwood Park Construction Fund – This fund is used to account for the construction of a recreational park in the northern part of the County. Funding for this project came from general tax revenues.

Capital Projects Fund – This fund is used to account for miscellaneous projects that are approved as part of the Capital Improvement Program. Funding for these projects typically comes from transfers of monies from the tax supported funds.

**Fayette County, Georgia**  
**Combining Balance Sheet**  
**NonMajor Governmental Funds**  
**June 30, 2013**

	Special Revenue Funds	Capital Projects Funds	Total NonMajor Governmental Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,260,550	\$ 5,674,733	\$ 6,935,283
Due from other funds	-	2,147,086	2,147,086
Investments	-	4,061,086	4,061,086
Receivables (net of allowances for uncollectibles)	641,244	754	641,998
Total assets	\$ 1,901,794	\$ 11,883,659	\$ 13,785,453
 <b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES:</b>			
Liabilities:			
Accounts payable	\$ 104,989	\$ 132,347	\$ 237,336
Salary and benefits payable	63,316	-	63,316
Compensated absences	123	-	123
Total liabilities	168,428	132,347	300,775
 Deferred inflows of resources -			
Unearned revenue	13,065	-	13,065
 Fund Balances:			
Restricted for:			
Capital projects	-	948,710	948,710
Court services	359,253	-	359,253
E-911 communications	133,015	-	133,015
Law enforcement purposes	751,608	-	751,608
Street lights	74,946	-	74,946
Federal and state grants	251,479	-	251,479
Committed for -			
Capital projects	150,000	10,802,602	10,952,602
Total fund balances	1,720,301	11,751,312	13,471,613
 Total liabilities, deferred inflows of resources, and fund balances			
	\$ 1,901,794	\$ 11,883,659	\$ 13,785,453

**Fayette County, Georgia**  
**Combining Balance Sheet**  
**NonMajor Special Revenue Funds**  
**June 30, 2013**

	Emergency 911	Street Lights	Grants	Confiscated Assets	Fine Surcharges	Totals
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 92,138	\$ 74,769	\$ 60,106	\$ 744,133	\$ 289,404	\$ 1,260,550
Receivables (net of allowances for uncollectibles)	290,593	4,129	191,373	6,725	148,424	641,244
Total assets	<u>\$ 382,731</u>	<u>\$ 78,898</u>	<u>\$ 251,479</u>	<u>\$ 750,858</u>	<u>\$ 437,828</u>	<u>\$ 1,901,794</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES:</b>						
Liabilities:						
Accounts payable	\$ 29,289	\$ -	\$ -	\$ -	\$ 75,700	\$ 104,989
Salary and benefits payable	61,191	-	-	-	2,125	63,316
Compensated absences	123	-	-	-	-	123
Total liabilities	<u>90,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,825</u>	<u>168,428</u>
Deferred inflows of resources - Unearned revenue	<u>9,113</u>	<u>3,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,065</u>
Fund balances:						
Restricted for:						
Court services purposes	-	-	-	-	359,253	359,253
E-911 communications	133,015	-	-	-	-	133,015
Law enforcement purposes	-	-	-	750,858	750	751,608
Street lights	-	74,946	-	-	-	74,946
Federal and state grants	-	-	251,479	-	-	251,479
Committed For - Capital projects	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total fund balances	<u>283,015</u>	<u>74,946</u>	<u>251,479</u>	<u>750,858</u>	<u>360,003</u>	<u>1,720,301</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 382,731</u>	<u>\$ 78,898</u>	<u>\$ 251,479</u>	<u>\$ 750,858</u>	<u>\$ 437,828</u>	<u>\$ 1,901,794</u>

**Fayette County, Georgia**  
**Combining Balance Sheet**  
**NonMajor Capital Projects Funds**  
**June 30, 2013**

	Library SPLOST	Unincorporated County Roads SPLOST	Early Warning Sirens	Kenwood Park Construction	General Capital Projects	Totals
<b>ASSETS:</b>						
Cash and cash equivalents	\$ -	\$ 972,859	\$ 104,834	\$ 647,992	\$ 3,949,048	\$ 5,674,733
Due from other funds	-	-	-	-	2,147,086	2,147,086
Investments	-	-	-	-	4,061,086	4,061,086
Receivables (net of allowances for uncollectibles)	-	749	-	5	-	754
	<u>-</u>	<u>749</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>754</u>
Total assets	<u>\$ -</u>	<u>\$ 973,608</u>	<u>\$ 104,834</u>	<u>\$ 647,997</u>	<u>\$ 10,157,220</u>	<u>\$ 11,883,659</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Accounts payable	-	24,898	-	-	107,449	132,347
	<u>-</u>	<u>24,898</u>	<u>-</u>	<u>-</u>	<u>107,449</u>	<u>132,347</u>
Total liabilities	<u>-</u>	<u>24,898</u>	<u>-</u>	<u>-</u>	<u>107,449</u>	<u>132,347</u>
Fund balances:						
Restricted for -						
Capital projects		948,710	-	-	-	948,710
Committed to -						
Capital projects	-	-	104,834	647,997	10,049,771	10,802,602
	<u>-</u>	<u>-</u>	<u>104,834</u>	<u>647,997</u>	<u>10,049,771</u>	<u>10,802,602</u>
Total fund balances	<u>-</u>	<u>948,710</u>	<u>104,834</u>	<u>647,997</u>	<u>10,049,771</u>	<u>11,751,312</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 973,608</u>	<u>\$ 104,834</u>	<u>\$ 647,997</u>	<u>\$ 10,157,220</u>	<u>\$ 11,883,659</u>



**Fayette County, Georgia**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**NonMajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Special Revenue Funds	Capital Projects Funds	Total NonMajor Governmental Funds
<b>REVENUES:</b>			
Taxes:			
Property	\$ 1,215,997	\$ -	\$ 1,215,997
Other	2,103	-	2,103
Intergovernmental	985,198	17,848	1,003,046
Charges for services	1,867,673	-	1,867,673
Fines and forfeitures	789,094	-	789,094
Investment earnings	401	9,438	9,839
Miscellaneous revenues	34,332	-	34,332
Total revenues	<u>4,894,798</u>	<u>27,286</u>	<u>4,922,084</u>
<b>EXPENDITURES:</b>			
Current:			
Judicial system	547,239	-	547,239
Public safety	3,520,599	-	3,520,599
Public works	308,924	-	308,924
Debt Service:			
Principal retirement	948,566	-	948,566
Interest and fiscal charges	45,196	-	45,196
Capital outlay	-	2,593,337	2,593,337
Total expenditures	<u>5,370,524</u>	<u>2,593,337</u>	<u>7,963,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(475,726)</u>	<u>(2,566,051)</u>	<u>(3,041,777)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	457,060	2,738,389	3,195,449
Transfers out	(222,296)	(102,193)	(324,489)
Total other financing sources (uses)	<u>234,764</u>	<u>2,636,196</u>	<u>2,870,960</u>
Net change in fund balance	(240,962)	70,145	(170,817)
Fund balance, beginning of year (as restated)	<u>1,961,263</u>	<u>11,681,167</u>	<u>13,642,430</u>
Fund balance, end of year	<u>\$ 1,720,301</u>	<u>\$ 11,751,312</u>	<u>\$ 13,471,613</u>

**Fayette County, Georgia**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**NonMajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2013**

<b>REVENUES:</b>	Emergency 911	Street Lights	Grants	Confiscated Assets	Fine Surcharges	Totals
Taxes:						
Property	\$ 905,481	\$ 310,516	\$ -	\$ -	\$ -	\$ 1,215,997
Other	2,103	-	-	-	-	2,103
Intergovernmental	300,210	-	266,427	-	418,561	985,198
Charges for services	1,867,673	-	-	-	-	1,867,673
Fines and forfeitures	-	-	-	371,996	417,098	789,094
Investment earnings	21	-	-	380	-	401
Miscellaneous revenues	-	-	-	34,332	-	34,332
Total revenues	<u>3,075,488</u>	<u>310,516</u>	<u>266,427</u>	<u>406,708</u>	<u>835,659</u>	<u>4,894,798</u>
<b>EXPENDITURES:</b>						
Current:						
Judicial system	-	-	73,000	-	474,239	547,239
Public safety	2,466,973	-	6,408	606,334	440,884	3,520,599
Public works	-	308,924	-	-	-	308,924
Debt Service:						
Principal retirement	948,566	-	-	-	-	948,566
Interest and fiscal charges	45,196	-	-	-	-	45,196
Total expenditures	<u>3,460,735</u>	<u>308,924</u>	<u>79,408</u>	<u>606,334</u>	<u>915,123</u>	<u>5,370,524</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>(385,247)</u>	<u>1,592</u>	<u>187,019</u>	<u>(199,626)</u>	<u>(79,464)</u>	<u>(475,726)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	259,217	-	47,843	-	150,000	457,060
Transfers out	(217,796)	-	(4,500)	-	-	(222,296)
Total other financing sources (uses)	<u>41,421</u>	<u>-</u>	<u>43,343</u>	<u>-</u>	<u>150,000</u>	<u>234,764</u>
Net change in fund balance	(343,826)	1,592	230,362	(199,626)	70,536	(240,962)
Fund balance, beginning of year (as restated)	<u>626,841</u>	<u>73,354</u>	<u>21,117</u>	<u>950,484</u>	<u>289,467</u>	<u>1,961,263</u>
Fund balance, end of year	<u>\$ 283,015</u>	<u>\$ 74,946</u>	<u>\$ 251,479</u>	<u>\$ 750,858</u>	<u>\$ 360,003</u>	<u>\$ 1,720,301</u>

**Fayette County, Georgia**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**NonMajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Library SPLOST	Unincorporated County Roads SPLOST	Early Warning Sirens	Kenwood Park	General Capital Projects	Totals
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ 17,848	\$ -	\$ -	\$ 17,848
Investment earnings	81	2,315	3	62	6,977	9,438
Total revenues	<u>81</u>	<u>2,315</u>	<u>17,851</u>	<u>62</u>	<u>6,977</u>	<u>27,286</u>
<b>EXPENDITURES:</b>						
Capital outlay	170,522	497,603	45,805	-	1,879,407	2,593,337
Total expenditures	<u>170,522</u>	<u>497,603</u>	<u>45,805</u>	<u>-</u>	<u>1,879,407</u>	<u>2,593,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(170,441)</u>	<u>(495,288)</u>	<u>(27,954)</u>	<u>62</u>	<u>(1,872,430)</u>	<u>(2,566,051)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	45,000	-	2,693,389	2,738,389
Transfers out	-	-	(6,013)	-	(96,180)	(102,193)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>38,987</u>	<u>-</u>	<u>2,597,209</u>	<u>2,636,196</u>
Net change in fund balance	(170,441)	(495,288)	11,033	62	724,779	70,145
Fund balance, beginning of year (as restated)	<u>170,441</u>	<u>1,443,998</u>	<u>93,801</u>	<u>647,935</u>	<u>9,324,992</u>	<u>11,681,167</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 948,710</u>	<u>\$ 104,834</u>	<u>\$ 647,997</u>	<u>\$ 10,049,771</u>	<u>\$ 11,751,312</u>

**Fayette County, Georgia**  
**Emergency 911 (E-911) Tax District Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 902,000	\$ 902,000	\$ 905,481	\$ 3,481
Other	2,000	2,000	2,103	103
Intergovernmental	300,210	300,210	300,210	-
Charges for services	1,865,000	1,865,000	1,867,673	2,673
Investment earnings	100	100	21	(79)
Total revenues	<u>3,069,310</u>	<u>3,069,310</u>	<u>3,075,488</u>	<u>6,178</u>
<b>EXPENDITURES:</b>				
Current:				
Public Safety -				
Emergency 911	2,580,499	2,627,212	2,466,973	160,239
Debt Service:				
Principal retirement	948,566	948,566	948,566	-
Interest and fiscal charges	45,196	45,196	45,196	-
Total expenditures	<u>3,574,261</u>	<u>3,620,974</u>	<u>3,460,735</u>	<u>160,239</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>(504,951)</u>	<u>(551,664)</u>	<u>(385,247)</u>	<u>166,417</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	259,217	259,217	259,217	-
Transfers out	<u>(217,796)</u>	<u>(217,796)</u>	<u>(217,796)</u>	<u>-</u>
Total other financing sources (uses)	<u>41,421</u>	<u>41,421</u>	<u>41,421</u>	<u>-</u>
Net change in fund balance	<u>\$ (463,530)</u>	<u>\$ (510,243)</u>	<u>(343,826)</u>	<u>\$ 166,417</u>
Fund balance, beginning of year (as restated)			<u>626,841</u>	
Fund balance, end of year			<u>\$ 283,015</u>	

**Fayette County, Georgia**  
**Street Lights Tax District Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes -				
Property	\$ 315,000	\$ 315,000	\$ 310,516	\$ (4,484)
<b>EXPENDITURES:</b>				
Current -				
Public works -				
Street lights	<u>290,100</u>	<u>308,924</u>	<u>308,924</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,900</u>	<u>6,076</u>	<u>1,592</u>	<u>(4,484)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(14,146)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(14,146)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ 10,754</u></u>	<u><u>\$ 6,076</u></u>	<u>1,592</u>	<u><u>\$ (4,484)</u></u>
Fund balance, beginning of year			<u>73,354</u>	
Fund balance, end of year			<u><u>\$ 74,946</u></u>	

**Fayette County, Georgia**  
**Grants Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental:				
Judicial data exchange grant	\$ 85,645	\$ 85,645	\$ 73,071	\$ (12,574)
Emergency medical services grant	-	193,381	193,356	(25)
Capital grants	(1,718)	(1,718)	-	1,718
	<u>83,927</u>	<u>277,308</u>	<u>266,427</u>	<u>(10,881)</u>
<b>EXPENDITURES:</b>				
Current:				
Judicial System:				
Judicial data exchange	85,574	85,574	73,000	12,574
Public Safety:				
Emergency management	5,857	5,857	-	5,857
Emergency medical services	4,771	245,995	6,408	239,587
	<u>96,202</u>	<u>337,426</u>	<u>79,408</u>	<u>258,018</u>
Excess (deficiency) of revenues over (under) expenditures	(12,275)	(60,118)	187,019	247,137
<b>OTHER FINANCING SOURCES (Uses):</b>				
Transfers in	-	47,843	47,843	-
Transfers out	(950,000)	(4,500)	(4,500)	-
Total other financing sources (uses)	<u>(950,000)</u>	<u>43,343</u>	<u>43,343</u>	<u>-</u>
Net change in fund balance	<u>\$ (962,275)</u>	<u>\$ (16,775)</u>	230,362	<u>\$ 247,137</u>
Fund balance, beginning of year			<u>21,117</u>	
Fund balance, end of year			<u>\$ 251,479</u>	

**Fayette County, Georgia**  
**Confiscated Assets Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fines and Forfeitures:				
U. S. customs	\$ -	\$ 106,630	\$ 106,630	\$ -
Federal	-	255,948	255,948	-
State	-	9,419	9,418	(1)
Investment earnings	-	381	380	(1)
Miscellaneous revenues	-	34,332	34,332	-
Total revenues	<u>-</u>	<u>406,710</u>	<u>406,708</u>	<u>(2)</u>
<b>EXPENDITURES:</b>				
Current -				
Public Safety:				
Sheriff's office:				
U. S. customs	-	215,627	214,578	1,049
Federal	-	386,010	379,897	6,113
State	76,500	11,859	11,859	-
Total expenditures	<u>76,500</u>	<u>613,496</u>	<u>606,334</u>	<u>7,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (76,500)</u>	<u>\$ (206,786)</u>	<u>(199,626)</u>	<u>\$ 7,160</u>
Fund balance, beginning of year (as restated)			<u>950,484</u>	
Fund balance, end of year			<u>\$ 750,858</u>	

