

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FULTON COUNTY, GEORGIA

**FISCAL YEAR ENDED
DECEMBER 31, 2016**

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

INTRODUCTORY SECTION

FULTON COUNTY, GEORGIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended December 31, 2016

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

7001 Fulton County Government Center

Atlanta, Georgia 30303

Sharon L. Whitmore, Chief Financial Officer, CPA, CPFO

Hakeem Oshikoya, Director of Finance, CPA, CGFM

Ray H Turner, Deputy Director of Finance, CPA

Sabrina McTier, Controller, CPA, CGFM

Angela Ash, Grant Administrator, CPA, CGMS

Kisha Johnson, Investment Officer

James Husserl, Budget Manager, CPA

FULTON COUNTY, GEORGIA

Comprehensive Annual Financial Report

Year ended December 31, 2016

Table of Contents

| | Page |
|---|------|
| Introductory Section (Unaudited): | |
| Title Page | i |
| Table of Contents | ii |
| List of Principal Officials | v |
| Organization Chart | vi |
| Letter of Transmittal | vii |
| Certificate of Achievement for Excellence in Financial Reporting | xiv |
| Financial Section: | |
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 4 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 12 |
| Statement of Activities | 13 |
| Fund Financial Statements: | |
| Governmental Funds Financial Statements: | |
| Balance Sheet | 14 |
| Reconciliation of the Balance Sheet | |
| To the Statement of Net Position | 15 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 16 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes | |
| In Fund Balances of Governmental Funds to the Statement of Activities | 17 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | |
| General Fund Budget to Actual - Non-GAAP Budgetary basis | 18 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | |
| South Fulton Special District Fund, Budget to Actual - Non-GAAP Budgetary basis | 20 |
| Proprietary Funds Financial Statements: | |
| Statement of Net Position | 21 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position | 23 |
| Statement of Cash Flows | 24 |
| Fiduciary Fund Financial Statements: | |
| Statement of Fiduciary Net Position | 25 |
| Statement of Changes in Fiduciary Net Position | 26 |
| Notes to the Financial Statements | 27 |
| Required Supplementary Information | 76 |
| Notes to Required Supplementary Information | 79 |

FULTON COUNTY, GEORGIA

Comprehensive Annual Financial Report

Year ended December 31, 2016

Table of Contents

Financial Section: (continued)

Combining Statements and Schedules:

Non-major Governmental Funds:

| | |
|---|----|
| Combining Balance Sheet | 81 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 84 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances | |
| Debt Service Fund Budget to Actual - Non-GAAP Budgetary basis | 87 |
| Special Revenue Funds Budget to Actual - Non-GAAP Budgetary basis | 88 |

Non-major Enterprise Funds:

| | |
|---|----|
| Combining Statement of Net Position | 93 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position | 94 |
| Combining Statement of Cash Flows | 95 |

Internal Service Funds:

| | |
|---|----|
| Combining Statement of Net Position | 96 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position | 97 |
| Combining Statement of Cash Flows | 98 |

Agency Funds:

| | |
|--|-----|
| Combining Statement of Fiduciary Assets and Liabilities | 99 |
| Combining Statement of Changes in Fiduciary Assets and Liabilities | 100 |

Other Schedules:

| | |
|--|-----|
| Summary of Debt Service Requirements to Maturity | 103 |
| Debt Service Requirements to Maturity - General | |
| Obligation Library Bonds | 104 |
| Debt Service Requirements to Maturity - Water and Sewerage | |
| Bonds, Series 2013 and 2011 | 105 |
| Hotel/Motel Collections and Expenditures | 106 |

FULTON COUNTY, GEORGIA

Comprehensive Annual Financial Report

Year ended December 31, 2016

Table of Contents

Statistical Section (Unaudited):

| | | |
|--|-------------------|-----|
| Net Position by Component - Last Ten Fiscal Years | Schedule 1..... | 107 |
| Changes in Net Position - Last Ten Fiscal Years | Schedule 2..... | 108 |
| Fund Balances, Governmental Funds - Last Ten Fiscal Years | Schedule 3..... | 109 |
| Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years | Schedule 4..... | 110 |
| Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years | Schedule 5..... | 111 |
| Property Tax Rates – Direct and Overlapping Governments - Last Ten Fiscal Years – Operating and Bond Levies | Schedule 6..... | 112 |
| Principal Taxpayers – Current Year and Nine Years Ago - | Schedule 7..... | 113 |
| General Fund Property Tax Levy and Collections - Last Ten Fiscal Years | Schedule 8-A..... | 114 |
| Debt Service Fund Property Tax Levy and Collections - Last Ten Fiscal Years | Schedule 8-A..... | 114 |
| Special Service District Fund Property Tax Levy and Collections - Last Ten Fiscal Years | Schedule 8-B..... | 115 |
| Northeast Special Service Sub-District Fund – Property Tax Levy and Collections – Last Ten Fiscal Years | Schedule 8-C..... | 116 |
| Northwest Special Service Sub-District Fund – Property Tax Levy and Collections – Last Ten Fiscal Years | Schedule 8-C..... | 116 |
| South Fulton Special District Fund – Property Tax Levy and Collections – Last Ten Fiscal Years | Schedule 8-C..... | 116 |
| Computation of Direct and Overlapping Debt, December 31, 2016 | Schedule 9..... | 117 |
| Ratios of Outstanding Debt by Type – Last Ten Fiscal Years | Schedule 10..... | 118 |
| Ratios of General Obligation Debt Outstanding – Last Ten Fiscal Years | Schedule 11..... | 119 |
| Schedule of Revenue Bond Coverage, Fulton County Water & Sewerage System - Last Ten Fiscal Years | Schedule 12..... | 120 |
| Legal Debt Margin Information – Last Ten Fiscal Years | Schedule 13..... | 121 |
| Demographic Information – Last Ten Fiscal Years | Schedule 14..... | 122 |
| Principal Employers – Current Year and Nine Years Ago - Full-time Equivalent County Employees | Schedule 15..... | 123 |
| By Function/Program - Last Ten Fiscal Years | Schedule 16..... | 124 |
| Operating Indicators by Function/Program - Last Ten Fiscal Years | Schedule 17..... | 125 |
| Capital Asset Statistics by Function/Program - Last Ten Fiscal Years | Schedule 18..... | 126 |
| Report on Internal Control over Financial Reporting and on Compliance and On Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards..... | | 127 |

**FULTON COUNTY
GEORGIA
2016**

BOARD OF COMMISSIONERS OF FULTON COUNTY

John H. Eaves, Chair
Liz Hausmann, Vice Chair
Marvin S. Arrington, Jr., Commissioner
Emma I. Darnell, Commissioner
Bob Ellis, Commissioner
Joan P. Garner, Commissioner
Lee Morris, Commissioner

Clerk of Commission

Mark Massey

County Manager

Dick Anderson

County Attorney

Patrise Perkins-Hooker

Chief Operating Officer

Todd Long

Chief Financial Officer

Sharon Whitmore

Chief Strategy Officer

Anna Roach

County Auditor

PJC Group, LLC



KEY

Elected Official

BOC Appointee

County Mgr. Exec. Team

Department Director

Appointed Official

CITIZENS OF FULTON COUNTY

BOARD OF COMMISSIONERS

County Manager

Dick Anderson

County Attorney

Patrise Perkins-Hooker

County Clerk

Mark Massey

County Auditor

Anthony Nicks

Chief Strategy Officer

Anna Roach

Chief Financial Officer

Sharon Whitmore

Chief Operating Officer

Todd Long

JUSTICE, ELECTED, & APPOINTED AGENCIES

Superior Court

State Court

District Attorney

Magistrate Court

Superior Court Clerk

Solicitor General

Sheriff

Probate Court

Juvenile Court

Marshal

Public Defender

Medical Examiner

Registration & Elections

County Manager Offices

Strategy PMO & Performance

External Affairs

Jessica Corbitt

Select Fulton

Al Nash

Child Attorney

Coy Johnson

Office of Diversity & Compliance

Dr. Ann Harris

Ryan White

Jeff Cheek

Finance

Hakeem Oshikoya

Human Resources Management

Kenneth Hermon

Information Tech.

Sallie Wright

Purchasing & Contract Compliance

Felicia Strong-Whitaker

Tax Commissioner

Tax Assessor

AFCEMA

Matt Kallmyer

Police

Gary Stiles

Fire

Larry Few

Emergency 911

Joe Barasoain

Parks & Recreation

Tony Phillips

Planning & Comm. Svc.