**Fayette County, Georgia**  
**Fine Surcharges Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental:				
Jail construction surcharge	\$ 265,000	\$ 265,000	\$ 184,651	\$ (80,349)
Victims' assistance surcharge	101,500	101,500	81,423	(20,077)
Drug court grant	-	158,150	152,487	(5,663)
Fines and Forfeitures:				
Jail construction surcharge	115,000	115,000	138,259	23,259
Victims' assistance surcharge	51,000	51,000	52,694	1,694
Drug abuse education surcharge	60,000	110,000	143,832	33,832
Juvenile court supervision surcharge	30,000	30,000	22,407	(7,593)
Law library surcharge	63,000	63,000	59,906	(3,094)
Total revenues	<u>685,500</u>	<u>893,650</u>	<u>835,659</u>	<u>(57,991)</u>
<b>EXPENDITURES:</b>				
Current:				
Judicial System:				
Victims' assistance	186,416	189,085	187,972	1,113
Drug abuse education	60,500	215,758	214,069	1,689
Juvenile court supervision	30,330	30,330	14,396	15,934
Law library	67,160	67,160	57,802	9,358
Public Safety -				
Jail construction	447,942	447,942	440,884	7,058
Total expenditures	<u>792,348</u>	<u>950,275</u>	<u>915,123</u>	<u>35,152</u>
Excess (deficiency) of revenues over (under) expenditures	(106,848)	(56,625)	(79,464)	(22,839)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	150,000	150,000	-
Net change in fund balance	<u>\$ (106,848)</u>	<u>\$ 93,375</u>	70,536	<u>\$ (22,839)</u>
Fund balance, beginning of year (as restated)			<u>289,467</u>	
Fund balance, end of year			<u>\$ 360,003</u>	



**Fayette County, Georgia**  
**County-Wide Roads SPLOST Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Taxes -				
Special purpose local option sales tax (SPLOST)	\$ 68,303,785	\$ -	\$ 68,303,785	\$ 81,100,087
Intergovernmental -				
Grants	447,824	-	447,824	-
Investment earnings	4,063,204	54,514	4,117,718	-
Total revenues	<u>72,814,813</u>	<u>54,514</u>	<u>72,869,327</u>	<u>81,100,087</u>
<b>EXPENDITURES:</b>				
Capital Outlay -				
Streets and bridges	22,219,013	5,559,574	27,778,587	81,100,087
Intergovernmental -				
City of Fayetteville	-	2,133,599	2,133,599	-
Total expenditures	<u>22,219,013</u>	<u>7,693,173</u>	<u>29,912,186</u>	<u>81,100,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,595,800</u>	<u>(7,638,659)</u>	<u>42,957,141</u>	<u>-</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	205,000	-	205,000	-
Sale of capital assets	97	-	97	-
Total other financing sources (uses)	<u>205,097</u>	<u>-</u>	<u>205,097</u>	<u>-</u>
Net change in fund balance	<u>\$ 50,800,897</u>	<u>(7,638,659)</u>	<u>\$ 43,162,238</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>50,800,897</u>		
Fund balance, end of year		<u>\$ 43,162,238</u>		

**Fayette County, Georgia**  
**Library Construction SPLOST Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Taxes -				
Special purpose local option sales tax (SPLOST)	\$ 5,232,592	\$ -	\$ 5,232,592	\$ 4,700,000
Intergovernmental -				
Construction grant	660,857	-	660,857	2,000,000
Investment earnings	1,368,024	81	1,368,105	-
Total revenues	<u>7,261,473</u>	<u>81</u>	<u>7,261,554</u>	<u>6,700,000</u>
<b>EXPENDITURES:</b>				
Current -				
Culture and Recreation -				
Library	2,205,219	-	2,205,219	1,500,000
Capital Outlay -				
Library	3,653,398	170,522	3,823,920	4,000,000
Intergovernmental -				
City of Peachtree City	1,232,415	-	1,232,415	1,200,000
Total expenditures	<u>7,091,032</u>	<u>170,522</u>	<u>7,261,554</u>	<u>6,700,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 170,441</u>	<u>(170,441)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>170,441</u>		
Fund balance, end of year		<u>\$ -</u>		

**Fayette County, Georgia**  
**Unincorporated County Roads SPLOST Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Taxes -				
Special purpose local option sales tax (SPLOST)	\$ 29,273,015	\$ -	\$ 29,273,015	\$ 34,757,180
Intergovernmental:				
Clayton County	65,959	-	65,959	-
City of Peachtree City	63,263	-	63,263	-
Investment earnings	470,012	2,315	472,327	-
Total revenues	<u>29,872,249</u>	<u>2,315</u>	<u>29,874,564</u>	<u>34,757,180</u>
<b>EXPENDITURES:</b>				
Capital Outlay -				
Streets and bridges	13,285,512	497,603	13,783,115	16,780,767
Intergovernmental:				
Town of Brooks	178,617	-	178,617	212,019
City of Fayetteville	3,577,769	-	3,577,769	4,247,327
City of Peachtree City	10,130,181	-	10,130,181	12,025,984
Town of Tyrone	1,256,172	-	1,256,172	1,491,083
Total expenditures	<u>28,428,251</u>	<u>497,603</u>	<u>28,925,854</u>	<u>34,757,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,443,998</u>	(495,288)	<u>\$ 948,710</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>1,443,998</u>		
Fund balance, end of year		<u>\$ 948,710</u>		

**Fayette County, Georgia**  
**Early Warning Sirens**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>To Date</u>	<u>Project</u> <u>Authorization</u>
<b>REVENUES:</b>				
Intergovernmental:				
Grants	\$ 201,399	\$ 17,848	\$ 219,247	\$ 201,399
Cities	5,405	-	5,405	5,405
Investment earnings	4,005	3	4,008	-
Miscellaneous revenues	500	-	500	-
Total revenues	<u>211,309</u>	<u>17,851</u>	<u>229,160</u>	<u>206,804</u>
<b>EXPENDITURES:</b>				
Capital Outlay -				
Early warning siren system	1,005,872	45,805	1,051,677	1,095,168
Total expenditures	<u>1,005,872</u>	<u>45,805</u>	<u>1,051,677</u>	<u>1,095,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(794,563)</u>	<u>(27,954)</u>	<u>(822,517)</u>	<u>(888,364)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	888,364	45,000	933,364	888,364
Transfers out	-	(6,013)	(6,013)	-
Total other financing sources (uses)	<u>888,364</u>	<u>38,987</u>	<u>927,351</u>	<u>888,364</u>
Net change in fund balance	<u>\$ 93,801</u>	<u>11,033</u>	<u>\$ 104,834</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>93,801</u>		
Fund balance, end of year		<u>\$ 104,834</u>		

**Fayette County, Georgia**  
**Kenwood Park Construction Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2013**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Project Authorization</u>
<b>REVENUES:</b>				
Investment earnings	\$ 38,644	\$ 62	\$ 38,706	\$ -
Total revenues	<u>38,644</u>	<u>62</u>	<u>38,706</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Capital Outlay:				
Kenwood park construction	4,281,055	-	4,281,055	4,890,346
Total expenditures	<u>4,281,055</u>	<u>-</u>	<u>4,281,055</u>	<u>4,890,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,242,411)</u>	<u>62</u>	<u>(4,242,349)</u>	<u>(4,890,346)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	4,940,346	-	4,940,346	4,940,346
Transfers out	(50,000)	-	(50,000)	(50,000)
Total other financing sources sources (uses)	<u>4,890,346</u>	<u>-</u>	<u>4,890,346</u>	<u>4,890,346</u>
Net change in fund balance	<u>\$ 647,935</u>	<u>62</u>	<u>\$ 647,997</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>647,935</u>		
Fund balance, end of year		<u>\$ 647,997</u>		

**Fayette County, Georgia**  
**Schedule of Projects Funded Through Special Purpose Local Option Sales Tax (SPLOST)**  
**Road, Street and Bridge Purposes**  
**For the Fiscal Year Ended June 30, 2013**

On November 2, 2004, a referendum was passed by the Fayette County voters to impose a one-percent Special Purpose Local Option Sales Tax (SPLOST) to be used solely for the funding of road, street and bridge improvements in Fayette County. As part of the referendum process, a list of the proposed projects and their estimated cost was provided.

The tax, which had a maximum collection period of five-years, began on April 1, 2005 and continued through March 31, 2010. The tax revenues generated from the SPLOST were divided into two pools of money with each component comprising a separate Capital Projects Fund for the County. The County-Wide Roads SPLOST Capital Projects Fund received 70-percent of the proceeds with those funds earmarked for projects that represented improvements that would address transportation needs from a broader or county-wide perspective. A good example would be the Fayetteville By-Pass road projects.

The Unincorporated County Roads SPLOST Capital Projects Fund received 30-percent of the revenues generated from the SPLOST. The purpose of this component was to address more localized transportation needs. Under this part of the program, the County identified specific projects located in the unincorporated portion of the County and four of the municipalities (i.e., Brooks, Fayetteville, Peachtree City and Tyrone) identified projects that addressed specific needs within their respective jurisdictions. As funds were received from the Georgia Department of Revenue, a pro rata portion of the monies was distributed to each of the municipalities based on the population numbers from the 2000 census. This distribution is shown as an "Intergovernmental" Expenditure on the County's accounting records for its governmental fund types.

Roughly 48.28% of this component of the SPLOST revenues were retained in this Capital Projects Fund and are programmed to be spent on road projects in the unincorporated portion of the County. The municipalities that received the SPLOST distributions from the County are responsible for the accounting and required financial reporting associated with those monies.

**Fayette County, Georgia**  
**Schedule of Projects Funded Through Special Purpose Local Option Sales Tax (SPLOST)**  
**Road, Street and Bridge Purposes**  
**For the Fiscal Year Ended June 30, 2013**

MUNICIPALITIES AND UNINCORPORATED COUNTY PROJECTS - BY JURISDICTION (30% of total tax proceeds)	Original Cost Estimate	Revised Cost Estimate	Prior Years' Expenditures	Current Year's Expenditures	Total Amount Expended
Unincorporated county projects:					
Intersections	\$ 2,450,000	\$ 2,450,000	\$ 874,263	\$ 6,868	\$ 881,131
Roadways	14,330,767	14,330,767	12,411,249	490,735	12,901,984
Total unincorporated county projects	<u>16,780,767</u>	<u>16,780,767</u>	<u>13,285,512</u>	<u>497,603</u>	<u>13,783,115</u>
Proceeds Distributed to Municipalities For Projects:					
Town of Brooks	212,019	212,019	178,617	-	178,617
City of Fayetteville	4,247,327	4,247,327	3,577,769	-	3,577,769
City of Peachtree City	12,025,984	12,025,984	10,130,181	-	10,130,181
Town of Tyrone	1,491,083	1,491,083	1,256,172	-	1,256,172
Total proceeds distributed to municipalities for projects	<u>17,976,413</u>	<u>17,976,413</u>	<u>15,142,739</u>	<u>-</u>	<u>15,142,739</u>
Total Municipalities and unincorporated County projects - by Jurisdiction	<u>\$ 34,757,180</u>	<u>\$ 34,757,180</u>	<u>\$ 28,428,251</u>	<u>\$ 497,603</u>	<u>\$ 28,925,854</u>
<b>COUNTY-WIDE PROJECTS</b> (70% of total tax proceeds)					
Bridges	3,670,000	3,670,000	761,128	1,266,387	2,027,515
Intersections	3,657,400	3,657,400	1,520,658	2,094	1,522,752
Roadways	67,975,787	67,975,787	19,163,930	6,424,692	25,588,622
Streetscapes / paths	5,796,900	5,796,900	773,297	-	773,297
Total county-wide projects	<u>81,100,087</u>	<u>81,100,087</u>	<u>22,219,013</u>	<u>7,693,173</u>	<u>29,912,186</u>
Total all projects	<u>\$ 115,857,267</u>	<u>\$ 115,857,267</u>	<u>\$ 50,647,264</u>	<u>\$ 8,190,776</u>	<u>\$ 58,838,040</u>

**Fayette County, Georgia**  
**Schedule of Projects Funded Through Special Purpose Local Option Sales Tax (SPLOST)**  
**Library Construction and Services Purposes**  
**For the Fiscal Year Ended June 30, 2013**

On November 3, 1992, a referendum was passed by the Fayette County voters to impose a one-percent Special Purpose Local Option Sales Tax (SPLOST) to be used solely for the funding of library services in the County. As part of the referendum process, the projects and services to be funded called for the purchase of land for and construction of a new library in Fayetteville, the expansion of the book inventory and materials collection for the new library in future periods, and supplemental funding for the services and programs provided by the library located in the City of Peachtree City.

The tax, which had a maximum collection period of nine-months, began on April 1, 1993 and continued through December 31, 1993. In total, \$5,232,592 was collected in SPLOST revenues for this purpose. As part of the funding plan, the tax revenues generated from the SPLOST was to be supplemented by a construction grant from the State of Georgia.

On January 13, 1997, the new library facility officially opened its doors. The brick facility originally contained approximately 28,000 total square feet of space and is located adjacent to the Stonewall Village Administrative Complex. Under its new roof, one would have found more than 12,200 square feet allocated solely to resource materials, another 4,650 square feet of seating area, and 1,850 square feet designated for staff work space. In recent years, an addition was constructed to provide more meeting room space.

The County was fortunate enough to be able to construct the library and the subsequent addition for less than the original budgeted amount. These savings in addition to the interest income earned over the years have provided sufficient financial resources to augment library services over a greater time period than originally anticipated.



**Fayette County, Georgia**  
**Schedule of Projects Funded Through Special Purpose Local Option Sales Tax (SPLOST)**  
**Library Construction and Services Purposes**  
**For the Fiscal Year Ended June 30, 2013**

	Original Cost Estimate	Revised Cost Estimate	Prior Years' Expenditures	Current Year's Expenditures	Total Amount Expended
<u>Library Construction and Services</u>					
Library books and materials	\$ 1,500,000	\$ 1,500,000	\$ 2,205,219	\$ 170,522	\$ 2,375,741
Library construction	4,000,000	4,000,000	3,653,398	-	3,653,398
Total library construction and services	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,858,617</u>	<u>170,522</u>	<u>6,029,139</u>
<u>Intergovernmental Payments</u>					
City of Peachtree City	1,200,000	1,200,000	1,232,415	-	1,232,415
Total Library SPLOST expenditures	<u>\$ 6,700,000</u>	<u>\$ 6,700,000</u>	<u>\$ 7,091,032</u>	<u>\$ 170,522</u>	<u>\$ 7,261,554</u>



*Fayette*  
COUNTY

“WHERE QUALITY  
IS A LIFESTYLE”

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## **INTERNAL SERVICE FUNDS**

**Fayette County, Georgia**  
**Internal Service Funds**

Internal Service Funds are used to account for certain risk financing activities, and the financing of goods or services provided by one department or agency to other departments or agencies on a cost reimbursement basis. The County has the following four Internal Service Funds.

Workers' Compensation Self-Insurance Fund – This fund is used to account for the financing of the risk that an employee will be injured or have health issues in the course of performing their duties at work. Individual departments and funds are assessed a charge by the fund based on the actual cost of workers' compensation claims. These assessments are used to pay workers' compensation claims and associated administrative expenses that arise during the period.

Dental and Vision Self-Insurance Fund - This fund is used to account for the risk that an employee (and their covered dependents) will require preventative or curative professional services for their teeth or eyes during the year. Each department and its employees (depending upon their particular coverage) are assessed a charge which represents a pro rata share of the cost for dental and vision coverage. These assessments are used to reimburse the employee for their dental and vision claims up to the maximum allowed annual benefit.

Major Medical Self-Insurance Fund - This fund is used to account for the risk that an employee (and their covered dependents) will require preventative or curative professional services for the maintenance of their health during the year. Each department and its employees (depending upon their particular coverage) are assessed a charge which represents a pro rata share of the cost for medical coverage. These assessments are used to pay health claims and the associated administrative expenses. This fund also pays for the Employee Assistance Program (EAP) and other health related costs such as flu shots.

Vehicle Replacement Fund – This fund was established to provide resources for the County to replace the vehicles and certain equipment of its Governmental Funds. The annual charge to the various funds is based on the replacement schedule of its fleet.

**Fayette County, Georgia**  
**Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2013**

	Self-Insurance Funds				Total
	Workers' Compensation	Dental And Vision	Major Medical	Vehicle Replacement	
<b>ASSETS</b>					
Current assets:					
Unrestricted cash	\$ 219,180	\$ 155,958	\$ 342,753	\$ 1,178,086	\$ 1,895,977
Restricted cash	-	-	-	925,133	925,133
Cash with fiscal agent	-	-	280,533	-	280,533
Investments	-	-	-	3,043,633	3,043,633
Prepaid items	-	6,178	75,117	-	81,295
Total current assets	<u>219,180</u>	<u>162,136</u>	<u>698,403</u>	<u>5,146,852</u>	<u>6,226,571</u>
Noncurrent assets:					
Capital assets:					
Machinery, equipment and vehicles	-	-	-	14,841,987	14,841,987
Less: accumulated depreciation	-	-	-	(12,020,558)	(12,020,558)
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,821,429</u>	<u>2,821,429</u>
Total assets	<u>219,180</u>	<u>162,136</u>	<u>698,403</u>	<u>7,968,281</u>	<u>9,048,000</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	8	100	1,740	1,848
Claims payable	73,367	14,390	326,029	-	413,786
Total current liabilities	<u>73,367</u>	<u>14,398</u>	<u>326,129</u>	<u>1,740</u>	<u>415,634</u>
Noncurrent liabilities:					
Arbitrage payable	-	-	-	904	904
Certificates of participation	-	-	-	872,000	872,000
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>872,904</u>	<u>872,904</u>
Total liabilities	<u>73,367</u>	<u>14,398</u>	<u>326,129</u>	<u>874,644</u>	<u>1,288,538</u>
<b>NET POSITION</b>					
Net investment in capital assets	-	-	-	2,821,429	2,821,429
Restricted for:					
Debt service	-	-	-	872,000	872,000
Unrestricted	145,813	147,738	372,274	3,400,208	4,066,033
Total net position	<u>\$ 145,813</u>	<u>\$ 147,738</u>	<u>\$ 372,274</u>	<u>\$ 7,093,637</u>	<u>\$ 7,759,462</u>

**Fayette County, Georgia**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Self-Insurance Funds				Total
	Workers' Compensation	Dental And Vision	Major Medical	Vehicle Replacement	
<b>Operating Revenues:</b>					
Charges for sales and services	\$ 752,625	\$ 495,038	\$ 7,279,799	\$ -	\$ 8,527,462
<b>Operating Expenses:</b>					
Costs of sales and services	664,124	361,118	6,363,253	-	7,388,495
Administration	21,320	52,524	298,257	-	372,101
Depreciation	-	-	-	904,509	904,509
Total operating expenses	685,444	413,642	6,661,510	904,509	8,665,105
Operating income	67,181	81,396	618,289	(904,509)	(137,643)
<b>Nonoperating Revenues (Expenses):</b>					
Interest income	-	-	-	39,165	39,165
Interest expense	-	-	-	(5,470)	(5,470)
Loss on disposal of capital assets	-	-	-	(55,581)	(55,581)
Net nonoperating revenues (expenses)	-	-	-	(21,886)	(21,886)
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	352,200	352,200
Total other financing sources (uses)					
Change in net position	67,181	81,396	618,289	(574,195)	192,671
Total net position - beginning	78,632	66,342	(246,015)	7,667,832	7,566,791
Total net position - ending	\$ 145,813	\$ 147,738	\$ 372,274	\$ 7,093,637	\$ 7,759,462

**Fayette County, Georgia**  
**Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Self-Insurance Funds				
	<u>Workers'</u> <u>Compensation</u>	<u>Dental</u> <u>And Vision</u>	<u>Major</u> <u>Medical</u>	<u>Vehicle</u> <u>Replacement</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users	\$ -	\$ 139,856	\$ 1,840,970	\$ -	\$ 1,980,826
Payments to suppliers	(534,524)	(436,943)	(7,258,045)	-	(8,229,512)
Receipts from interfund services provided	752,625	355,181	5,438,829	-	6,546,635
Net cash provided (used) by operating activities	<u>218,101</u>	<u>58,094</u>	<u>21,754</u>	<u>-</u>	<u>297,949</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchase of capital assets	-	-	-	(526,772)	(526,772)
Redemption of certificates of participation	-	-	-	(459,000)	(459,000)
Interest paid on certificates of participation	-	-	-	(5,470)	(5,470)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(991,242)</u>	<u>(991,242)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	-	-	-	335,801	335,801
Purchase of investments	-	-	-	(3,772)	(3,772)
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,029</u>	<u>332,029</u>
Net increase (decrease) in cash and cash equivalents	218,101	58,094	21,754	(659,213)	(361,264)
Cash and cash equivalents at beginning of year	<u>1,079</u>	<u>97,864</u>	<u>601,532</u>	<u>2,762,432</u>	<u>3,462,907</u>
Cash and cash equivalents at end of year	<u>\$ 219,180</u>	<u>\$ 155,958</u>	<u>\$ 623,286</u>	<u>\$ 2,103,219</u>	<u>\$ 3,101,643</u>
<b>Reconciliation of Operating Income (Loss) To Net Cash Flows Provided (Used) By Operating Activities:</b>					
Operating income (loss)	<u>\$ 67,181</u>	<u>\$ 81,396</u>	<u>\$ 618,289</u>	<u>\$ (904,509)</u>	<u>\$ (137,643)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	\$ -	\$ -	\$ -	\$ 904,509	\$ 904,509
Decrease (increase) in assets -					
Prepaid items	105,983	(6,178)	(19,905)	-	79,900
Increase (decrease) in liabilities:					
Accounts payable	-	8	100	-	108
Claims payable	44,937	(17,132)	(576,730)	-	(548,925)
Total adjustments	<u>150,920</u>	<u>(23,302)</u>	<u>(596,535)</u>	<u>904,509</u>	<u>435,592</u>
Net cash provided (used) by operating activities	<u>\$ 218,101</u>	<u>\$ 58,094</u>	<u>\$ 21,754</u>	<u>\$ -</u>	<u>\$ 297,949</u>



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## **FIDUCIARY FUNDS**

**Fayette County, Georgia**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Balance Beginning Of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End Of Year</u>
<b>TAX COMMISSIONER</b>				
Assets:				
Cash and cash equivalents	\$ 603,832	\$ 146,353,751	\$ 145,995,650	\$ 961,933
Taxes receivable	4,538,124	122,284,367	122,696,411	4,126,080
Total assets	<u>\$ 5,141,956</u>	<u>\$ 268,638,118</u>	<u>\$ 268,692,061</u>	<u>\$ 5,088,013</u>
Liabilities:				
Due to others	\$ 4,953,798	\$ 268,527,834	\$ 268,573,275	\$ 4,908,357
Tax protest / bankruptcy / tax sale	188,158	110,284	118,786	179,656
Total liabilities	<u>\$ 5,141,956</u>	<u>\$ 268,638,118</u>	<u>\$ 268,692,061</u>	<u>\$ 5,088,013</u>
<b>SHERIFF'S OFFICE</b>				
Assets:				
Cash and cash equivalents	<u>\$ 79,232</u>	<u>\$ 933,215</u>	<u>\$ 892,002</u>	<u>\$ 120,445</u>
Liabilities:				
Due to others	<u>\$ 79,232</u>	<u>\$ 933,215</u>	<u>\$ 892,002</u>	<u>\$ 120,445</u>
<b>SUPERIOR COURT</b>				
Assets:				
Cash and cash equivalents	<u>\$ 1,099,728</u>	<u>\$ 5,283,505</u>	<u>\$ 5,536,200</u>	<u>\$ 847,033</u>
Liabilities:				
Due to others	<u>\$ 1,099,728</u>	<u>\$ 5,283,505</u>	<u>\$ 5,536,200</u>	<u>\$ 847,033</u>
<b>STATE COURT</b>				
Assets:				
Cash and cash equivalents	<u>\$ 375,010</u>	<u>\$ 2,065,039</u>	<u>\$ 2,052,152</u>	<u>\$ 387,897</u>
Liabilities:				
Due to others	<u>\$ 375,010</u>	<u>\$ 2,065,039</u>	<u>\$ 2,052,152</u>	<u>\$ 387,897</u>



**Fayette County, Georgia**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Balance Beginning Of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End Of Year</u>
<b>MAGISTRATE COURT</b>				
Assets:				
Cash and cash equivalents	\$ 74,807	\$ 646,556	\$ 657,024	\$ 64,339
Liabilities:				
Due to others	\$ 74,807	\$ 646,556	\$ 657,024	\$ 64,339
 <b>JUVENILE COURT</b>				
Assets:				
Cash and cash equivalents	\$ 5,086	\$ 122,631	\$ 119,371	\$ 8,346
Liabilities:				
Due to others	\$ 5,086	\$ 122,631	\$ 119,371	\$ 8,346
 <b>PROBATE COURT</b>				
Assets:				
Cash and cash equivalents	\$ 30,443	\$ 568,878	\$ 566,212	\$ 33,109
Liabilities:				
Due to others	\$ 30,443	\$ 568,878	\$ 566,212	\$ 33,109
 <b>TOTAL - ALL AGENCY FUNDS</b>				
Assets:				
Cash and cash equivalents	\$ 2,268,138	\$ 155,973,575	\$ 155,818,611	\$ 2,423,102
Taxes receivable	4,538,124	122,284,367	122,696,411	4,126,080
Total assets	<u>\$ 6,806,262</u>	<u>\$ 278,257,942</u>	<u>\$ 278,515,022</u>	<u>\$ 6,549,182</u>
Liabilities:				
Due to others	\$ 6,618,104	\$ 278,147,658	\$ 278,396,236	\$ 6,369,526
Tax protest / bankruptcy / tax sale	188,158	110,284	118,786	179,656
Total liabilities	<u>\$ 6,806,262</u>	<u>\$ 278,257,942</u>	<u>\$ 278,515,022</u>	<u>\$ 6,549,182</u>



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## **STATISTICAL SECTION**

**Fayette County, Georgia  
Statistical Section**

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

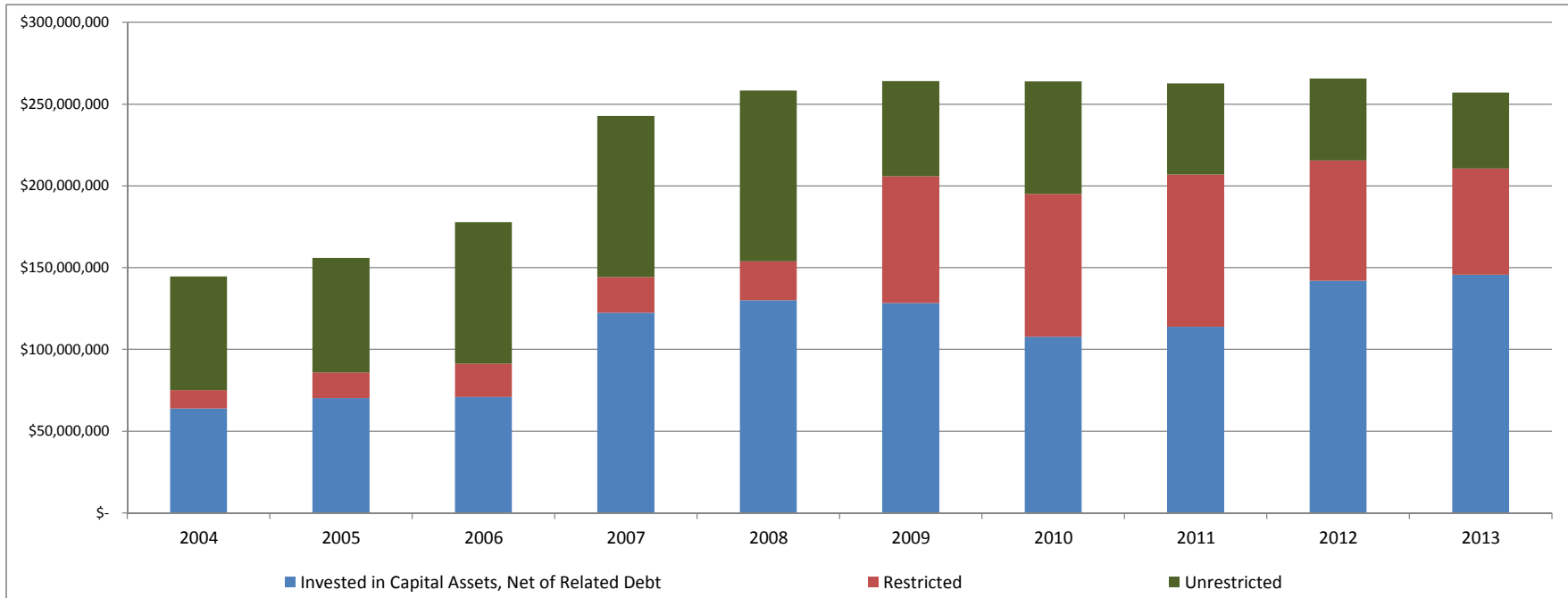
<b><u>Section Contents</u></b>	<b><u>Page</u></b>
<b><i>Financial Trends:</i></b> These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.	134
<b><i>Revenue Capacity:</i></b> These schedules contain information to help the reader assess the Government's most significant local revenue source, the property tax. The data gives insight into those factors that could affect the Government's ability to collect this revenue source going forward.	140
<b><i>Debt Capacity:</i></b> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	144
<b><i>Demographic and Economic Information:</i></b> These schedules offer demographic and economic indicators to help the reader understand the socioeconomic environment within which the County's financial activities take place and help to make comparisons over time and with other entities.	148
<b><i>Operating Information:</i></b> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	150