Randy Beck

Behavioral Health & Devel. Disabilities

LaTrina Foster

Library

Gabriel Morley

Aging & Youth

John Thompson

Health Services

Kathleen Toomey

Housing & Community Development

Frankie Atwater

Public Works

David E. Clark

Arts & Culture

Lionell Thomas

Real Estate & Asset Management

Ellis Kirby

LETTER OF TRANSMITTAL



June 9, 2017

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

The Finance Department is pleased to present the Comprehensive Annual Financial Report of Fulton County, Georgia (the “County”), for the fiscal year ended December 31, 2016. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County’s financial activities are included. Generally accepted accounting standards require management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management Discussion & Analysis section (MD&A). This letter of transmittal is designed to complement the MD&A that follows, and should be read in conjunction with that section.

The County’s financial statements have been audited by the *PJC Group, LLC*. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the year ended December 31, 2016 are free of material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. The independent auditors rendered unmodified opinions that the County’s financial statements for the year ended December 31, 2016, are fairly presented in conformity with GAAP. The independent auditors’ report is presented as lead component of the financial section of this report.

This report and other historical audited financial statements, prior year fiscal operating budgets, and other financial reports may be accessed via the County’s website at www.fultoncountyga.gov/transparency.

Profile of the Government

The County is the central county in the Atlanta Metropolitan Area and the most populous county in Georgia. The estimated population of the County as of the July 1, 2016 mid-year U.S. Census Bureau estimate was 1,023,336. Fulton is the most populous county in the State of Georgia with approximately 10% of the entire

State's population, and the 43rd most populous in the United States. Originally created in 1853 by the Georgia General Assembly and enlarged in 1931 by the absorption of two adjacent counties, the County encompasses 523 square miles. The City of Atlanta occupies about 131.4 square miles, or about 25% of the County, and accounts for almost half of its population. The thirteen other incorporated cities located in the County are: Alpharetta, Chattahoochee Hills, College Park, East Point, Fairburn, Hapeville, Johns Creek, Milton, Mountain Park, Palmetto, Roswell, Sandy Springs and Union City, and the 14th city to be incorporated will be the City of South Fulton as of May 1, 2017. Urban and suburban areas associated with Atlanta, Hapeville, East Point, Sandy Springs and College Park are located in the central section of the County; suburban areas associated with Alpharetta, Roswell, Johns Creek and Milton are located in the northern section of the County.

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

The Georgia State Legislature created the Board of County Commissioners in 1880 and in 1973 and 1974 amended the Board to its current seven members. The Board constitutes the governing authority for the County (Ga. Law 1880, page 500). The power of Home Rule was granted to the County by amendment to the Georgia Constitution in 1982. Six of the seven positions are elected by geographic districts and one is elected county-wide. The county-wide position is designated, by election, as the chairperson of the Board of Commissioners. Members are part-time and serve staggered four-year terms. A County Manager implements the Board's policies, administers the county government, appoints department heads, and supervises approximately 5,000 full-time employees.

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

COUNTY HIGHLIGHTS

In March of 2015, the Board of Commissioners appointed Richard "Dick" Anderson as the County Manager. The County's mission statement is "to deliver efficient, high-impact service to every resident and visitor of Fulton County". In order to accomplish the County's mission and to properly guide the County's future

toward continued success and improvement, the Board of Commissioners prioritized the development of a strategic plan and performance management system focused on results. Adopted by the Board of Commissioners in April 2015, the plan continues its six strategic priority areas and outlines the highest level outcomes the Board hopes to achieve. 2016 saw refinement to these six outcomes, listed below:

All People are Safe



Fulton residents expect to be safe at home and work in their communities. This goal includes the justice system – from courts to jails to process cases in a fair and timely manner. These efforts also require Police and Fire rescue services in unincorporated areas to be efficient and effective, and community focused

All People are Healthy



Creating a healthy community depends on three key factors. Healthy behaviours, the availability and quality of health care, and the environment in which we live all contribute to a healthy population. This goal includes efforts by the County's health department, various agreements under federal and state grants for health care, our subsidy to Grady Hospital, clean drinking water and sewerage treatment services, and quality of served food.

All People are Self-Sufficient



For most adults and families, self-sufficiency means being able to meet their basic needs without any public or private assistance. Our Senior Citizen services and various human service programs all contribute to a safe space where the most vulnerable populations can receive the care and community support they need.

All People have Economic Opportunities



Fulton County plays an important role in creating the right environment to stimulate economic growth and develop an able workforce. Economic Development and transportation planning are devoted to fostering smart growth, while zoning, permitting, inspecting in unincorporated areas ensure planned growth in accordance with sound policies. Human services aimed to lifting economic opportunities throughout the County also increase the employable workforce

All People's Lives are Culturally and Recreationally Enriched



Arts and cultural organizations, libraries, parks, and recreational facilities have positive economic, social, and quality of life impacts on a community.

All People Trust Government is Efficient, Effective and Fiscally Sound



In order to deliver on the citizen-centric priorities above, Fulton County government must recruit and develop a competent, engaged workforce and maintain a collection of facilities, equipment and technology in a way that enables high performance. These services consist of supporting agencies and administration, along with payments on existing County obligations for growth and expansion.

The Office of Strategy and Performance Management continues its oversight of key performance measures for these areas to ensure the County's performance is continually striving upward.

The 2016 Budget process employed these strategic goals and relevant measures in assisting with resource allocations based on desired outcomes and results rather than on historical spending patterns. Continued emphasis on outcome budgeting and reporting results now drives Commissioner Board meeting agendas by each strategic area.

The County was also instrumental in ushering State legislation which won voter referendum in 2016 to fund the Special Purpose Local Option Sales Tax for Transportation (T-Splst). Consumers within the County but outside Atlanta will pay a .75 cent sales tax increase beginning April 2017 to fund each municipalities desired transportation improvements, whereas consumers inside the City of Atlanta pay a .5 cent sales tax hike for MARTA, and an additional .5 cent sales tax hike for City transportation projects. It is estimated that over \$450 million will be provided to local governments within the next five years for local and regional transportation improvements.

House Bill 514 ("HB 514"), provided passage of the referendum ballot question on the incorporation of the City of South Fulton, with an incorporation date of May 1, 2017. The legislation requires the County to continue to provide municipal type services for a 24 month period until the City is ready to assume functionality, while requiring the City to pay the County for these services. Both government entities are currently negotiating intergovernmental agreements to ensure a smooth transition of services to residents in the unincorporated area. The Fulton Industrial Boulevard area remains the last unincorporated area of the County.

Also, the County's health department, through State legislation, has opted to create the "Fulton County Board of Health" a separate entity that will provide health services throughout the County. This entity currently will contract with the County for employees and space, and support services. The intergovernmental agreement for provision of services can extend up to 50 years or until this entity assumes full functionality of internal services.

ECONOMIC CONDITIONS AND OUTLOOK

The Georgia State University Economic Forecasting Center publishes data relevant to the Metro Atlanta area, which indicates that the economy in Georgia and the Atlanta metro area has shown noticeable signs of improvement. In a summary from the May 2017 "Forecast of Georgia and Atlanta", Dr. Rajeev Dhawan, Director of the Georgia State University's Economic Forecasting Center, upward revisions are noted for Georgia employment an annual job growth rate for 2016 of 2.8%. Going forward, employment growth is expected to moderate to 2.5%, as difficulties affecting global trade may affect state employment. Job growth is predicted by the Center to a 1.7% growth for 2018 and 1.5% for 2019.

Mr. Dhawan reports the Atlanta area saw job growth in 2016 of 89,900 jobs. 2017's forecasted job growth is 64,500, including 13,800 premium jobs and 2018 forecasts another 53,600 job gains, of which 11,900 would be premium jobs. The Center expects job growth to moderate as Atlanta's large corporations battle global headwinds but small business growth can help stabilize overall employment. Georgia's unemployment rate is averaged 5.4% in 2016, dropping from 5.9% in 2015. Possible dips to 5.2% in 2017 are anticipated and 5.1% in 2018. Mr. Dhawan forecasts Atlanta's unemployment rate to be 4.9% in 2017, and drop further in 2018 to 4.8% and rise slightly in 2019 to 5.0%. This demonstrates a relatively stable unemployment rate for the next few years in the Atlanta area. The Georgia Department of Labor reported Fulton County's non-seasonally adjusted annual unemployment rate for March 2016 of 5.4%, steady from last

year's unemployment rate. Historical unemployment rates for Fulton County are shown on page 111 of the statistical section of this report.

Dhawan indicated nominal personal income in the state began to show health with a 4.8% increase for 2016 on top of the 5.0% increase in 2015, and forecasts another 4.9% for 2017 and an improve to 5.3% in 2018.

Atlanta's housing permit activity is expected to drop slightly by 1.1% in 2017 and further decline of 2.5% is expected in 2017, hindered by higher financing costs. 2019 may see a rebound in permit activity in the range of 3.0 to 4.0%. Dr. Dhawan is recognized locally as an excellent source of economic forecasts and other information. The economic data in this letter is derived from information contained in their May 2017 distribution from the Economic Forecasting Center at Georgia State University.