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**Fayette County, Georgia  
Net Position By Component  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 8,402,602	\$ 12,626,621	\$ 11,881,854	\$ 61,331,911	\$ 66,118,115	\$ 63,748,577	\$ 58,397,470	\$ 70,008,446	\$ 80,352,869	\$ 82,924,362
Restricted	1,291,320	4,643,916	9,369,988	9,206,066	11,656,300	71,244,000	74,438,174	78,946,616	59,847,388	50,612,241
Unrestricted	65,245,850	66,600,723	82,196,989	94,252,175	101,662,007	49,992,711	51,871,452	34,001,574	46,009,682	43,150,112
<b>Total Governmental Activities Net Position</b>	<b>\$ 74,939,772</b>	<b>\$ 83,871,260</b>	<b>\$ 103,448,831</b>	<b>\$ 164,790,152</b>	<b>\$ 179,436,422</b>	<b>\$ 184,985,288</b>	<b>\$ 184,707,096</b>	<b>\$ 182,956,636</b>	<b>\$ 186,209,939</b>	<b>\$ 176,686,715</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 55,537,244	\$ 57,616,988	\$ 58,928,256	\$ 61,128,008	\$ 64,042,796	\$ 64,569,214	\$ 49,359,571	\$ 43,836,827	\$ 61,628,316	\$ 62,729,861
Restricted	9,817,295	11,095,278	11,073,367	12,661,526	12,010,175	6,284,372	12,918,243	14,127,960	13,655,049	14,380,299
Unrestricted	4,272,575	3,329,148	4,355,880	4,172,974	2,872,031	8,304,049	16,880,892	21,845,727	4,165,159	3,248,845
<b>Total Business-Type Activities Net Position</b>	<b>\$ 69,627,114</b>	<b>\$ 72,041,414</b>	<b>\$ 74,357,503</b>	<b>\$ 77,962,508</b>	<b>\$ 78,925,002</b>	<b>\$ 79,157,635</b>	<b>\$ 79,158,706</b>	<b>\$ 79,810,514</b>	<b>\$ 79,448,524</b>	<b>\$ 80,359,005</b>
<b>Primary Government</b>										
Net investment in capital assets	\$ 63,939,846	\$ 70,243,609	\$ 70,810,110	\$ 122,459,919	\$ 130,160,911	\$ 128,317,791	\$ 107,757,041	\$ 113,845,273	\$ 141,981,185	\$ 145,654,223
Restricted	11,108,615	15,739,194	20,443,355	21,867,592	23,666,475	77,528,372	87,356,417	93,074,576	73,502,437	64,992,540
Unrestricted	69,518,425	69,929,871	86,552,869	98,425,149	104,534,038	58,296,760	68,752,344	55,847,301	50,174,841	46,398,957
<b>Total Primary Government Net Position</b>	<b>\$ 144,566,886</b>	<b>\$ 155,912,674</b>	<b>\$ 177,806,334</b>	<b>\$ 242,752,660</b>	<b>\$ 258,361,424</b>	<b>\$ 264,142,923</b>	<b>\$ 263,865,802</b>	<b>\$ 262,767,150</b>	<b>\$ 265,658,463</b>	<b>\$ 257,045,720</b>

**Total Primary Government Net Position**



Note: The large increase in FY 2007 for Governmental Activities was the result of recognizing \$55,574,352 in Infrastructure Assets purchased or completed prior to June 30, 2002 as part of implementing GASB 34.

**Fayette County, Georgia**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

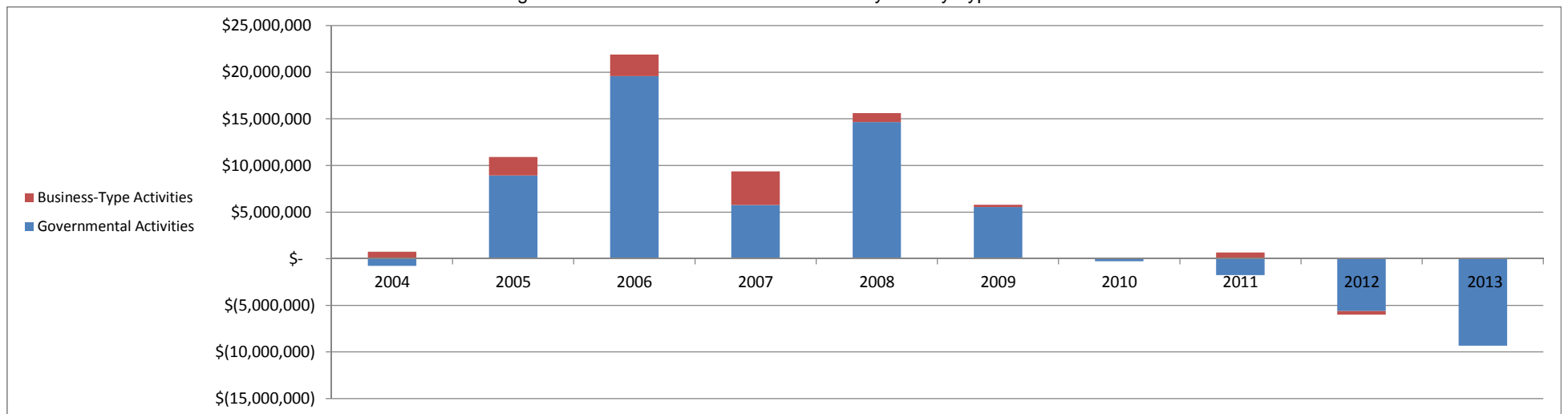
<b>Expenses:</b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental Activities:</b>										
General Government	\$ 15,045,408	\$ 8,734,408	\$ 13,589,479	\$ 13,217,872	\$ 19,913,322	\$ 15,816,215	\$ 17,477,463	\$ 13,911,254	\$ 13,747,299	\$ 8,231,193
Judicial System	8,727,224	4,336,761	4,677,929	5,401,526	5,650,814	5,800,998	5,607,459	5,150,662	5,570,703	6,530,318
Public Safety	21,690,558	25,422,795	29,331,567	31,310,184	31,978,900	34,914,755	33,801,423	34,914,150	35,486,701	36,652,065
Public Works	5,228,876	4,611,615	5,433,833	15,643,667	7,673,140	13,866,560	13,183,402	10,040,669	5,109,741	10,336,908
Health and Welfare	598,801	819,266	689,879	705,001	719,934	726,382	695,438	761,169	765,345	759,250
Culture and Recreation	2,006,950	1,774,572	1,871,303	7,418,659	1,058,911	2,208,201	2,869,310	2,511,883	2,563,090	2,578,096
Housing and Development	1,463,997	1,435,272	1,460,636	1,555,478	1,392,864	1,418,307	1,260,287	1,277,307	1,408,138	1,259,508
Interest on Long-Term Debt	4,231,058	3,152,414	3,156,175	3,043,276	3,375,326	2,717,850	2,785,637	2,182,282	2,102,925	1,791,865
<b>Total Governmental Activities Expenses</b>	<u>\$ 58,992,872</u>	<u>\$ 50,287,103</u>	<u>\$ 60,210,801</u>	<u>\$ 78,295,663</u>	<u>\$ 71,763,211</u>	<u>\$ 77,469,268</u>	<u>\$ 77,680,419</u>	<u>\$ 70,749,376</u>	<u>\$ 66,753,942</u>	<u>\$ 68,139,203</u>
<b>Business-Type Activities</b>										
Water System	\$ 12,358,203	\$ 12,411,434	\$ 12,394,341	\$ 13,036,293	\$ 12,635,303	\$ 12,890,913	\$ 13,083,162	\$ 13,336,098	\$ 14,432,774	\$ 13,856,941
Solid Waste	147,731	149,197	121,420	138,082	160,688	165,620	162,341	163,806	333,225	249,551
Stormwater Utility	-	-	-	-	-	-	-	-	187,116	393,644
<b>Total Business-Type Activities</b>	<u>\$ 12,505,934</u>	<u>\$ 12,560,631</u>	<u>\$ 12,515,761</u>	<u>\$ 13,174,375</u>	<u>\$ 12,795,991</u>	<u>\$ 13,056,533</u>	<u>\$ 13,245,503</u>	<u>\$ 13,499,904</u>	<u>\$ 14,953,115</u>	<u>\$ 14,500,136</u>
<b>Total Primary Government Expenses</b>	<u>\$ 71,498,806</u>	<u>\$ 62,847,734</u>	<u>\$ 72,726,562</u>	<u>\$ 91,470,038</u>	<u>\$ 84,559,202</u>	<u>\$ 90,525,801</u>	<u>\$ 90,925,922</u>	<u>\$ 84,249,280</u>	<u>\$ 81,707,057</u>	<u>\$ 82,639,339</u>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$ 651,272	\$ 1,296,466	\$ 521,225	\$ 940,273	\$ 1,424,473	\$ 1,090,531	\$ 1,614,489	\$ 4,185,268	\$ 423,656	\$ 1,382,169
Judicial System	2,502,618	2,584,575	2,597,880	2,362,746	2,401,949	2,607,184	2,474,750	2,695,620	2,442,258	1,090,187
Public Safety	4,043,766	4,162,141	5,267,301	5,233,571	4,352,712	7,222,617	5,139,419	6,693,329	4,642,449	6,372,134
Public Works	-	413,361	438,362	10,076	8,001	5,928	7,170	7,175	7,576	-
Culture and Recreation	201,582	218,950	189,840	186,265	222,459	211,795	240,786	278,526	240,857	57,774
Housing and Development	51,983	582,363	665,972	672,849	60,755	20,910	10,861	210,985	196,713	9,250
Operating Grants and Contributions	129,527	85,068	808,590	5,600	20,582	23,148	31,935	27,767	947,402	287,451
Capital Grants and Contributions	-	-	-	-	-	-	-	204,367	598,070	1,181,470
<b>Total Governmental Activities Program Revenues</b>	<u>\$ 7,580,748</u>	<u>\$ 9,342,924</u>	<u>\$ 10,489,170</u>	<u>\$ 9,411,380</u>	<u>\$ 8,490,931</u>	<u>\$ 11,182,113</u>	<u>\$ 9,519,410</u>	<u>\$ 14,303,037</u>	<u>\$ 9,498,981</u>	<u>\$ 10,380,435</u>
<b>Business-Type Activities:</b>										
Charges for Services:										
Water System	\$ 11,490,276	\$ 11,562,729	\$ 12,430,665	\$ 13,542,989	\$ 12,285,528	\$ 12,491,307	\$ 13,344,254	\$ 14,289,067	\$ 14,570,866	\$ 13,989,889
Solid Waste	141,480	128,705	141,413	361,200	85,380	109,122	120,708	140,382	132,095	115,337
Stormwater Utility	-	-	-	-	-	-	-	-	300,333	148,431
Capital Grants and Contributions	1,515,916	2,729,684	2,262,050	2,708,273	1,294,879	1,096,917	418,363	379,232	116,920	332,659
<b>Total Business-Type Activities Program Revenues</b>	<u>\$ 13,147,672</u>	<u>\$ 14,421,118</u>	<u>\$ 14,834,128</u>	<u>\$ 16,612,462</u>	<u>\$ 13,665,787</u>	<u>\$ 13,697,346</u>	<u>\$ 13,883,325</u>	<u>\$ 14,808,681</u>	<u>\$ 15,120,214</u>	<u>\$ 14,586,316</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 20,728,420</u>	<u>\$ 23,764,042</u>	<u>\$ 25,323,298</u>	<u>\$ 26,023,842</u>	<u>\$ 22,156,718</u>	<u>\$ 24,879,459</u>	<u>\$ 23,402,735</u>	<u>\$ 29,111,718</u>	<u>\$ 24,619,195</u>	<u>\$ 24,966,751</u>
<b>Net (Expenses) Revenues</b>										
Governmental Activities	\$ (51,412,124)	\$ (40,944,179)	\$ (49,721,631)	\$ (68,884,283)	\$ (63,272,280)	\$ (66,287,155)	\$ (68,161,009)	\$ (56,446,339)	\$ (57,254,961)	\$ (57,758,768)
Business-Type Activities	641,738	1,860,487	2,318,367	3,438,087	869,796	640,813	637,822	1,308,777	167,099	86,180
<b>Total Primary Government Net Expenses</b>	<u>\$ (50,770,386)</u>	<u>\$ (39,083,692)</u>	<u>\$ (47,403,264)</u>	<u>\$ (65,446,196)</u>	<u>\$ (62,402,484)</u>	<u>\$ (65,646,342)</u>	<u>\$ (67,523,187)</u>	<u>\$ (55,137,562)</u>	<u>\$ (57,087,862)</u>	<u>\$ (57,672,588)</u>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 32,538,816	\$ 30,178,341	\$ 32,103,630	\$ 33,238,968	\$ 37,601,739	\$ 37,627,125	\$ 39,052,755	\$ 37,981,404	\$ 36,089,255	\$ 34,853,932
Sales Taxes	8,737,301	9,092,061	10,296,451	10,654,218	10,313,833	8,990,109	9,635,056	9,572,548	10,011,105	9,968,049
Other Taxes	2,915,465	2,495,302	2,874,588	2,966,242	960,291	1,041,225	1,224,064	1,311,971	3,247,599	3,205,096
Special Purpose Local Option Sales Taxes	-	3,242,853	16,676,100	17,711,729	20,462,347	15,103,230	12,254,894	160,567	-	-
Licenses and Permits	535,467	-	-	-	-	-	-	-	-	-
Intergovernmental	4,226,291	1,324,636	2,880,454	3,146,118	2,883,703	5,957,783	3,654,944	1,580,095	-	-
Gain on Sale of Capital Assets	26,103	86,466	20,511	61,996	132,620	59,595	61,790	16,329	-	-
Unrestricted Investment Earnings	749,668	1,916,256	3,194,159	5,186,857	4,149,265	1,424,672	764,894	391,771	905,075	97,882
Miscellaneous	905,114	982,332	663,405	1,077,945	817,812	1,004,306	520,363	2,975,137	834,182	287,887
Transfers	-	557,420	589,904	607,179	596,940	627,976	714,057	706,057	539,650	-
Total Governmental Activities	<u>\$ 50,634,225</u>	<u>\$ 49,875,667</u>	<u>\$ 69,299,202</u>	<u>\$ 74,651,252</u>	<u>\$ 77,918,550</u>	<u>\$ 71,836,021</u>	<u>\$ 67,882,817</u>	<u>\$ 54,695,879</u>	<u>\$ 51,626,866</u>	<u>\$ 48,412,846</u>
Business-Type Activities:										
Gain on Sale of Capital Assets	\$ 15,000	\$ 700	\$ 12,582	\$ -	\$ 6,192	\$ 2,605	\$ 3,707	\$ -	\$ -	\$ -
Unrestricted Investment Earnings	88,478	253,588	550,275	747,261	572,483	130,550	30,456	5,552	10,561	15,089
Miscellaneous	5	428,093	24,769	26,836	110,963	86,641	43,144	43,536	-	20,868
Transfers	-	(557,420)	(589,904)	(607,179)	(596,940)	(627,976)	(714,057)	(706,057)	(539,650)	-
Total Business-Type Activities	<u>\$ 103,483</u>	<u>\$ 124,961</u>	<u>\$ (2,278)</u>	<u>\$ 166,918</u>	<u>\$ 92,698</u>	<u>\$ (408,180)</u>	<u>\$ (636,750)</u>	<u>\$ (656,969)</u>	<u>\$ (529,089)</u>	<u>\$ 35,957</u>
Total Primary Government	<u>\$ 50,737,708</u>	<u>\$ 50,000,628</u>	<u>\$ 69,296,924</u>	<u>\$ 74,818,170</u>	<u>\$ 78,011,248</u>	<u>\$ 71,427,841</u>	<u>\$ 67,246,067</u>	<u>\$ 54,038,910</u>	<u>\$ 51,097,777</u>	<u>\$ 48,448,803</u>
<b>Changes in Net Position</b>										
Governmental Activities	\$ (777,899)	\$ 8,931,488	\$ 19,577,571	\$ 5,766,969	\$ 14,646,270	\$ 5,548,866	\$ (278,192)	\$ (1,750,460)	\$ (5,628,095)	\$ (9,345,922)
Business-Type Activities	745,221	1,985,448	2,316,089	3,605,005	962,494	232,633	1,072	651,808	(361,990)	122,137
Total Primary Government	<u>\$ (32,678)</u>	<u>\$ 10,916,936</u>	<u>\$ 21,893,660</u>	<u>\$ 9,371,974</u>	<u>\$ 15,608,764</u>	<u>\$ 5,781,499</u>	<u>\$ (277,120)</u>	<u>\$ (1,098,652)</u>	<u>\$ (5,990,085)</u>	<u>\$ (9,223,785)</u>
			(1)			(2)	(2)	(2)	(2)	(2)

Note (1): Net Position increased significantly for FY 2006 due to it being the first year of collections for the Special Purpose Local Option Sales Tax (SPLOST) for road construction projects.