Accrual basis sales tax collections increased to 2016 at \$36.0 million versus \$35.6 million in 2015, but new state law changes to collection of taxes on new sales of vehicles continues to lower sales taxes. Future sales taxes are estimated to be \$20 million lower with the advent of the new City of South Fulton incorporation. Each Fulton county municipality and the County re-negotiated the allocable share of their portion of 1% of collected sales tax, with Fulton County settling for 14% of the total of 1% of County wide sales tax collections for 2014 and forward. The new allocable share will be determined in mid-2017.

New this year was implementation of GASB 77, requiring analysis and disclosure of the annual effect of providing tax abatements throughout the County. Development Authority of Fulton County (DAFC) leads economic development across Fulton County by facilitating projects which result in new and retained jobs, new capital investment that grows the economy (direct, indirect and induced benefits) and expansion of the Fulton County tax base. In 2016, the Development Authority reports that 56 projects received a property tax benefit through the revenue bond program. Planned new capital investments in Fulton County by these projects are estimated to total \$5.1 billion. These projects are also designed to retaining or adding a total of 30,165 jobs in the county over the long term. Detailed required disclosures are contained in the footnotes.

In 2016, the Board of Commissioners slightly rolled back the millage rate to 10.45 mils and maintained the County's fund balance policy to require 1/6, or two months, of annual General fund appropriations on reserve. Wall Street rating agencies took note of these positive results and goals and issued bond rating increases, and current County bond ratings are listed in the MDA section of this document.

FINANCIAL INFORMATION

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

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

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

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

RELEVANT FINANCIAL POLICIES

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

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

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

FIDUCIARY OPERATIONS

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

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

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fulton County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015. This was the twenty-eighth consecutive year Fulton County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

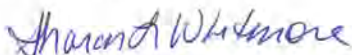
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

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

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

Sincerely,

A handwritten signature in blue ink that reads "Sharon Whitmore".

Sharon Whitmore, CPA, CPFO
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Fulton County
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO

This page left intentionally blank.

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Fulton County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Fulton County, Georgia (the "County"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Fulton-Dekalb Hospital Authority, which statements reflect total assets (in thousands) of \$865,701, total net position (in thousands) of \$435,211 and total revenues (in thousands) of \$1,023,612 which represent the aggregate discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fulton-Dekalb Hospital Authority, in the component unit column, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes 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 other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Fulton County, Georgia as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and Required Supplementary Information on pages 76-80 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 statements and schedules, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the combining statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

PJC Group, LLC

Atlanta, Georgia

June 9, 2017

This page left intentionally blank.

**MANAGEMENT'S
DISCUSSION
AND
ANALYSIS**

Management's Discussion and Analysis (in thousands)

As management of Fulton County (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found earlier in this report. All financial information contained in this section is in thousands of dollars.

Financial Highlights

The assets and deferred outflows of resources of the County did not exceed its liabilities and deferred inflows of resources at the close of the fiscal year by (\$124,414) (*net position deficit*). Of this amount, unrestricted assets are now in a deficit position by (\$868,781), largely due to the liability for other post-employment benefits and the recently required net pension liability of the County's defined benefit pension plan, as required by Government Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions*.

The County's total net position decreased by \$85,339 in 2016, as compared to \$159,089 in 2015. Business type activities increased \$12,886 while the governmental activities experienced a decrease of \$98,225. Recognition of pension expense requirements and the continuing increasing liability for other post-employment benefits are the primary components of this loss for 2016. Recording the annual difference between market value of defined benefit pension assets and actuarial determined liabilities under new accounting standards can create significant fluctuations in the change in net position for governmental activities for future years.

As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$293,136, a decrease of \$38,570 in comparison with the previous year. The County's General Fund fund balance decreased by \$28,255, while the South Fulton Special District Fund also decreased its fund balance by \$4,074; the Library bond capital projects fund decreased by \$28,475 with outlays for capital construction, while Other Governmental funds increased fund balance by \$22,234. It is important to recognize that the governmental fund financial statements differ from the Statement of Activities primarily because cash resources used for capital outlay are treated as expenditures in the governmental funds statements, but are capitalized and not considered expenditures in the statement of activities.

At the close of the fiscal year, total fund balance for the General Fund was \$124,580, which is available to meet the government's other ongoing obligations to citizens and creditors. The South Fulton Special Service District Fund's ending fund balance was \$4,008. The majority of this geographic area has subsequently voted to incorporate effective May 1, 2017.

The County's total long term governmental liabilities as of December 31, 2016 totaled \$1,438,330, of which \$1,082,425, or 75%, relates to recognition of the County's net pension liability of \$494,741, and post-employment health benefits offered to eligible retirees of \$587,684. These two liabilities alone increased \$90,510 during 2016, while all other governmental liabilities decreased \$27,514. This is disclosed in the footnotes along with other required provisions for recognition of the County's OPEB and net pension liability. All required payments of principal and interest were made timely throughout 2016. A new capital equipment lease was entered into during 2016 for \$7,790 for emergency communication equipment.

The County's capital assets used for governmental activities increased slightly to \$896,892, of which \$85,302 are under construction. New capitalizations of assets placed in service slightly outpaced depreciation of existing assets, which caused a net increase of \$3,779 for 2016 for capital assets. The County no longer owns, serves, or maintains roadway networks in municipal sections of the County, but does record infrastructure for the remaining unincorporated section of Fulton County. The bulk of this remaining infrastructure will be transferred to the newly incorporated City of South Fulton as of May 1, 2017. Significant capital asset additions are expected to conclude in the next few years with ongoing capital projects funded by the 2010 Library bonds.

Business-type capital assets totaled \$1,146,173, of which \$62,766 is currently under construction relating to water and wastewater capital projects. No interest was required to be capitalized in 2016. Depreciation is based on useful life of the underlying asset using the straight line method. Intangible assets, related specifically to remaining long term wastewater treatment capacity rights of \$115,430, are included within the capital asset footnote and balances as required under GASB accounting standards.

Overview of the Financial Statements

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

Government-wide financial statements

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

The ***Statement of Net Position*** presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The ***Statement of Activities*** presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

The government-wide financial statements include not only the County itself (known as the *primary government*) but also the Fulton-DeKalb Hospital Authority, a discretely presented component unit. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements are on pages 12-13 of this report.

Fund financial statements

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

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

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

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

The basic governmental fund financial statements can be found on pages 14-20 of this report.

Proprietary fund statements

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

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

The basic proprietary fund financial statements can be found on pages 21-24 of this report.

Fiduciary fund statements

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The three funds are the County's defined benefit retirement plan, which is administered by the County with the assistance of professional fund managers, the newly created Other Postemployment Benefit plan, and various agency funds. These funds are included as a separate column and represent the balance sheet and activities of the Tax Commissioner's office, the Sheriff's office and Criminal courts, District Attorney, and Superior, Probate, Juvenile and State Court.

The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements and required supplementary information can be found on pages 27-80 of this report.

Other Information

The combining statements referred to earlier in connection with one major and non-major governmental funds, enterprise funds and internal service funds are presented immediately following the notes to the financial statements. Combining statements and schedules can be found on pages 81-106 of this report.

Government-wide Financial Analysis

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

| | Governmental Activities | | Business-type Activities | | Total | | % |
|----------------------------------|-------------------------|-----------|--------------------------|-----------|-----------|-----------|--------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | Change |
| Current and other assets | \$ 391,394 | 418,998 | 320,409 | 321,578 | 711,803 | 740,576 | (4) |
| Capital assets | 896,892 | 899,804 | 1,146,173 | 1,149,620 | 2,043,065 | 2,049,424 | (0) |
| Total Assets | 1,288,286 | 1,318,802 | 1,466,582 | 1,471,198 | 2,754,868 | 2,790,000 | (1) |
| Deferred Outflows of resources | 76,947 | 87,523 | 4,428 | 5,199 | 81,375 | 92,722 | (12) |
| Current liabilities | 97,802 | 57,180 | 22,814 | 4,867 | 120,616 | 62,047 | 94 |
| Long-term liabilities | 1,391,845 | 1,375,334 | 457,920 | 494,140 | 1,849,765 | 1,869,474 | (1) |
| Total Liabilities | 1,489,647 | 1,432,514 | 480,734 | 499,007 | 1,970,381 | 1,931,521 | 2 |
| Net Position: | | | | | | | |
| Net investment in capital assets | 636,099 | 642,456 | 682,414 | 676,910 | 1,318,513 | 1,319,366 | (0) |
| Restricted | 108,268 | 83,667 | 37,422 | 37,163 | 145,690 | 120,830 | 21 |
| Unrestricted | (868,781) | (752,312) | 270,440 | 263,317 | (598,341) | (488,995) | 22 |
| Total Net Position | \$ (124,414) | (26,189) | 990,276 | 977,390 | 865,862 | 951,201 | (9) |

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

must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County has approximately \$571 million in cash and investments, of which approximately \$61 million is restricted for enterprise fund debt and capital projects. Governmental activities also have approximately \$84 million of restrictions on the above cash and investments for debt service, construction, state and federal grants, and other similar type external restrictions. As restricted cash is invested in capital assets, the related net position restriction shifts from “Restricted net position” to “Net investment in capital assets”.

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

| | Governmental Activities | | Business-type Activities | | Total | | Percent Change | |
|------------------------------------|-------------------------|-----------|--------------------------|---------|-----------|-----------|----------------|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | | |
| Revenues: | | | | | | | | |
| Program revenues: | | | | | | | | |
| Charges for services | \$ 42,367 | 49,958 | 132,477 | 123,285 | 174,844 | 173,243 | 1 | % |
| Operating grants and contributions | 70,617 | 63,638 | - | - | 70,617 | 63,638 | 11 | |
| Capital grants and contributions | 6,594 | 3,536 | - | - | 6,594 | 3,536 | 86 | |
| General revenues: | | | | | | | | |
| Taxes | 587,744 | 599,765 | - | - | 587,744 | 599,765 | (2) | |
| Intergovernmental | 2,568 | 2,607 | - | - | 2,568 | 2,607 | (1) | |
| Other charges for services | 18,486 | 18,924 | - | - | 18,486 | 18,924 | (2) | |
| Use of money and property | 5,438 | 6,051 | 858 | 366 | 6,296 | 6,417 | (2) | |
| Miscellaneous & all other | 13,069 | 10,120 | - | - | 13,069 | 10,120 | 29 | |
| Total revenues | 746,883 | 754,599 | 133,335 | 123,651 | 880,218 | 878,250 | - | |
| Expenses: | | | | | | | | |
| Administration | 139,252 | 141,749 | - | - | 139,252 | 141,749 | (2) | |
| Public Safety | 193,356 | 230,712 | - | - | 193,356 | 230,712 | (16) | |
| Legal | 163,502 | 189,080 | - | - | 163,502 | 189,080 | (14) | |
| Infrastructure & facilities | 78,216 | 52,715 | - | - | 78,216 | 52,715 | 48 | |
| Social services | 94,740 | 109,700 | - | - | 94,740 | 109,700 | (14) | |
| Health services | 155,549 | 174,413 | - | - | 155,549 | 174,413 | (11) | |
| Interest and debt costs | 12,979 | 13,427 | - | - | 12,979 | 13,427 | (3) | |
| Water & Sewerage | - | - | 125,640 | 124,351 | 125,640 | 124,351 | 1 | |
| Wolf Creek Amphitheater | - | - | 1,231 | - | 1,231 | - | - | |
| Airport services | - | - | 1,092 | 1,192 | 1,092 | 1,192 | (8) | |
| Total expenses | 837,594 | 911,796 | 127,963 | 125,543 | 965,557 | 1,037,339 | (7) | |
| Change in net position | (90,711) | (157,197) | 5,372 | (1,892) | (85,339) | (159,089) | (46) | |
| Transfers | (7,514) | - | 7,514 | - | - | - | - | |
| Beginning net position | * (26,189) | 131,008 | 977,390 | 979,282 | * 951,201 | 1,110,290 | (14) | |
| Ending net position | \$ (124,414) | (26,189) | 990,276 | 977,390 | 865,862 | 951,201 | (9) | |

*Beginning net position as of January 1, 2015 was restated and reduced for GASB 68 by \$270,940.

Analysis of governmental activities

Net position of the governmental activities of the County decreased significantly by \$124,414 in 2016, as compared to a decrease of \$157,197 in 2015. Recognition of pension expenses as well as other post-employment benefit expenses remain the largest contributors to the decrease in governmental fund net position. The County recognized approximately \$90 million of expense in 2016 related to required pension

expense recognition as well as amortization of other post-employment benefits, which was lower than 2015's total because of the first year implementation of GASB 68 pension expense reporting standards. The local and state economies continue to improve, and assessed values continue to recover from recent lows. This recovery is somewhat tempered by two factors. Increases in property tax assessments in existing Tax Allocation Districts benefit that particular district, but not the General fund millage rate. Another factor is legislative built in caps on increases in assessments from year to year, which curtail property tax revenue increases.

Salary and benefit costs increased approximately \$15 million from 2015 totals. The statement of activities includes depreciation on capital assets used by these governmental functions, including roadways, but does not include costs for capitalizable assets, which differs from the presentation on the statement of revenues and expenditures and changes in fund balances.

Analysis of business-type activities

Charges for water and sewerage services are the primary component of the County's business-type activities. Sewerage expenses are greater than water as more resources and efforts are required to treat wastewater than produce potable water. Revenues continue to make steady gains, having increased over 10% since 2012.

Governmental Funds Financial Analysis

As noted earlier, the focus of the County's governmental fund statements is to provide information on near-term flows, outflows, and balances of resources available to spend. Revenues from overall taxes was slightly lower than 2015, as the 2016 property tax millage rates slightly declined. The South Fulton Special District also saw slightly lower tax revenues than 2015. Total governmental revenues decreased by \$18 million in 2016 as compared to 2015, a reduction of 2.3%. Governmental fund type expenditures increased \$14 million, of which is predominately salary and benefit increases from the previous year. The General fund reported an ending fund balance of \$124,580, a decrease \$28,255 from 2015. The County's General fund provides for courts, jail, health, libraries, human services, community programs and support services to all County departments. The South Fulton Taxing district provides public safety, zoning, inspections, and parks and recreation activity to the remaining unincorporated section of Fulton County. The fund balance for this District decreased by \$4,074 in 2016 to \$4,008, largely due to additional positions and higher maintenance and facility costs.

Other non-major governmental funds include debt service, grants-in-aid, capital projects and other activities which increased by \$22,234 from 2015 partly due to capital lease proceeds of \$7,790 that have yet to be expended. This brings the 2016 fund balance for other governmental funds to \$137,844 at year end. Of this amount, \$56,140 is restricted, \$571 is committed, and \$81,133 is categorized as assigned.

Budgetary Highlights and Control

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. Fulton County Budget Law requires expenditures be subject to an annual appropriation. Strict controls are in place to ensure that expenditures do not exceed these appropriations at either the departmental or the fund level. The 2016 General Fund budget was adopted at approximately \$669 million, a \$41 million increase from 2015, based on new capital funding for facilities, Information Technology infrastructure, and road improvements.

Actual revenues were lower than budgeted revenues due to the timing of property tax revenues. 2016 expenditures were short of budgetary appropriations due unfilled budgeted positions and targeted program expenditures as well as overall expenditure reductions. The legally adopted budget for governmental services

for the County's major governmental funds is by department and appears on pages 18-20 of this report. No changes to the original adopted budget occurred during the year. Reallocations from non-agency to agency budgets throughout the year fund operational needs as necessary in each County department.

Capital Assets

The County's net investment in capital assets for its governmental and business-type activities as of year-end amounts to \$1,318,513 (net of accumulated depreciation). The net investment in capital assets includes land, equipment, buildings, roadway networks, improvements to these assets and construction in progress less any related debt outstanding or unspent bond proceeds to finance acquisition of these assets. Business type activities added infrastructure assets relating to water and sewer system improvements system wide for line improvements. Significant capital outlay continued throughout 2016 on the 2010 bond projects related to libraries and other facilities will in time add significant facilities for County-wide use.

| | Governmental Activities | | Business-type Activities | | Total | | Percent Change | % |
|--|-------------------------|---------|--------------------------|-----------|-----------|-----------|-------------------|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | | |
| Capital assets not being depreciated: | | | | | | | | |
| Land & land improvements | \$ 55,428 | 55,959 | 38,110 | 38,110 | 93,538 | 94,069 | (1) | |
| Construction in progress | 85,302 | 105,751 | 62,766 | 46,357 | 148,068 | 152,108 | (3) | |
| Capital assets, shown net of depreciation: | | | | | | | | |
| Equipment | 30,363 | 23,674 | 3,527 | 2,512 | 33,890 | 26,186 | 29 | |
| Buildings and improvements | 410,842 | 387,571 | 6,414 | 234 | 417,256 | 387,805 | 8 | |
| Roadway network | 314,957 | 326,849 | - | - | 314,957 | 326,849 | (4) | |
| Water System | - | - | 186,006 | 189,577 | 186,006 | 189,577 | (2) | |
| Sewerage System | - | - | 733,920 | 754,378 | 733,920 | 754,378 | (3) | |
| Intangible assets | - | - | 115,430 | 118,452 | 115,430 | 118,452 | (3) | |
| Total net capital assets | \$ 896,892 | 899,804 | 1,146,173 | 1,149,620 | 2,043,065 | 2,049,424 | (0) | |

Additional information relating to capital assets and infrastructure is presented in Note 7 of the financial statements beginning on page 51. Intangible assets for future wastewater treatment capacity for the Water and Sewerage system fund are presented in the above capital asset summary.