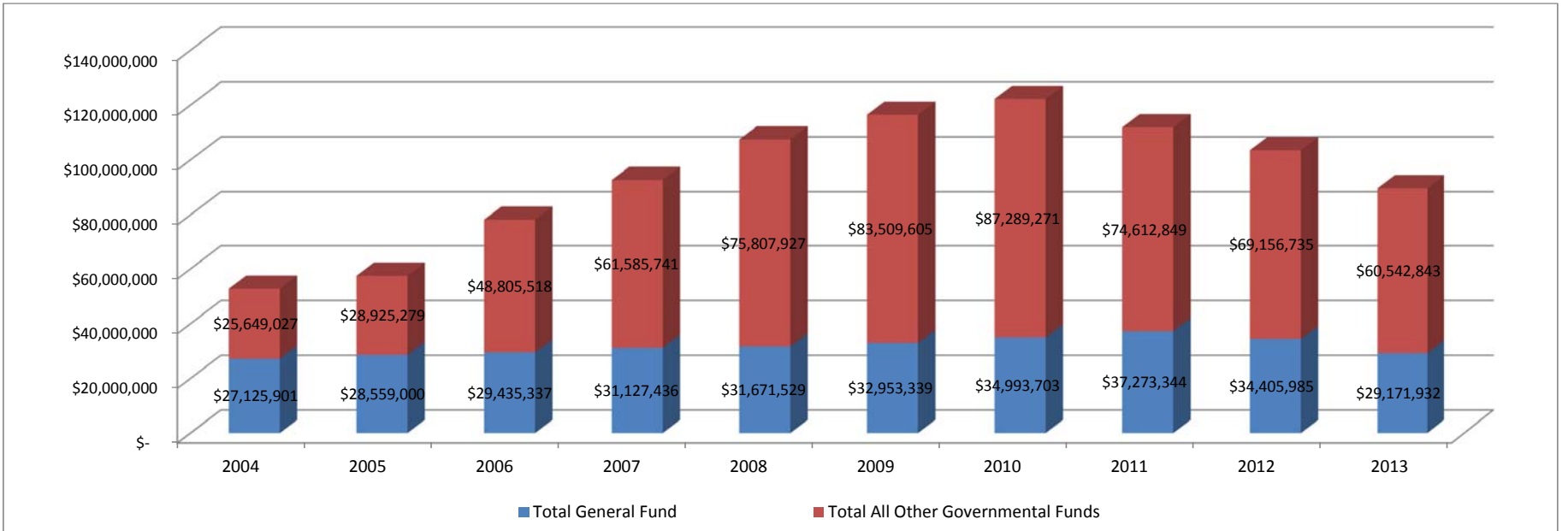
Note (2): The amount of the Change in Net Position for these fiscal years was impacted by the recession that began in 2008.

Changes in Net Position for Each Fiscal Year by Activity Type



**Fayette County, Georgia**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund:</b>										
Nonspendable	\$ 36,069	\$ 163,353	\$ 122,625	\$ 377,156	\$ 88,642	\$ 987,514	\$ 205,194	\$ 260,351	\$ 246,522	\$ 148,647
Committed	2,031,035	13,935,199	14,402,177	15,385,577	14,057,471	13,661,922	13,365,551	13,633,544	11,300,171	10,971,735
Assigned	4,163,185	12,676,231	12,522,153	15,364,703	17,525,416	13,045,947	13,974,440	11,175,508	16,817,110	11,158,549
Unassigned	20,895,612	1,784,217	2,388,382	-	-	5,257,956	7,448,518	12,203,941	6,042,182	6,893,001
<b>Total General Fund</b>	<b>\$ 27,125,901</b>	<b>\$ 28,559,000</b>	<b>\$ 29,435,337</b>	<b>\$ 31,127,436</b>	<b>\$ 31,671,529</b>	<b>\$ 32,953,339</b>	<b>\$ 34,993,703</b>	<b>\$ 37,273,344</b>	<b>\$ 34,405,985</b>	<b>\$ 29,171,932</b>
<b>All Other Governmental Funds:</b>										
Nonspendable	\$ -	\$ 6,619	\$ -	\$ -	\$ 704	\$ 48,251	\$ 55,465	\$ 33,326	\$ 27,868	\$ -
Restricted	2,270,675	4,806,227	21,316,199	37,088,062	51,116,478	58,828,786	63,055,225	65,576,980	59,062,139	49,590,241
Committed	796,497	1,660,429	1,612,077	10,734	2,363,877	2,651,440	2,618,608	9,002,543	10,066,728	10,952,602
Assigned	22,581,855	22,452,004	25,877,242	24,486,945	22,326,868	21,981,128	21,559,973	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 25,649,027</b>	<b>\$ 28,925,279</b>	<b>\$ 48,805,518</b>	<b>\$ 61,585,741</b>	<b>\$ 75,807,927</b>	<b>\$ 83,509,605</b>	<b>\$ 87,289,271</b>	<b>\$ 74,612,849</b>	<b>\$ 69,156,735</b>	<b>\$ 60,542,843</b>
<b>Total Governmental Funds</b>	<b>\$ 52,774,928</b>	<b>\$ 57,484,279</b>	<b>\$ 78,240,855</b>	<b>\$ 92,713,177</b>	<b>\$ 107,479,456</b>	<b>\$ 116,462,944</b>	<b>\$ 122,282,974</b>	<b>\$ 111,886,193</b>	<b>\$ 103,562,720</b>	<b>\$ 89,714,775</b>



**Fayette County, Georgia**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

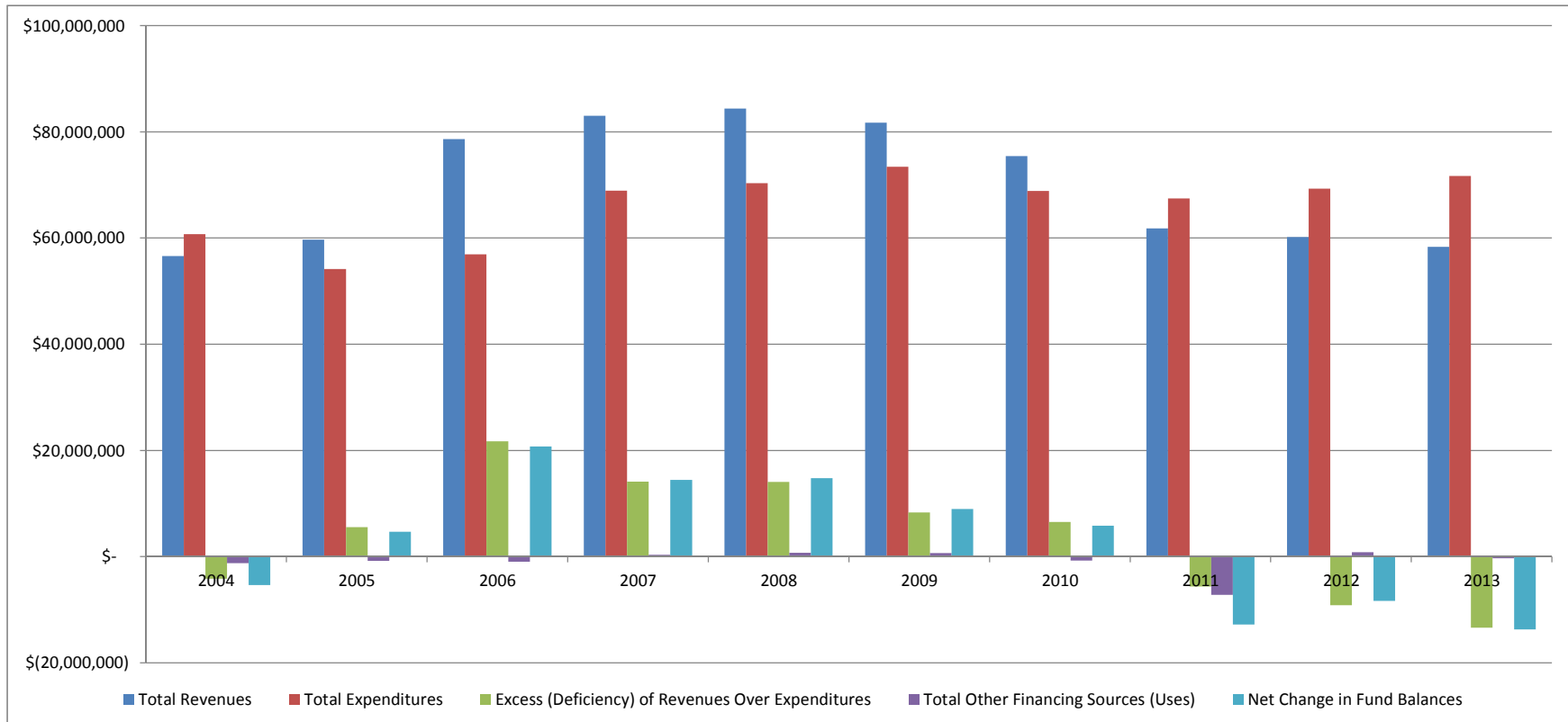
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>										
Taxes	\$ 43,529,775	\$ 45,085,843	\$ 62,441,421	\$ 65,113,592	\$ 68,867,738	\$ 62,761,689	\$ 62,166,769	\$ 48,092,665	\$ 49,791,543	\$ 47,566,643
Licenses and Permits	535,467	745,967	841,083	856,102	698,374	414,314	424,201	451,172	215,512	775,962
Intergovernmental	4,226,290	4,677,370	2,880,454	3,398,318	2,883,703	5,957,783	3,654,944	1,580,095	1,409,544	1,400,559
Charges for Services	4,847,003	4,727,117	5,070,445	5,192,711	4,729,453	5,134,297	5,142,649	5,570,018	5,488,362	5,849,162
Fines and Forfeitures	2,303,760	2,193,837	3,239,194	3,124,534	2,757,345	5,293,648	3,142,726	4,461,473	2,273,165	2,284,648
Investment Income	592,460	1,222,210	2,697,022	4,452,242	3,688,800	1,236,042	334,924	510,585	468,787	115,546
Contributions	9,939	39,875	808,590	896,329	20,582	23,148	520,363	1,138,077	17,715	13,275
Miscellaneous	546,676	990,392	658,057	5,600	733,744	912,629	31,935	27,767	499,541	326,369
<b>Total Revenues</b>	<b>\$ 56,591,370</b>	<b>\$ 59,682,611</b>	<b>\$ 78,636,266</b>	<b>\$ 83,039,428</b>	<b>\$ 84,379,739</b>	<b>\$ 81,733,550</b>	<b>\$ 75,418,511</b>	<b>\$ 61,831,852</b>	<b>\$ 60,164,169</b>	<b>\$ 58,332,164</b>
<b>Expenditures:</b>										
General Government	\$ 7,433,934	\$ 7,754,982	\$ 7,942,522	\$ 8,037,744	\$ 8,165,598	\$ 8,424,786	\$ 7,689,333	\$ 8,038,927	\$ 8,624,978	\$ 7,957,441
Judicial System	4,020,094	4,290,835	4,619,714	5,370,540	5,674,771	5,808,638	5,552,734	5,632,112	5,483,839	5,761,405
Public Safety	24,002,693	24,832,261	26,516,676	29,628,121	30,946,091	32,824,740	31,436,915	32,862,460	35,178,886	35,707,478
Public Works	4,828,440	4,599,815	5,187,982	4,781,461	4,657,639	4,000,116	3,631,377	5,356,961	4,648,297	4,117,385
Health and Welfare	637,974	819,266	689,879	705,001	719,934	726,382	695,438	761,169	759,057	754,060
Culture and Recreation	1,751,545	1,551,419	1,768,694	1,902,937	2,070,906	2,146,860	1,980,568	1,917,872	2,019,104	2,010,788
Housing and Development	1,460,306	1,442,581	1,438,092	1,552,728	1,429,689	1,405,259	1,242,377	1,268,371	1,317,126	1,278,862
Capital Outlay	11,768,883	4,025,852	3,903,023	12,090,140	8,654,396	10,278,522	9,622,634	9,399,329	7,461,104	8,152,911
Intergovernmental	-	-	-	-	3,174,938	2,975,587	2,183,858	23,752	-	2,133,599
Debt Service:										
Principal Retirement	1,676,902	1,758,656	1,849,800	1,937,428	2,031,612	2,132,423	2,239,941	864,247	1,855,425	2,108,566
Interest Expense	3,156,311	3,074,266	2,989,997	2,899,990	2,804,831	2,704,186	2,597,403	1,306,503	1,968,539	1,714,752
Paying Agent Fees	1,175	1,175	2,225	1,671	1,546	1,436	1,364	450	-	-
<b>Total Expenditures</b>	<b>\$ 60,738,257</b>	<b>\$ 54,151,108</b>	<b>\$ 56,908,604</b>	<b>\$ 68,907,761</b>	<b>\$ 70,331,951</b>	<b>\$ 73,428,935</b>	<b>\$ 68,873,942</b>	<b>\$ 67,432,153</b>	<b>\$ 69,316,355</b>	<b>\$ 71,697,247</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (4,146,887)</b>	<b>\$ 5,531,503</b>	<b>\$ 21,727,662</b>	<b>\$ 14,131,667</b>	<b>\$ 14,047,788</b>	<b>\$ 8,304,615</b>	<b>\$ 6,544,569</b>	<b>\$ (5,600,301)</b>	<b>\$ (9,152,186)</b>	<b>\$ (13,365,083)</b>
<b>Other Financing Sources (Uses):</b>										
Proceeds from Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	2,491,003	5,036,640	6,887,887	6,873,563	11,857,799	7,989,541	5,872,157	4,781,077	5,108,105	3,239,917
Transfers Out	(3,731,835)	(5,945,258)	(7,879,484)	(6,594,904)	(11,271,927)	(7,370,264)	(6,658,486)	(4,148,943)	(4,568,455)	(3,592,117)
Refunded Bonds Issued	-	-	-	-	-	-	-	40,300,000	-	-
Premium on Bonds Issued	-	-	-	-	-	-	-	1,509,351	-	-
Payment to Refunded Bond Escrow	-	-	-	-	-	-	-	(49,637,039)	-	-
Proceeds from Sale of Capital Assets	24,004	86,466	20,511	61,996	132,620	59,595	61,790	16,329	289,063	32,353
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (1,216,828)</b>	<b>\$ (822,152)</b>	<b>\$ (971,086)</b>	<b>\$ 340,655</b>	<b>\$ 718,492</b>	<b>\$ 678,872</b>	<b>\$ (724,539)</b>	<b>\$ (7,179,225)</b>	<b>\$ 828,713</b>	<b>\$ (319,847)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (5,363,715)</b>	<b>\$ 4,709,351</b>	<b>\$ 20,756,576</b>	<b>\$ 14,472,322</b>	<b>\$ 14,766,280</b>	<b>\$ 8,983,487</b>	<b>\$ 5,820,030</b>	<b>\$ (12,779,526)</b>	<b>\$ (8,323,473)</b>	<b>\$ (13,684,930)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	11.0%	10.7%	10.1%	9.3%	9.0%	8.7%	9.3%	3.9%	6.6%	6.6%

Note: The large increase in Tax revenues beginning in FY 2006 and ending in FY 2010 was due to the five year life span of the Special Purpose Local Option Sales Tax (SPLOST) for roads.



**Fayette County, Georgia**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Revenues	\$ 56,591,370	\$ 59,682,611	\$ 78,636,266	\$ 83,039,428	\$ 84,379,739	\$ 81,733,550	\$ 75,418,511	\$ 61,831,852	\$ 60,164,169	\$ 58,332,164
Total Expenditures	60,738,257	54,151,108	56,908,604	68,907,761	70,331,951	73,428,935	68,873,942	67,432,153	69,316,355	71,697,247
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,146,887)	\$ 5,531,503	\$ 21,727,662	\$ 14,131,667	\$ 14,047,788	\$ 8,304,615	\$ 6,544,569	\$ (5,600,301)	\$ (9,152,186)	\$ (13,365,083)
Total Other Financing Sources (Uses)	(1,216,828)	(822,152)	(971,086)	340,655	718,492	678,872	(724,539)	(7,179,225)	828,713	(319,847)
Net Change in Fund Balances	\$ (5,363,715)	\$ 4,709,351	\$ 20,756,576	\$ 14,472,322	\$ 14,766,280	\$ 8,983,487	\$ 5,820,030	\$ (12,779,526)	\$ (8,323,473)	\$ (13,684,930)

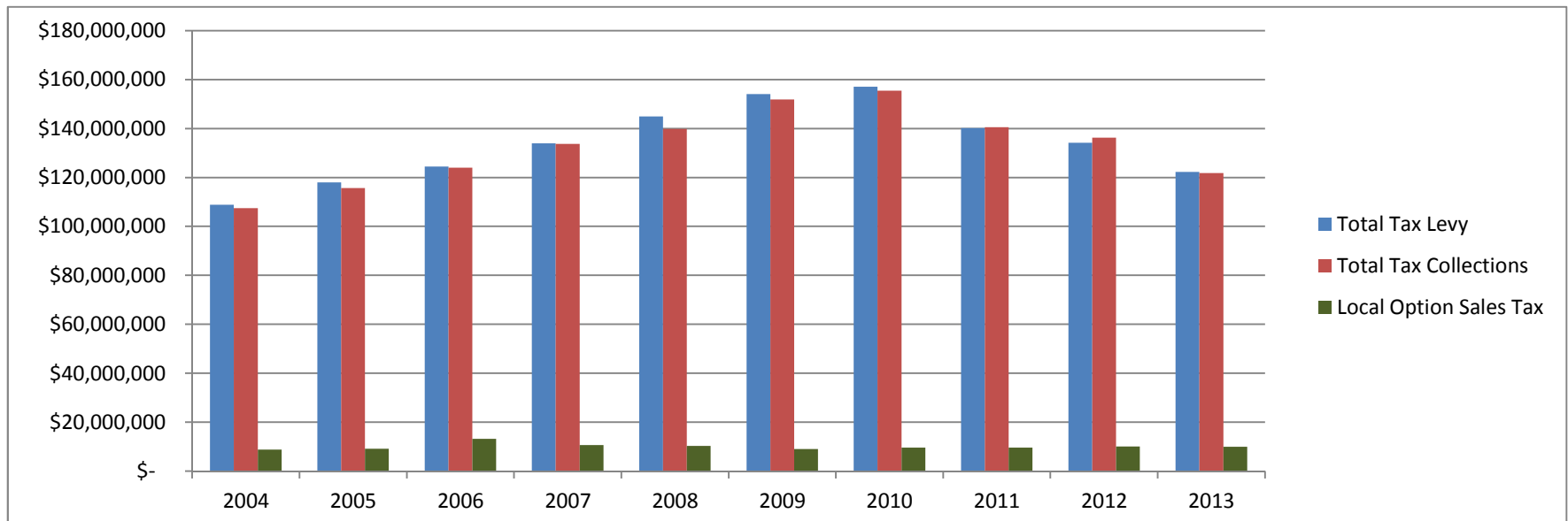


Note: The large increase in Net Position for FY 2006 and large decrease in FY 2011 are primarily the result of the Special Purpose Local Option Sales collections and expenditures.

**Fayette County, Georgia**  
**Property Tax Levies, Collections and Local Option Sales Tax Proceeds**  
**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Collection of Prior Years Property Taxes	Total Tax Collection	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy	Local Option Sales Tax Proceeds (1)
2004	\$ 108,827,457	\$ 106,001,805	97.40%	\$ 1,448,920	\$ 107,450,725	98.73%	\$ 4,011,248	3.69%	\$ 8,737,001
2005	118,001,735	114,100,400	96.69%	1,557,474	115,657,874	98.01%	3,629,115	3.08%	9,092,061
2006	124,459,002	121,851,632	97.91%	2,131,166	123,982,798	99.62%	3,727,920	3.00%	13,155,414
2007	133,958,330	131,657,606	98.28%	2,016,370	133,673,976	99.79%	3,813,117	2.85%	10,654,218
2008	144,974,057	138,257,418	95.37%	1,568,262	139,825,680	96.45%	3,527,833	2.43%	10,313,833
2009	154,107,697	149,091,541	96.75%	2,804,678	151,896,219	98.56%	5,131,263	3.33%	8,990,109
2010	157,080,795	151,371,828	96.37%	4,148,962	155,520,790	99.01%	6,005,110	3.82%	9,635,056
2011	140,148,922	134,663,746	96.09%	5,881,524	140,545,271	100.28%	1,926,514	1.37%	9,572,548
2012	134,178,334	131,714,621	98.16%	4,566,560	136,281,181	101.57%	1,706,442	1.27%	10,011,105
2013	122,284,367	119,310,658	97.57%	2,536,811	121,847,469	99.64%	4,140,486	3.39%	9,968,049

(1) Includes only local option sales tax proceeds received by Fayette County. Does not include local option sales tax proceeds received by the City of Fayetteville, the City of Peachtree City, the Town of Tyrone, the Town of Brooks, or the Town of Woolsey.



**Fayette County, Georgia**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

Fiscal Year	Real Property		Personal Property		Privately Owned Public Utilities		Total Property		Freeport-Homestead Exemption	Net Assessed Value	Total Direct Tax Rate	Ratio of Total Assessed Value to Total True Value
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value				
2004	\$ 3,379,741	\$ 8,449,353	\$ 675,928	\$ 1,689,820	\$ 62,756	\$ 156,890	\$ 4,118,425	\$ 10,296,063	\$ 235,057	\$ 3,883,368	\$ 32.20	40.00%
2005	3,714,393	9,285,983	667,973	1,669,933	64,305	160,762	4,446,671	11,116,678	236,660	4,210,011	31.58	40.00%
2006	4,139,511	10,348,778	322,690	806,725	64,757	161,893	4,526,958	11,317,395	190,619	4,336,339	30.88	40.00%
2007	4,452,241	11,130,603	334,573	836,433	64,713	161,783	4,851,527	12,128,819	216,665	4,634,862	30.19	40.00%
2008	4,746,452	12,699,119	332,100	891,980	70,522	176,305	5,149,074	13,767,403	221,878	4,927,196	29.83	40.00%
2009	4,886,730	12,216,825	350,357	875,893	67,292	168,230	5,304,379	13,260,948	222,280	5,082,099	32.10	40.00%
2010	4,919,137	12,297,843	353,933	884,833	71,407	178,518	5,344,477	13,361,193	290,048	5,054,429	31.61	40.00%
2011	4,548,164	11,370,410	336,972	842,432	73,324	183,312	4,958,460	12,396,154	370,429	4,588,031	29.84	40.00%
2012	4,347,689	10,869,222	333,903	834,759	72,840	182,101	4,754,432	11,886,082	371,400	4,383,032	30.66	40.00%
2013	3,836,232	9,590,580	350,356	875,890	72,395	180,988	4,258,983	10,647,458	295,313	3,963,670	30.98	40.00%

Note: Property is reassessed annually as of January 1. The county assesses property at 40 percent of the fair market value for all real and personal property.

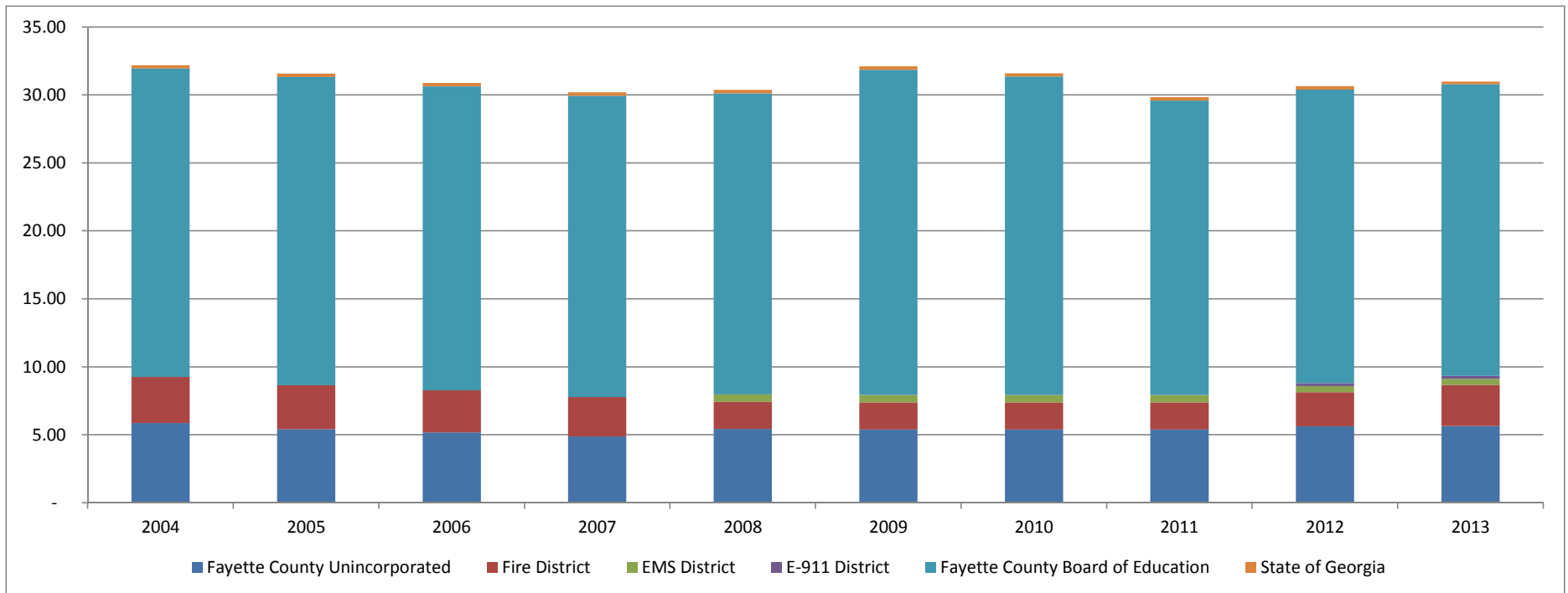
**Assessed Value Information**



**Fayette County, Georgia**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
**(millage rate per \$1,000 of assessed value)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary Government:										
Fayette County Unincorporated	5.87	5.42	5.19	4.89	5.43	5.40	5.40	5.40	5.65	5.65
Fire District	3.39	3.23	3.09	2.91	2.00	1.99	1.99	1.99	2.50	3.03
Emergency Medical Services (EMS) District	-	-	-	-	0.55	0.55	0.55	0.55	0.45	0.45
E-911 Communications District	-	-	-	-	-	-	-	-	0.21	0.21
Total Primary Government	9.26	8.65	8.28	7.79	7.98	7.94	7.94	7.94	8.81	9.33
Fayette County Board of Education	22.69	22.68	22.35	22.15	22.15	23.92	23.42	21.65	21.60	21.45
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.20
<b>Total</b>	<b>32.20</b>	<b>31.58</b>	<b>30.88</b>	<b>30.19</b>	<b>30.38</b>	<b>32.11</b>	<b>31.61</b>	<b>29.84</b>	<b>30.66</b>	<b>30.98</b>

Note: Due to taxation equity issues, the EMS and E-911 Tax Districts were created during the ten year span. Previously, they had been part of the Unincorporated millage rate.



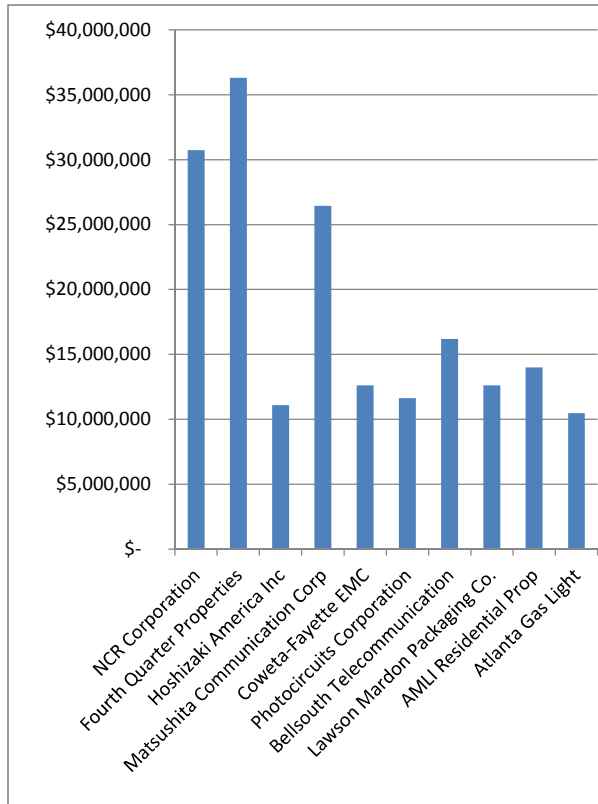
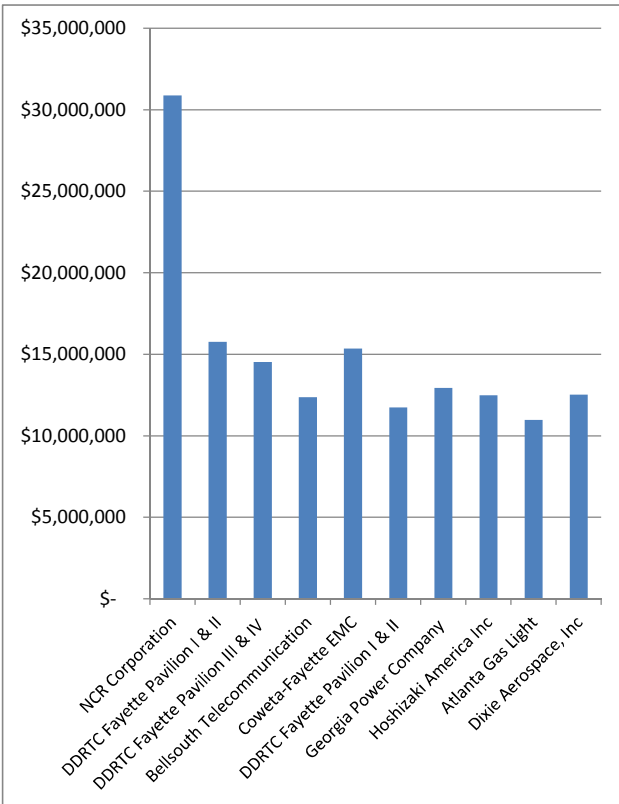
**Fayette County, Georgia  
Principal Taxpayers  
Current Fiscal Year and Nine Years Ago**