Debt Administration

The County's largest recorded liabilities consist of the required accruals for other post-employment benefit costs, \$587,684, as well as the newly required recognition of the "net pension liability" of \$494,741 as of December 31, 2016. Other post-employment benefit information required by GASB 45 is shown within the footnotes to the financial statements as well as within required supplementary information on page 75 following the footnotes. Governmental Accounting Standard No. 68 *"Accounting and Financial Reporting for Pensions"* now requires the primary government to report the different between the actuarially determined liability and the net position of the defined benefit pension plan, based on market values, as a liability.

At December 31, 2016, the County had a number of debt issues outstanding.

The 2010 Library general obligation bonds, \$143,881 as of December 31, 2016, funded County library facilities as well as renovations of existing libraries, authorized by the 2008 referendum of \$275 million.

The County previously issued Recovery Zone bonds and Qualified Energy bonds through the Fulton County Urban Redevelopment Agency (FCURA) for capital facilities and energy efficiency improvements. The FCURA bonds outstanding at December 31, 2016 were \$21,291.

The 2009 Fulton County Facilities Corporation Certificates of Participation had an outstanding balance of \$58,058 as of December 31, 2016. All bonds issued by the Fulton County Building Authority have previously been fully matured.

Also at December 31, 2016, net of accreted discounts, \$472,519 remains outstanding related to business type activities with the County's Water and Sewerage Revenue Bonds, which finance system capital assets utilized for water treatment and distribution along with wastewater treatment.

The County's bonded obligations have received some upgrades from Wall Street Ratings Agencies within the last 12 months, and currently possess the following ratings:

| | <u>Moody's</u> | <u>Fitch</u> | <u>Standard & Poors</u> |
|-------------------------------------|----------------|--------------|-----------------------------|
| General Obligation bonds | Aa1 | AA | AA+ |
| Certificates of Participation bonds | Aa2 | AA- | AA |
| Water and Sewerage System bonds | Aa2 | AA- | AA |

At December 31, 2016, total other capital leases was \$64,690, which increased for capital financing leases of \$7,790 and decreased with scheduled principal maturities of \$10,035. The Jail Mechanical, Electrical and Plumbing renovations comprises the bulk of this lease liability.

Under existing state statutes, the County's general obligation bonded debt issuances are subject to a legal limitation based on 10% of total assessed value of real and personal property. Additional information relating to long-term debt and other obligations is presented in Note 8 to the financial statements also on page 55. Additional information required by GASB 67 and 68 for the County's defined benefit plan is also included within required supplementary information on pages 76-78 and discussed in the separate footnotes to required supplementary information on pages 79 and 80.

New Structural changes for fiscal 2017

The unincorporated area comprising the majority of the southern end of Fulton County voted in late 2016 to become the City of South Fulton, with an incorporation date of May 1, 2017. Continued provision of services is a requirement for up to 24 months under the approved legislation until the new municipality communicates to the County its readiness to assume municipal services. Also, the County's health department, through State legislation, has opted to create the "Fulton County Board of Health" a separate entity that will provide health services throughout the County. This entity currently will contract with the County for employees and space, and support services. It is currently anticipated this provision of services will last over the next few years until this entity assumes full functionality of internal services.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

FULTON COUNTY, GEORGIA

Statement of Net Position

December 31, 2016

(in thousands of dollars)

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|-----------|----------------------------------|
| | Governmental Activities | Business-type Activities | Total | Fulton-DeKalb Hospital Authority |
| Assets: | | | | |
| Cash and cash equivalents | \$ 340,485 | 94,213 | 434,698 | 194,132 |
| Investments | — | 89,868 | 89,868 | 4,049 |
| Receivables (net of allowances): | | | | |
| Taxes | 36,388 | — | 36,388 | — |
| Interest | 3 | 159 | 162 | — |
| Accounts | 172 | 12,670 | 12,842 | 115,137 |
| Due from other governments, net | 8,379 | 3,599 | 11,978 | 15,665 |
| Other current assets | 5,967 | — | 5,967 | 70,904 |
| Restricted assets: | | | | |
| Cash and cash equivalents | — | 24,544 | 24,544 | 22,002 |
| Investments | — | 21,638 | 21,638 | 69,465 |
| Interest receivable | — | 28 | 28 | — |
| Investment in joint venture | — | 73,690 | 73,690 | — |
| Capital assets (non-depreciable) | 140,730 | 100,876 | 241,606 | 43,689 |
| Capital assets (net of accumulated depreciation) | 756,162 | 1,045,297 | 1,801,459 | 324,313 |
| Other non-current assets | — | — | — | 6,345 |
| Total assets | 1,288,286 | 1,466,582 | 2,754,868 | 865,701 |
| Deferred Outflows of Resources: | | | | |
| Pension related deferred outflows | 76,554 | — | 76,554 | 26,547 |
| Deferred charge on refunding of bonds | 393 | 4,428 | 4,821 | 2,172 |
| Total deferred outflow of resources | 76,947 | 4,428 | 81,375 | 28,719 |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | 36,366 | 2,863 | 39,229 | 164,554 |
| Accrued interest | 846 | — | 846 | — |
| Due to others | 4,539 | — | 4,539 | — |
| Claims payable | 9,566 | — | 9,566 | 67,269 |
| Liabilities (payable from restricted assets): | | | | |
| Contracts and other payables | — | 3,394 | 3,394 | — |
| Unearned revenue | — | 467 | 467 | — |
| Non-current liabilities: | | | | |
| Due within one year | 46,485 | 16,090 | 62,575 | 34,361 |
| Due in more than one year | 1,391,845 | 457,920 | 1,849,765 | 193,025 |
| Total liabilities | 1,489,647 | 480,734 | 1,970,381 | 459,209 |
| Net Position: | | | | |
| Net investment in capital assets | 636,099 | 682,414 | 1,318,513 | 192,015 |
| Restricted for debt retirement | 23,731 | 37,422 | 61,153 | — |
| Restricted for construction | 80,073 | — | 80,073 | 49,903 |
| Restricted for other purposes | 4,464 | — | 4,464 | 16,576 |
| Unrestricted | (868,781) | 270,440 | (598,341) | 176,717 |
| Total net position (deficit) | \$ (124,414) | 990,276 | 865,862 | 435,211 |

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Activities

For the year ended December 31, 2016

(In thousands of dollars)

| | | Program revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component |
|---|------------|----------------------------|--|--|---|-----------------------------|-----------|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Unit |
| | | | | | Governmental activities | Business-type activities | Total | Fulton-DeKalb Hospital Authority |
| Expenses | | | | | | | | |
| Functions/Programs | | | | | | | | |
| Primary Government | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Administration | \$ 139,252 | 13,602 | — | — | (125,650) | — | (125,650) | — |
| Public safety | 193,356 | 3,862 | — | — | (189,494) | — | (189,494) | — |
| Legal | 163,502 | 20,253 | 10 | — | (143,239) | — | (143,239) | — |
| Infrastructure and facilities | 78,216 | — | — | 6,594 | (71,622) | — | (71,622) | — |
| Social services | 94,740 | 4,151 | 23,178 | — | (67,411) | — | (67,411) | — |
| Health services | 155,549 | 499 | 47,429 | — | (107,621) | — | (107,621) | — |
| Capital outlay | — | — | — | — | — | — | — | — |
| Interest and other debt related costs | 12,979 | — | — | — | (12,979) | — | (12,979) | — |
| Other nonagency | — | — | — | — | — | — | — | — |
| Net (depreciation) appreciation in investments | — | — | — | — | — | — | — | — |
| Total governmental activities | 837,594 | 42,367 | 70,617 | 6,594 | (718,016) | — | (718,016) | — |
| Business-type activities: | | | | | | | | |
| Water and sewerage services | 125,640 | 130,119 | — | — | — | 4,479 | 4,479 | — |
| Wolf Creek Enterprise fund | 1,231 | 837 | — | — | — | (394) | (394) | — |
| Airport | 1,092 | 1,521 | — | — | — | 429 | 429 | — |
| Total business-type activities | 127,963 | 132,477 | — | — | — | 4,514 | 4,514 | — |
| Total primary government | 965,557 | 174,844 | 70,617 | 6,594 | (718,016) | 4,514 | (713,502) | — |
| Component unit | | | | | | | | |
| Fulton-DeKalb Hospital Authority (Grady) | 1,015,807 | 995,102 | 24,642 | 3,868 | — | — | — | 7,805 |
| Total component unit | 1,015,807 | 995,102 | 24,642 | 3,868 | — | — | — | 7,805 |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 525,840 | — | 525,840 | — |
| Sales taxes | | | | | 36,016 | — | 36,016 | — |
| Other taxes | | | | | 25,888 | — | 25,888 | — |
| Intergovernmental not restricted for specific programs | | | | | 2,568 | — | 2,568 | 55,421 |
| Commission on tax collections | | | | | 18,486 | — | 18,486 | — |
| Use of money and property | | | | | 5,438 | 858 | 6,296 | 310 |
| Miscellaneous | | | | | 13,069 | — | 13,069 | 2,677 |
| Total general revenues | | | | | 627,305 | 858 | 628,163 | 58,408 |
| Transfers | | | | | (7,514) | 7,514 | — | — |
| Total general revenues and transfers | | | | | 619,791 | 8,372 | 628,163 | 58,408 |
| Change in net position | | | | | (98,225) | 12,886 | (85,339) | 66,213 |
| Net position-beginning | | | | | (26,189) | 977,390 | 951,201 | 368,998 |
| Net position (deficit) - ending | | | | | \$ (124,414) | 990,276 | 865,862 | 435,211 |