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
NCR Corporation	\$ 30,876,183	1	0.68%	\$ 30,742,671	2	0.75%
(1) DDRTC Fayette Pavilion I & II	15,754,176	2	0.35%	-		N / A
Coweta-Fayette EMC	15,358,331	3	0.34%	12,604,796	7	0.31%
(1) DDRTC Fayette Pavilion III & IV	14,521,196	4	0.32%	-		N / A
Georgia Power Company	12,932,902	5	0.28%	-		N / A
Dixie Aerospace, Inc	12,524,475	6	0.28%	-		N / A
Hoshizaki America Inc	12,492,285	7	0.27%	11,090,382	9	0.27%
Bellsouth Telecommunication	12,372,186	8	0.27%	16,187,601	4	0.39%
(1) DDRTC Fayette Pavilion I & II	11,743,628	9	0.26%	-		N / A
Atlanta Gas Light	10,965,127	10	0.24%	10,479,351	10	0.25%
(1) Fourth Quarter Properties	-		N / A	36,310,164	1	0.88%
Matsushita Communication Corp	-		N / A	26,449,452	3	0.64%
(2) Photocircuits Corporation	-		N / A	11,635,592	8	0.28%
Lawson Mardon Packaging Co.	-		N / A	12,624,125	6	0.31%
AML Residential Prop	-		N / A	14,004,435	5	0.34%
Sub-Total Top Ten Taxpayers	\$ 149,540,489		3.28%	\$ 182,128,569		4.42%
Total Other Taxpayers	4,404,775,511		96.72%	3,936,296,735		95.58%
Total Assessed Value - All Taxpayers	\$ 4,554,316,000		100.00%	\$ 4,118,425,304		100.00%

Source: Fayette County Tax Commissioner

Note (1): DDRTC Fayette Pavilion is successor owner of property previously in the name of Fourth Quarter Properties

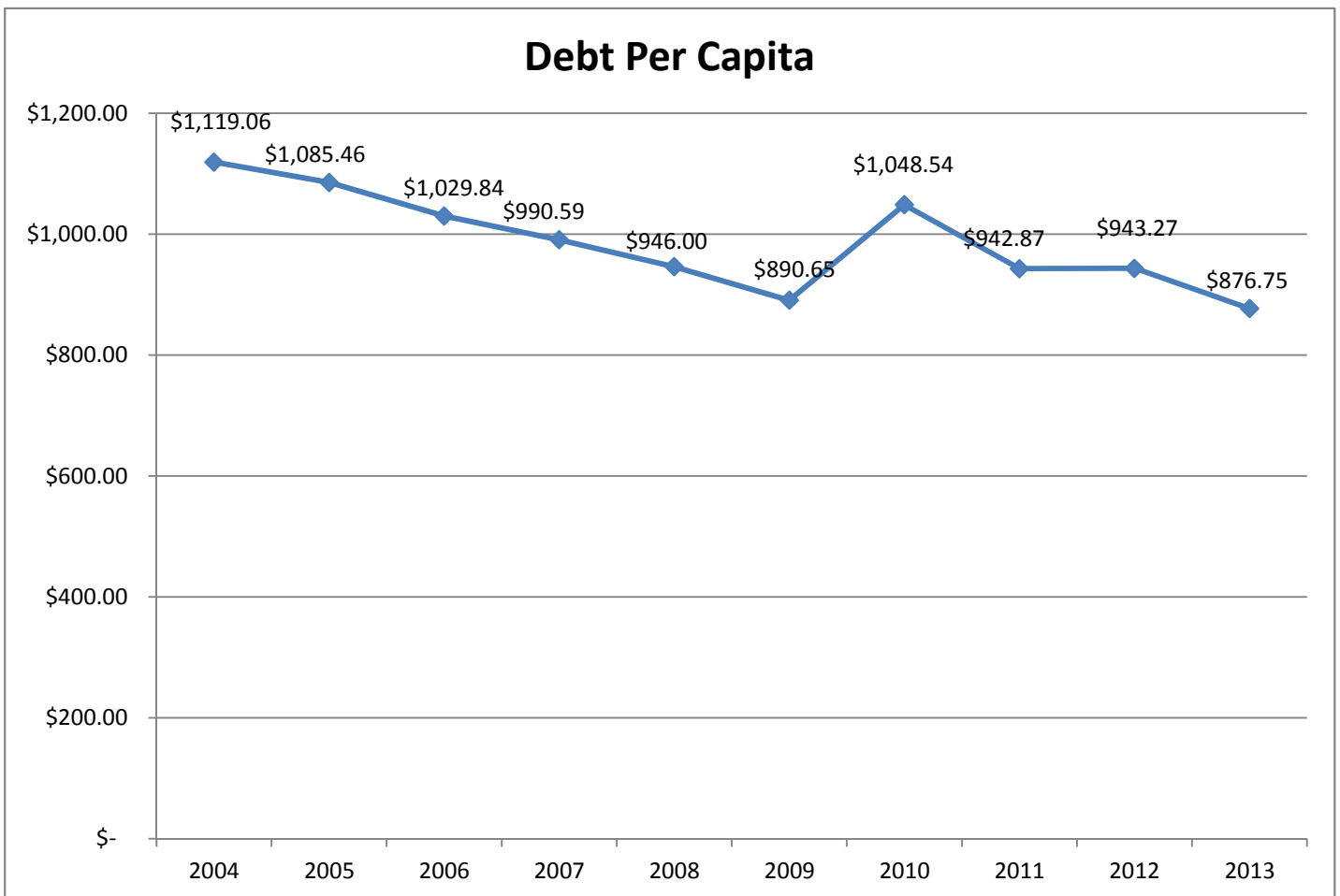
Note (2): Photocircuits Corporation no longer has its plant operations in the County



**FAYETTE COUNTY, GEORGIA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita
	Revenue Bonds	Certificates of Participation	Capital Lease Obligations	Water Revenue Bonds			
2004	\$ 55,525,000	\$ 5,000,000	\$ 7,138,098	\$ 45,735,000	\$ 113,398,098	2.91%	\$1,119.06
2005	54,420,000	5,000,000	6,484,442	44,270,000	110,174,442	2.74%	1,085.46
2006	53,255,000	5,000,000	5,799,642	42,740,000	106,794,642	2.58%	1,029.84
2007	52,035,000	5,000,000	5,082,214	41,150,000	103,267,214	2.40%	990.59
2008	50,755,000	5,000,000	4,463,309	39,490,000	99,708,309	2.34%	946.00
2009	49,410,000	3,981,203	3,672,183	37,760,000	94,823,386	2.11%	890.65
2010	47,995,000	3,220,000	2,786,133	57,970,000	111,971,133	2.31%	1,048.54
2011	40,300,000	3,220,000	1,878,632	55,080,000	100,478,632	2.18%	942.87
2012	39,350,000	1,331,000	948,566	60,040,000	101,669,566	2.12%	943.27
2013	38,190,000	872,000	-	55,210,000	94,272,000	1.85%	876.75

(1) Source: The Bureau of Economic Analysis



Note: Increase in Per Capita Debt amount for FY 2010 was due to revenue bonds issued for Lake McIntosh.

**Fayette County, Georgia**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2013**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Fayette County Board of Education (a)	\$ 65,407,739	100%	\$ 65,407,739
Peachtree City (b)	4,130,000	100%	<u>4,830,000</u>
Subtotal for Overlapping Debt			\$ 70,237,739
Fayette County Public Facilities Authority	38,190,000	100%	<u>38,190,000</u>
Total Direct and Overlapping Debt			<u>\$ 108,427,739</u>

(a) Data provided by Fayette County Board of Education Finance Office.

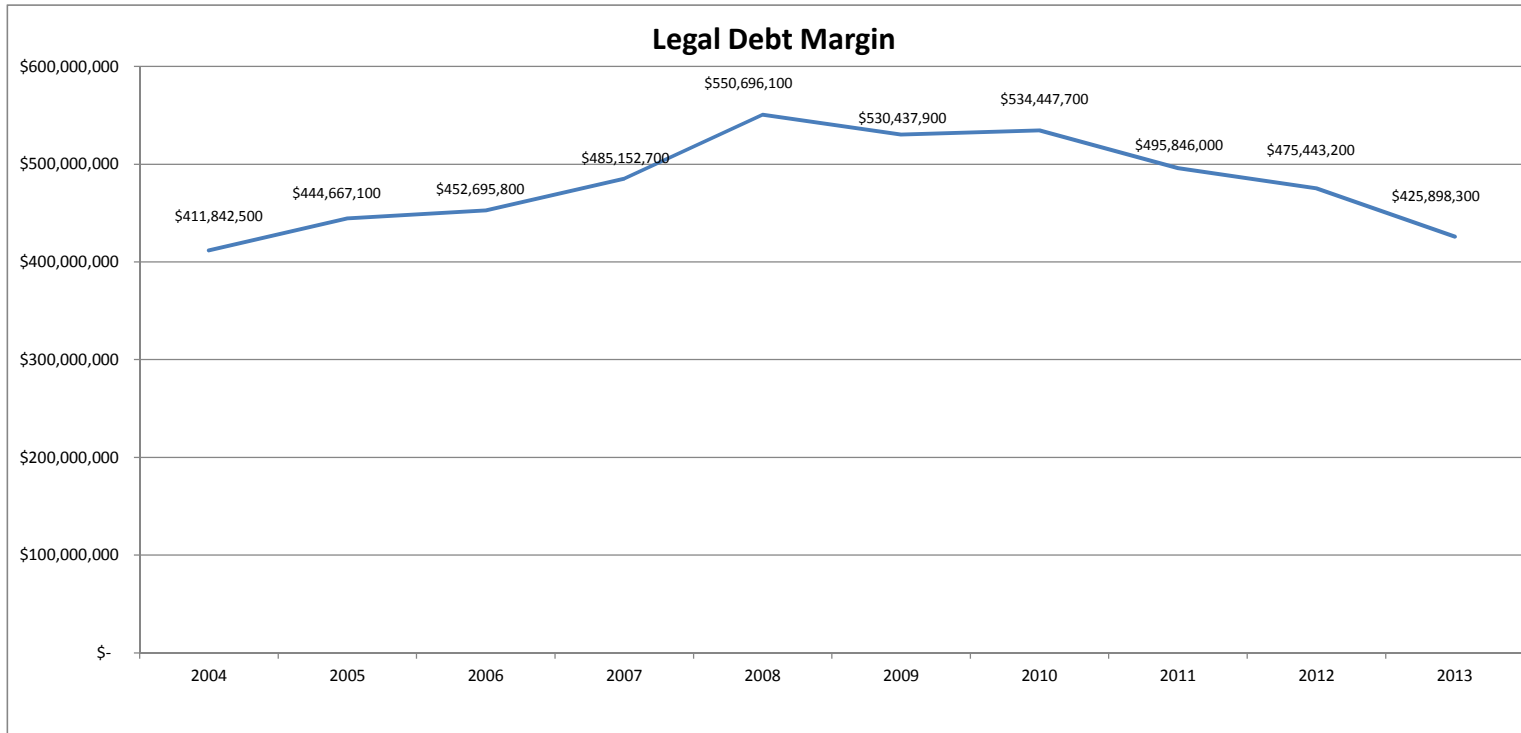
(b) Data provided by City of Peachtree City Finance Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses.

**Fayette County, Georgia  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Legal Debt Margin Calculation:										
Net Assessed Value of Property (amounts in \$1,000 increments)	\$ 4,118,425	\$ 4,446,671	\$ 4,526,958	\$ 4,851,527	\$ 5,506,961	\$ 5,304,379	\$ 5,344,477	\$ 4,958,460	\$ 4,754,432	\$ 4,258,983
Debt Limit (10% of Net Assessed Value) (amounts in \$1 increments)	\$ 411,842,500	\$ 444,667,100	\$ 452,695,800	\$ 485,152,700	\$ 550,696,100	\$ 530,437,900	\$ 534,447,700	\$ 495,846,000	\$ 475,443,200	\$ 425,898,300
Less: Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Add: Debt Service Funds Available	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 411,842,500	\$ 444,667,100	\$ 452,695,800	\$ 485,152,700	\$ 550,696,100	\$ 530,437,900	\$ 534,447,700	\$ 495,846,000	\$ 475,443,200	\$ 425,898,300
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Note:** Under state finance law, the County's outstanding general obligation debt should not exceed 10 percent of total assessed property value (gross digest).  
By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation bonds.





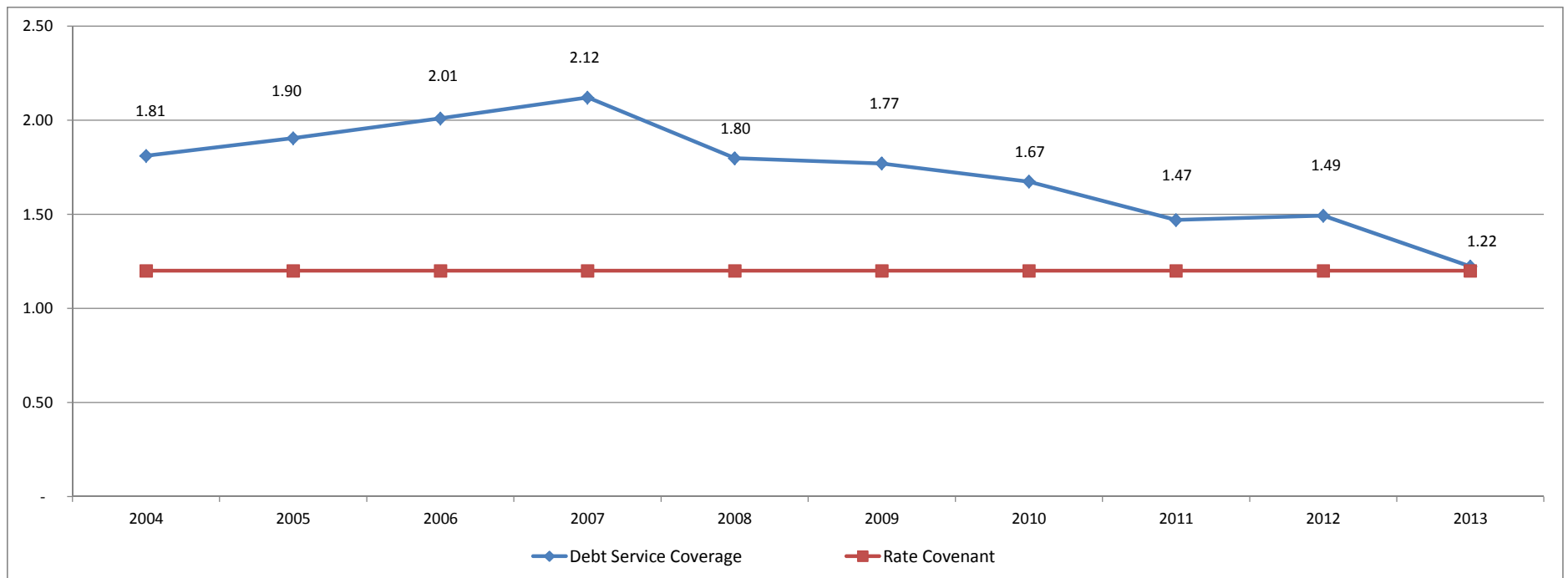
**Fayette County, Georgia  
Pledged Revenue Coverage  
Last Ten Fiscal Years**

	For Fiscal Year Ended June 30, 2013									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gross Revenues (1)	\$ 11,550,276	\$ 11,887,582	\$ 12,430,665	\$ 13,542,989	\$ 12,285,528	\$ 12,491,307	\$ 13,344,254	\$ 14,289,067	\$ 14,570,866	\$ 13,989,889
Reasonable and Necessary Operating Costs (2)	4,933,275	4,938,090	5,095,451	5,814,275	5,730,442	6,045,049	6,060,856	6,466,224	6,450,737	6,856,701
Net Revenue Available for Debt Service (3)	6,617,001	6,949,492	7,335,214	7,728,714	6,555,086	6,446,258	7,283,398	7,822,843	8,120,129	7,133,188
Debt Service Payments	3,654,175	3,648,231	3,650,154	3,644,350	3,645,225	3,641,311	4,351,288	5,320,501	5,440,539	5,833,311
Coverage	1.81	1.90	2.01	2.12	1.80	1.77	1.67	1.47	1.49	1.22

(1) "Gross Revenues" represents Operating Revenues for the Water System which excludes interest income and tap fees.

(2) "Reasonable and Necessary Operating Costs" represents the Operating Expenses of the Water System less the non-cash items of depreciation and amortization expenses.

(3) Represents net revenues before depreciation and non-operating revenues and expenses.

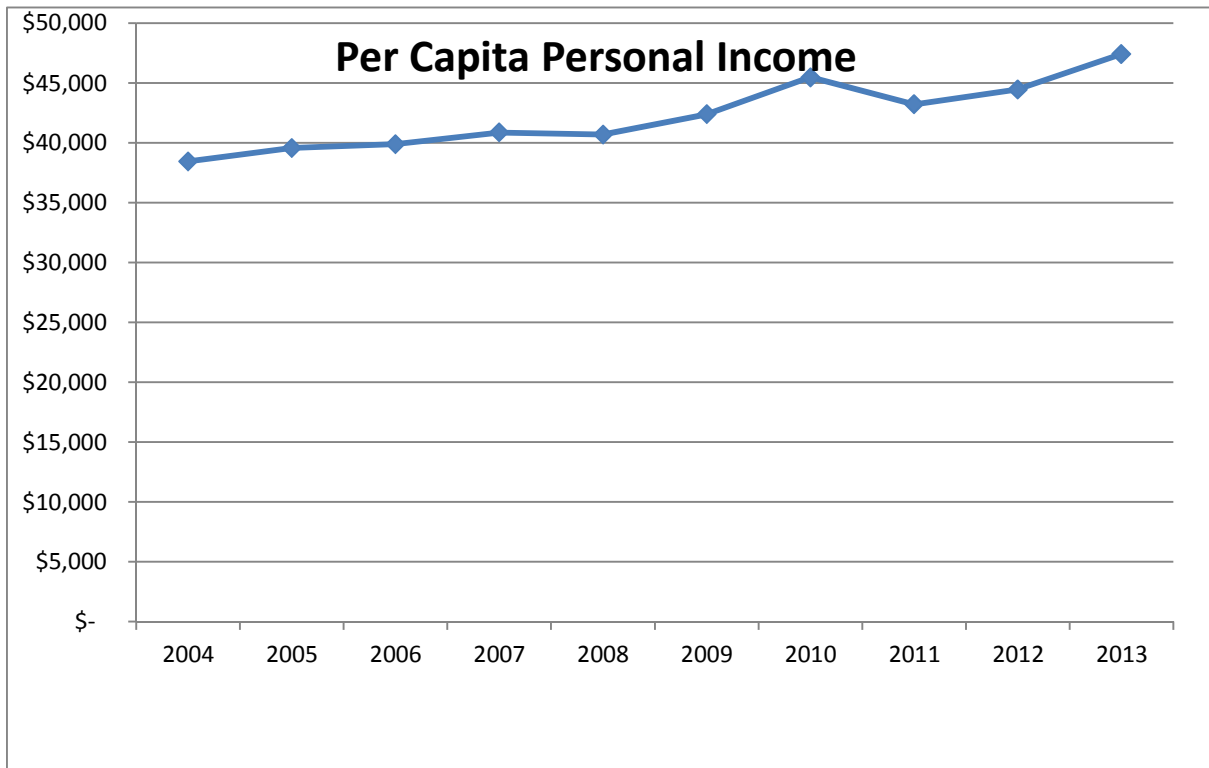


**Fayette County, Georgia  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Fiscal Year	(1) Population	(2) Personal Income	Per Capita Personal Income	(3) Median Age	(4) School Enrollment*	(5) Unemployment Rate
2004	101,333	3,895,000,000	38,438	39	21,239	2.9%
2005	101,500	4,016,000,000	39,567	39	21,624	4.6%
2006	103,700	4,136,000,000	39,884	39	22,338	4.3%
2007	104,248	4,259,600,000	40,860	40	22,291	4.0%
2008	105,400	4,266,407,000	40,691	40	22,367	5.4%
2009	106,465	4,484,620,000	42,384	40	22,108	5.7%
2010	106,788	4,838,366,000	45,474	42	22,047	7.9%
2011	106,567	4,614,827,000	43,215	42	21,683	9.0%
2012	107,784	4,792,110,000	44,460	43	21,120	7.3%
2013	107,524	5,097,304,000	47,406	43	20,506	7.0%

- (1) Source: United States Census
- (2) Source: The Bureau of Economic Analysis
- (3) Source: United States Census
- (4) Source: Fayette County Board of Education
- (5) Source: Georgia Department of Labor

\*School enrollment reported for 2006, 2007 and 2010 was corrected based on Fayette County Board of Education CAFR



**Fayette County, Georgia  
Principal Employers  
Current Year 2013**

Private Employer	2013		
	Employees	Rank	Percentage of Total County Employment
Piedmont Fayette Hospital	1,400	1	2.87%
NCR	1,200	2	2.46%
Cooper Lighting	600	3	1.23%
Hoshizaki America, Inc	330	4	0.68%
Panasonic	300	5	0.62%
World Airways	255	6	0.52%
FAA Tracon	190	7	0.39%
TDK Components	130	8	0.27%
Cooper Wiring Device Headquarters	130	9	0.27%
SANY America	126	10	0.26%
Total	<u>4,661</u>		<u>9.57%</u>

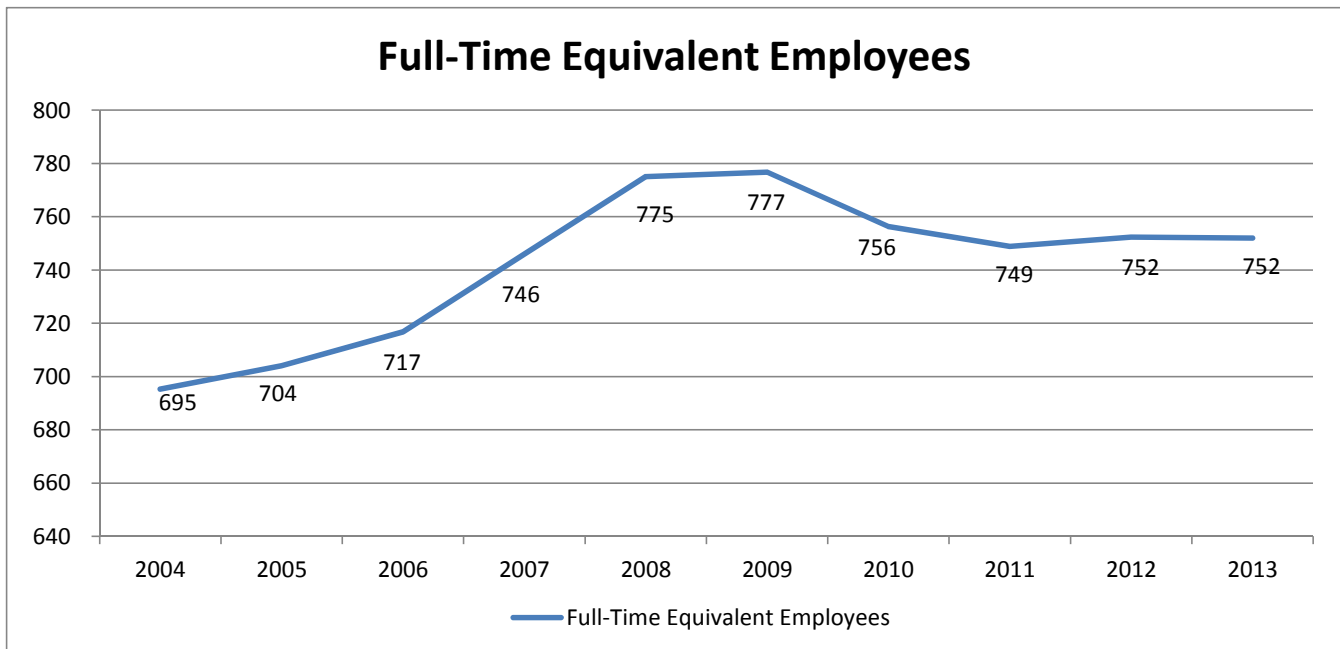
Source: Fayette County Development Authority

Note: The information from nine years ago is not presented because there was not a reliable source from which to obtain the data.

**Fayette County, Georgia**  
**Full-Time Equivalent County Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	For Fiscal Year Ended June 30,									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government	107	113	113	120	125	124	113	111	112	112
Judicial System	50	53	54	58	58	58	56	56	59	59
Public Safety:										
Animal Control	5	5	6	6	6	7	7	7	5	5
Coroner	3	3	3	3	3	3	3	3	3	3
Emergency 911	30	30	30	36	36	36	36	36	36	36
Emergency Services	34	37	41	45	47	47	47	47	47	43
Fire	90	93	97	99	105	105	105	105	105	105
Marshal	10	10	10	12	12	12	11	11	11	11
Emergency Management	-	-	-	-	-	-	-	-	-	4
Sheriff	212	214	216	217	230	230	230	230	230	231
Total Public Safety	384	392	403	418	439	439	438	438	437	438
Public Works:										
Roads	47	49	47	49	50	51	48	45	45	45
Water System	65	61	62	62	62	63	62	61	61	61
Stormwater	-	-	-	-	-	-	5	5	5	5
Solid Waste Management	2	-	1	1	1	1	1	1	1	1
Total Public Works	114	110	110	112	113	115	116	112	112	112
Housing and Development	22	19	20	20	21	21	14	14	14	13
Culture and Recreation	19	17	17	18	19	19	18	17	18	18
<b>Total</b>	<b>695</b>	<b>704</b>	<b>717</b>	<b>746</b>	<b>775</b>	<b>777</b>	<b>756</b>	<b>749</b>	<b>752</b>	<b>752</b>

Source: Fayette County Human Resources Department, Fayette County Budget Document



**Fayette County, Georgia**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b><u>FUNCTION</u></b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Government:</b>										
Number of Registered Voters	63,637	67,851	70,000	71,000	71,000	75,967	75,448	76,980	79,710	73,572
Number of Parcels Assessed	39,194	39,194	40,348	41,709	42,000	42,479	42,479	42,479	42,134	42,179
<b>Judicial System:</b>										
State Cases	1,543	1,570	n/a	1,120	1,875	2,341	2,294	2,325	1,805	3,354
Superior Cases	816	825	n/a	903	875	872	887	900	513	3,347
Magistrate Cases										4,759
Firearms Licenses	902	969	1,256	838	893	937	1,342	1,472	1,903	2,936
Juvenile Cases Filed	1,948	2,025	2,100	2,007	2,500	1,961	1,379	1,379	1,108	1,105
Marriage Licenses	666	699	1,100	633	697	641	617	619	600	656
Real Estate Instruments Filed	34,152	35,125	n/a	33,193	30,500	18,449	18,800	18,800	16,236	19,942
<b>Public Safety:</b>										
Average Daily Jail Population	226	217	220	228	228	261	256	256	292	255
Fire/EMS Dispatch (1)	10,625	10,874	11,589	n/a	11,970	12,010	12,797	13,441	12,954	11,240
Law Enforcement Dispatch (1)	44,827	46,070	46,737	n/a	n/a	n/a	45,554	45,950	46,236	46,841
<b>Public Works:</b>										
Number of Vehicles Serviced	195	220	196	198	194	340	484	336	348	354
Street Maintenance (Miles)	466	475	478	510	601	687	576	529	528	529
Water Production (MGD))	8.7	9.0	9.1	7.9	8.9	8.5	7.8	7.8	8.7	8.4
Water System Customers	25,071	26,057	26,945	26,935	27,800	27,234	27,493	27,698	27,881	28,002
<b>Housing and Development:</b>										
Building Permits Issued	918	833	800	743	750	292	632	632	713	186
<b>Culture and Recreation</b>										
Monthly Circulation of Library Materials	24,954	25,997	27,083	27,083	26,867	26,832	55,181	42,400	53,601	27,681
Number of Programs and Classes Offered	377	341	350	327	315	398	497	497	549	619
Reference Questions Answered Monthly	7,750	7,917	8,083	8,083	8,167	8,145	10,417	11,436	2,594	2,925

Source: Fayette County Budget Document  
Source: Department statistical data

**Fayette County, Georgia  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

<b>Function</b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government:										
County Office Buildings	1	1	1	1	1	1	1	1	1	1
Senior Citizens Center	-	-	-	-	1	1	1	1	1	1
Judicial System:										
Justice Center	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Patrol Vehicles (1)	N/A	N/A	160	160	155	162	162	158	158	160
Fire Stations	9	9	9	9	9	9	9	9	9	9
Public Works:										
Miles of County Maintained Roads	465.6	474.5	478.2	510.0	601.6	687.0	576.0	529.0	528.0	529.2
Miles of Road Resurfacing	49.5	38.9	33.2	33.2	55.4	26.2	26.2	25.0	33.2	14.1
Culture and Recreation										
Park Acreage	366	366	366	366	366	366	366	366	366	455
Parks	6	6	6	6	6	6	6	6	6	7
Multi-Purpose facility	1	1	1	1	1	1	1	1	1	1
Water System:										
Water Treatment Plant	2	2	2	2	2	2	2	2	2	2

(1) Information not available for fiscal years 2004 and 2005.

Source: Fayette County Fixed Asset Records and Department Heads

**Fayette County, Georgia**  
**Schedule of Insurance Coverages**  
**June 30, 2013**

<u>Property Coverages</u>	<u>Amount In Force</u>
Property (1)	\$ 163,759,997
Other Equipment	14,873,248
Flood and Earthquake	5,000,000

Note (1): Includes real and personal property,  
and boiler and machinery coverage.

<u>Liability Coverages</u>	<u>Liability Limits</u>	
	<u>Each Occurrence</u>	<u>Aggregate</u>
General Liability	\$ 2,000,000	\$ 2,000,000
Automobile Liability	1,000,000	None
Law Enforcement Liability	2,000,000	2,000,000
Public Officials' Liability	2,000,000	2,000,000

**Other Coverages**

The County requires payment and performance surety bonds and builders' risk insurance of all contractors and subcontractors involved in construction activities. Surety bonds have to be issued by surety firms listed on the U.S. Treasury approved list and builders' risk insurance has to be in the amount of the contract sum.

**Self-Insured Risks**

The County is partially self-insured for certain risks such as medical, dental and workers' compensation claims. Additional information on the management of these risks is contained in the Notes to the Financial Statements.