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Balance Sheet Governmental Funds

December 31, 2016

(in thousands of dollars)

| | <u>General</u> | <u>South Fulton Special District</u> | <u>Library Bond</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------|--|-------------------------|---|---|
| Assets: | | | | | |
| Cash and cash equivalents | \$ 136,092 | 5,574 | 29,416 | 141,692 | 312,774 |
| Receivables (net of allowances): | | | | | |
| Taxes | 32,087 | 3,505 | — | 796 | 36,388 |
| Interest | — | — | 3 | — | 3 |
| Accounts | — | — | — | 172 | 172 |
| Due from other governments | 1,110 | — | — | 7,269 | 8,379 |
| Total assets | <u>\$ 169,289</u> | <u>9,079</u> | <u>29,419</u> | <u>149,929</u> | <u>357,716</u> |
| Liabilities: | | | | | |
| Accounts payable | \$ 23,039 | 2,136 | 2,715 | 6,951 | 34,841 |
| Due to others | — | — | — | 4,539 | 4,539 |
| Total liabilities | <u>23,039</u> | <u>2,136</u> | <u>2,715</u> | <u>11,490</u> | <u>39,380</u> |
| Deferred Inflows of Resources: | | | | | |
| Unavailable revenue | 21,670 | 2,935 | — | 595 | 25,200 |
| Total deferred inflows or resources | <u>21,670</u> | <u>2,935</u> | <u>—</u> | <u>595</u> | <u>25,200</u> |
| Fund Balances: | | | | | |
| Nonspendable | — | — | — | — | — |
| Restricted | — | — | 26,704 | 56,140 | 82,844 |
| Committed | | | | 571 | 571 |
| Assigned | | 4,008 | | 81,133 | 85,141 |
| Unassigned | 124,580 | — | — | — | 124,580 |
| Total fund balances | <u>124,580</u> | <u>4,008</u> | <u>26,704</u> | <u>137,844</u> | <u>293,136</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 169,289</u> | <u>9,079</u> | <u>29,419</u> | <u>149,929</u> | <u>357,716</u> |

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds

December 31, 2016

(in thousands of dollars)

| | | |
|--|----|---------|
| Fund Balances - total governmental funds | \$ | 293,136 |
|--|----|---------|

Amounts reported for governmental activities in the Statement of Net Position are different from amounts reported for governmental funds in the Balance Sheet because:

Capital assets used in governmental activities are not financial resources and therefore not reported in governmental funds:

| | | |
|---|--|------------------|
| Capital assets: | | |
| Land | | 55,428 |
| Buildings | | 845,130 |
| Equipment | | 155,018 |
| Roadway network | | 573,911 |
| Construction in progress | | 85,302 |
| Less Accumulated Depreciation | | <u>(817,897)</u> |
| Total capital assets, net of accumulated depreciation | | 896,892 |

Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in governmental funds but must be deferred in the statement of net position

| | | |
|--|--|--------|
| Deferred outflows - defined benefit pension plan | | 76,554 |
|--|--|--------|

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

| | | |
|---|--|-----------|
| Certificates of participation | | (55,275) |
| Library general obligation bonds payable | | (142,225) |
| Urban Recovery Zone bonds payable | | (21,291) |
| Unamortized bond premiums | | (4,439) |
| Deferred charge on refunding of bonds | | 393 |
| Intergovernmental agreement liability-AFCRA | | (2,732) |
| Compensated absences | | (41,936) |
| Net pension liability | | (494,741) |
| Net other post employment benefits (OPEB) | | (587,684) |
| Other long term capital leases | | (64,690) |
| Claims and judgments | | (12,795) |
| Landfill closure and postclosure costs | | (10,522) |
| Accrued interest | | (846) |

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities.

22,587

Some deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.

25,200

| | | |
|--|----|-------------------------|
| Net position - total governmental activities | \$ | <u><u>(124,414)</u></u> |
|--|----|-------------------------|

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2016

(In thousands of dollars)

| | General | South Fulton Special District | Library Bond | Other Governmental Funds | Total Governmental Funds |
|---|-------------------|-------------------------------------|-----------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes | \$ 531,290 | 38,377 | — | 14,000 | 583,667 |
| Intergovernmental | 4,559 | 159 | — | 75,061 | 79,779 |
| Charges for services | 28,296 | 837 | — | 4,992 | 34,125 |
| Courts and law enforcement | 14,540 | 13 | — | 5,700 | 20,253 |
| Use of money and property | 3,314 | 1,263 | 61 | 822 | 5,460 |
| Licenses and permits | — | 6,475 | — | — | 6,475 |
| Miscellaneous | 12,464 | 81 | — | 524 | 13,069 |
| Net (depreciation) appreciation in investments | — | — | (22) | — | (22) |
| Total revenues | <u>594,463</u> | <u>47,205</u> | <u>39</u> | <u>101,099</u> | <u>742,806</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Administration | 92,642 | 10,139 | — | 1,555 | 104,336 |
| Public safety | 100,733 | 29,426 | — | 13,292 | 143,451 |
| Legal | 120,474 | — | — | — | 120,474 |
| Infrastructure and facilities | 30,422 | 186 | — | 1,607 | 32,215 |
| Social services | 50,993 | 6,181 | — | 11,405 | 68,579 |
| Health services | 84,917 | — | — | 53,618 | 138,535 |
| Other nonagency | 71,712 | 980 | — | 280 | 72,972 |
| Capital outlay | — | — | 28,514 | 31,715 | 60,229 |
| Debt service: | | | | | |
| Principal retirement | 5,067 | — | — | 28,608 | 33,675 |
| Interest | 2,096 | — | — | 11,781 | 13,877 |
| Total expenditures | <u>559,056</u> | <u>46,912</u> | <u>28,514</u> | <u>153,861</u> | <u>788,343</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>35,407</u> | <u>293</u> | <u>(28,475)</u> | <u>(52,762)</u> | <u>(45,537)</u> |
| Other financing sources (uses): | | | | | |
| Capital lease refunding obligations | — | — | — | 7,790 | 7,790 |
| Transfer in from enterprise fund | — | — | — | 577 | 577 |
| Transfer out to enterprise fund | — | — | — | (1,400) | (1,400) |
| Transfers in | 822 | 2,000 | — | 68,202 | 71,024 |
| Transfers out | (64,484) | (6,367) | — | (173) | (71,024) |
| Total other financing sources (uses) | <u>(63,662)</u> | <u>(4,367)</u> | <u>—</u> | <u>74,996</u> | <u>6,967</u> |
| Net change in fund balances | <u>(28,255)</u> | <u>(4,074)</u> | <u>(28,475)</u> | <u>22,234</u> | <u>(38,570)</u> |
| Fund balance at beginning of year | <u>152,835</u> | <u>8,082</u> | <u>55,179</u> | <u>115,610</u> | <u>331,706</u> |
| Fund balance at end of year | <u>\$ 124,580</u> | <u>4,008</u> | <u>26,704</u> | <u>137,844</u> | <u>293,136</u> |

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2016

(in thousands of dollars)

| | |
|--|-------------|
| Net change in fund balances - governmental funds | \$ (38,570) |
|--|-------------|

Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures Changes in Fund Balances, because:

Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities:

| | |
|---|----------|
| Acquisition of capital assets | 41,180 |
| Depreciation expense | (37,401) |
| Transfer of existing governmental fund capital assets to enterprise fund at net capital asset value | (6,691) |

Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities:

| | |
|---|-----------|
| Capital lease proceeds | (7,790) |
| Tax Anticipation Note proceeds | (150,000) |
| Tax Anticipation Note payments | 150,000 |
| Principal repayments | 33,675 |
| Adjustment to capital lease liability | 13 |
| Amortization of deferred charge on refunding of bonds | (97) |
| Amortization of bond premium and discount | 812 |
| Change in accrued interest | 170 |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

| | |
|--|----------|
| Net other postemployment benefits (OPEB) obligations | (54,815) |
| Compensated absences | (758) |
| Claims and judgments | 240 |
| Landfill closure costs | 1,322 |
| Pension expense | (46,174) |

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.

4,077

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds are included in governmental activities.

12,582

| | |
|--|---------------------------|
| Change in net position - governmental activities | \$ <u><u>(98,225)</u></u> |
|--|---------------------------|

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2016

(In thousands of dollars)

| | Non-GAAP budgetary basis | | | Variance |
|---|---------------------------------|-------------------------|-----------------|--------------------------------|
| | Original Budget | Final Budget | Actual | Positive (Negative) |
| Revenues: | | | | |
| Revenue Per Budget Law, less Rollback | \$ 581,282 | 581,282 | 567,535 | (13,747) |
| Sales Tax | 36,045 | 36,045 | 36,035 | (10) |
| Appropriated Fund Balance | 51,913 | 51,913 | 26,109 | (25,804) |
| Total revenues and other sources, non-GAAP budget basis | <u>\$ 669,240</u> | <u>669,240</u> | <u>629,679</u> | <u>(39,561)</u> |
| Reconciliation to GAAP basis: | | | | |
| To record net change in taxes receivable and deferred revenue | | | 3,284 | |
| To record net change in intergovernmental receivables and Court and Law revenues | | | (1,487) | |
| Indirect cost reimbursements recorded as revenues for budgetary purposes | | | (10,082) | |
| Appropriated Fund Balance | | | (26,109) | |
| Total adjustment to GAAP basis | | | <u>(34,394)</u> | |
| Total revenues and other sources, GAAP basis | | | <u>595,285</u> | |
| Expenditures: | | | | |
| Board of Commissioners | \$ 3,455 | 3,455 | 3,139 | 316 |
| Clerk to the Commission | 780 | 780 | 766 | 14 |
| County Manager | 6,396 | 6,536 | 6,122 | 414 |
| Internal Audit | 833 | 833 | 805 | 28 |
| Housing and Community Development | 6,953 | 6,994 | 6,870 | 124 |
| External Affairs | 2,821 | 2,821 | 2,548 | 273 |
| Arts & Culture | 4,696 | 4,696 | 4,401 | 295 |
| Aging & Youth | 21,416 | 21,375 | 19,536 | 1,839 |
| Finance | 7,619 | 7,619 | 7,045 | 574 |
| Personnel | 5,502 | 5,502 | 4,536 | 966 |
| Information Technology | 23,207 | 23,207 | 19,325 | 3,882 |
| Purchasing | 3,399 | 3,399 | 3,231 | 168 |
| County Attorney | 3,008 | 3,300 | 3,100 | 200 |
| Tax Assessor | 14,903 | 14,846 | 13,874 | 972 |
| Tax Commissioner | 14,628 | 14,628 | 14,028 | 600 |
| Registration and Elections | 10,245 | 10,245 | 9,948 | 297 |
| Police | 3,249 | 3,249 | 3,117 | 132 |
| Sheriff | 77,438 | 79,870 | 78,303 | 1,567 |
| Emergency - 911 | 2,938 | 2,938 | 2,641 | 297 |
| Medical Examiner | 4,151 | 4,186 | 3,948 | 238 |
| State Court Solicitor | 6,641 | 7,105 | 6,585 | 520 |

See accompanying notes to the financial statements.

(continued)

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2016

(In thousands of dollars)

| | Non-GAAP budgetary basis | | | Variance Positive (Negative) |
|---|--------------------------|-----------------|------------|------------------------------------|
| | Original Budget | Final Budget | Actual | |
| Juvenile Court | 13,414 | 13,427 | 12,982 | 445 |
| Probate Court | 2,564 | 2,564 | 2,517 | 47 |
| County Marshal | 5,872 | 6,023 | 5,939 | 84 |
| State Court-General | 8,666 | 8,987 | 8,565 | 422 |
| State Court Judges | 4,257 | 4,403 | 4,261 | 142 |
| Magistrate Court | 2,167 | 2,526 | 2,205 | 321 |
| Superior Court-General | 19,211 | 20,371 | 18,956 | 1,415 |
| Superior Court Judges | 7,195 | 7,439 | 7,230 | 209 |
| Superior Court Clerk | 17,158 | 17,647 | 17,437 | 210 |
| District Attorney | 20,481 | 21,137 | 19,989 | 1,148 |
| Public Defender | 12,981 | 13,876 | 13,337 | 539 |
| Real Estate and Asset Management | 26,924 | 28,481 | 27,494 | 987 |
| Public Works | 6,564 | 6,564 | 6,150 | 414 |
| Family and Children Services | 1,915 | 1,915 | 1,319 | 596 |
| Library | 27,612 | 27,612 | 25,818 | 1,794 |
| Health and Wellness | 17,691 | 17,691 | 16,204 | 1,487 |
| Fulton-DeKalb Hospital Authority (Grady Hospital) | 60,243 | 60,243 | 60,057 | 186 |
| Behavioral Health | 9,342 | 9,342 | 8,248 | 1,094 |
| Non-Agency | 180,705 | 171,408 | 157,103 | 14,305 |
| Total expenditures and other uses, non-GAAP budget basis | \$ 669,240 | 669,240 | 629,679 | 39,561 |
| Reconciliation to GAAP basis - to record net effect of unrecorded liabilities | | | 3,943 | |
| Expenditures incurred on behalf of reimbursing funds for indirect costs | | | (10,082) | |
| Total expenditures and other uses, GAAP basis | | | \$ 623,540 | |

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA
South Fulton Special District
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2016
(In thousands of dollars)

| | Non-GAAP budget basis | | | Variance |
|--|------------------------------|-------------------------|------------------|--------------------------------|
| | Original Budget | Final Budget | Actual | Positive (Negative) |
| Revenues: | | | | |
| Revenue per Budget Law | \$ 39,929 | 39,929 | 42,266 | 2,337 |
| License and Permits | 5,867 | 5,867 | 6,739 | 872 |
| Appropriated Fund Balance | 9,334 | 9,334 | 4,108 | (5,226) |
| Total revenues and other sources, non-GAAP budget basis | <u>\$ 55,130</u> | <u>55,130</u> | 53,113 | <u>(2,017)</u> |
| Reconciliation to GAAP basis: | | | | |
| To record net tax receivable and deferred revenue | | | (81) | |
| To record net change in license and permit and other revenues | | | 281 | |
| Appropriated fund balance | | | <u>(4,108)</u> | |
| Total adjustment to GAAP basis | | | <u>(3,908)</u> | |
| Total revenues and other sources, GAAP basis | | | <u>\$ 49,205</u> | |
| Expenditures and other uses: | | | | |
| County Manager | \$ — | 72 | 30 | 42 |
| Planning and Community Services | 2,845 | 2,773 | 2,507 | 266 |
| Finance | 358 | 358 | 311 | 47 |
| Human Resources | 153 | 153 | 135 | 18 |
| Information Technology | 85 | 85 | 84 | 1 |
| Fire Rescue Services | 15,275 | 15,275 | 14,730 | 545 |
| Police Services | 17,028 | 17,028 | 16,694 | 334 |
| Public Works | 187 | 187 | 186 | 1 |
| Parks and Recreation | 4,378 | 4,378 | 4,196 | 182 |
| Non-Agency | 14,821 | 14,821 | 14,240 | 581 |
| Total expenditures and other uses, non-GAAP budget basis | <u>\$ 55,130</u> | <u>55,130</u> | 53,113 | <u>2,017</u> |
| Reconciliation to GAAP basis - to record net effect of unrecorded liabilities | | | 166 | |
| Total expenditures and other uses, GAAP basis | | | <u>\$ 53,279</u> | |

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Position Proprietary Funds

December 31, 2016

(In thousands of dollars)

| Assets | Business Type Activities - Enterprise Funds | | | Governmental Activities- Internal Service Funds |
|---|---|------------------------------|------------------------------|--|
| | Water and sewerage system fund | Other Enterprise funds | Total Enterprise Funds | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 90,693 | 3,520 | 94,213 | 27,711 |
| Investments | 89,868 | — | 89,868 | — |
| Interest receivable | 159 | — | 159 | — |
| Accounts receivable, net | 12,670 | — | 12,670 | — |
| Due from other governments, net | 3,599 | — | 3,599 | — |
| Other current assets | — | — | — | 5,967 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 24,544 | — | 24,544 | — |
| Investments | 21,638 | — | 21,638 | — |
| Interest receivable | 28 | — | 28 | — |
| Total current assets | <u>243,199</u> | <u>3,520</u> | <u>246,719</u> | <u>33,678</u> |
| Noncurrent assets: | | | | |
| Investment in joint venture | 73,690 | — | 73,690 | — |
| Nondepreciable capital assets | 72,967 | 27,909 | 100,876 | — |
| Depreciable capital assets (net of accumulated depreciation) | <u>1,038,600</u> | <u>6,697</u> | <u>1,045,297</u> | <u>—</u> |
| Total noncurrent assets | <u>1,185,257</u> | <u>34,606</u> | <u>1,219,863</u> | <u>—</u> |
| Total assets | <u>1,428,456</u> | <u>38,126</u> | <u>1,466,582</u> | <u>33,678</u> |
| Deferred Outflows of Resources | | | | |
| Deferred charge on refunding of bonds | <u>4,428</u> | <u>—</u> | <u>4,428</u> | <u>—</u> |
| Total deferred outflows of resources | <u>4,428</u> | <u>—</u> | <u>4,428</u> | <u>—</u> |
| | | | - | - |

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Position (continued)
Proprietary Funds

December 31, 2016

(In thousands of dollars)

| Liabilities and Net Position | Business Type Activities - Enterprise Funds | | | Governmental Activities- Internal Service Funds |
|--|---|------------------------------|------------------------------|--|
| | Water and sewerage system fund | Other Enterprise funds | Total Enterprise Funds | |
| Liabilities: | | | | |
| Current liabilities (payable from current assets): | | | | |
| Accounts payable & accrued expenses | \$ 1,813 | 97 | 1,910 | 1,525 |
| Accrued liabilities | 953 | — | 953 | — |
| Claims payable | — | — | — | 9,566 |
| | <u>2,766</u> | <u>97</u> | <u>2,863</u> | <u>11,091</u> |
| Current liabilities (payable from restricted assets): | | | | |
| Contracts and other payables | 3,394 | — | 3,394 | — |
| Revenue bonds payable - current | 16,090 | — | 16,090 | — |
| Unearned revenue | 467 | — | 467 | — |
| | <u>19,951</u> | <u>—</u> | <u>19,951</u> | <u>—</u> |
| Total current liabilities | <u>22,717</u> | <u>97</u> | <u>22,814</u> | <u>11,091</u> |
| Non-current liabilities: | | | | |
| Revenue bonds payable - noncurrent | 456,429 | — | 456,429 | — |
| Other long-term liabilities | 1,491 | — | 1,491 | — |
| Total non-current liabilities | <u>457,920</u> | <u>—</u> | <u>457,920</u> | <u>—</u> |
| Total liabilities | <u>480,637</u> | <u>97</u> | <u>480,734</u> | <u>11,091</u> |
| Net Position: | | | | |
| Net investment in capital assets | 647,808 | 34,606 | 682,414 | — |
| Restricted for debt retirement | 37,422 | — | 37,422 | — |
| Unrestricted | <u>267,017</u> | <u>3,423</u> | <u>270,440</u> | <u>22,587</u> |
| Total net position | <u>\$ 952,247</u> | <u>38,029</u> | <u>990,276</u> | <u>22,587</u> |

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2016

(In thousands of dollars)

| | Business Type Activities - Enterprise Funds | | | Governmental Activities- Internal Service Funds |
|---|--|---------------------------------------|---------------------------------------|--|
| | Water and sewerage system fund | Other Enterprise funds | Total Enterprise Funds | |
| Operating revenues: | | | | |
| Charges for services | \$ — | 2,358 | 2,358 | 135,549 |
| Water and sewerage charges | 130,119 | — | 130,119 | — |
| Total operating revenues | 130,119 | 2,358 | 132,477 | 135,549 |
| Operating expenses: | | | | |
| Administrative and general | 7,180 | 414 | 7,594 | 20,712 |
| Depreciation and amortization | 33,878 | 349 | 34,227 | — |
| Personal services | 21,398 | 753 | 22,151 | — |
| Contractual services | 28,948 | 790 | 29,738 | 102,255 |
| Operating services | 15,563 | 17 | 15,580 | — |
| Total operating expenses | 106,967 | 2,323 | 109,290 | 122,967 |
| Operating income (loss) | 23,152 | 35 | 23,187 | 12,582 |
| Non-operating revenues (expenses): | | | | |
| Loss on investment in joint venture | (2,142) | — | (2,142) | — |
| Interest income | 858 | — | 858 | — |
| Interest expense | (16,531) | — | (16,531) | — |
| Total non-operating revenues (expenses) | (17,815) | — | (17,815) | — |
| Income (loss) before transfer | 5,337 | 35 | 5,372 | 12,582 |
| Transfer out | (31) | 7,545 | 7,514 | — |
| Change in net position | 5,306 | 7,580 | 12,886 | 12,582 |
| Net position at beginning of year | 946,941 | 30,449 | 977,390 | 10,005 |
| Net position at end of year | \$ 952,247 | 38,029 | 990,276 | 22,587 |

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Cash Flows
Proprietary Funds

For the year ended December 31, 2016

(In thousands of dollars)

| | Business Type Activities - Enterprise Funds | | | Governmental Activities- Internal Service Funds |
|---|--|---------------------------------------|---------------------------------------|--|
| | Water and sewerage system fund | Other Enterprise funds | Total Enterprise Funds | |
| Cash flows from operating activities: | | | | |
| Receipts from customers and users | \$ 128,491 | 2,358 | 130,849 | 136,857 |
| Payments to suppliers | (49,861) | (1,204) | (51,065) | (134,182) |
| Payments to employees | (21,282) | (744) | (22,026) | — |
| Net cash provided by operating activities | <u>57,348</u> | <u>410</u> | <u>57,758</u> | <u>2,675</u> |
| Cash flows from capital and related financing activities: | | | | |
| Principal and interest payments on revenue bonds | (36,778) | — | (36,778) | — |
| Payments for capital transfer for grants | (31) | — | (31) | — |
| Additions to property, plant, and equipment | <u>(23,239)</u> | <u>(6,770)</u> | <u>(30,009)</u> | <u>—</u> |
| Net cash used by capital and related financing activities | <u>(60,048)</u> | <u>(6,770)</u> | <u>(66,818)</u> | <u>—</u> |
| Cash flows from non-capital financing activities: | | | | |
| Transfer out to governmental funds | — | 7,545 | 7,545 | — |
| Net cash provided by non-capital financing activities | <u>—</u> | <u>7,545</u> | <u>7,545</u> | <u>—</u> |
| Cash flows from investing activities: | | | | |
| Purchase of investments | (111,506) | — | (111,506) | — |
| Proceeds from sale of investments | 35,281 | — | 35,281 | — |
| Interest received on investments | <u>700</u> | <u>—</u> | <u>700</u> | <u>—</u> |
| Net cash provided by investing activities | <u>(75,525)</u> | <u>—</u> | <u>(75,525)</u> | <u>—</u> |
| (Decrease) increase in cash and cash equivalents | (78,225) | 1,185 | (77,040) | 2,675 |
| Cash and cash equivalents at beginning of year | <u>193,462</u> | <u>2,335</u> | <u>195,797</u> | <u>25,036</u> |
| Cash and cash equivalents at end of year | <u>\$ 115,237</u> | <u>3,520</u> | <u>118,757</u> | <u>27,711</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 23,152 | 35 | 23,187 | 12,582 |
| Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 33,878 | 349 | 34,227 | — |
| Changes in assets and liabilities: | | | | |
| Changes in customer receivables - net | (3,048) | — | (3,048) | — |
| Other assets | — | — | — | 1,308 |
| Change in due from other governments - net | 1,420 | — | 1,420 | — |
| Accounts and claims payable and accrued liabilities | (24) | 26 | 2 | (11,215) |
| Accrued liabilities | 116 | — | 116 | — |
| Contractual and other payables | <u>1,854</u> | <u>—</u> | <u>1,854</u> | <u>—</u> |
| Net cash provided by (used in) operating activities | <u>\$ 57,348</u> | <u>410</u> | <u>57,758</u> | <u>2,675</u> |
| Non-cash transactions: | | | | |
| Unrealized gain (loss) on investments | \$ (159) | — | — | — |
| Gain (loss) on investment in joint venture | (2,142) | — | — | — |

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Fiduciary Net Position Fiduciary Funds

December 31, 2016

(In thousands of dollars)

| | Pension Trust Fund | OPEB Trust Fund | Agency Funds |
|--|-------------------------------|----------------------------|-------------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 15,218 | 1 | 133,718 |
| Due from Brokers for Securities Sold | 1,447 | — | — |
| Investments, at fair value: | | | |
| US Treasury Obligations | 53,679 | — | — |
| US Agency Obligations | 56,138 | — | — |
| Municipal bonds | 3,829 | — | — |
| Government guaranteed corporate debt | 4,390 | — | — |
| Corporate debt | 59,321 | — | — |
| Corporate asset & mortgage backed securities | 13,749 | — | — |
| Commercial mortgage backed securiites (CMBS) | 9,815 | — | — |
| Global fixed income mutual funds | 60,279 | — | — |
| Emerging markets equity mutual funds | 65,862 | — | — |
| Demestic equities | 370,725 | — | — |
| Demestic equity index funds | 209,817 | 4,388 | — |
| Domestic equity mutual funds | 31,283 | — | — |
| Domestic fixed income mutual funds | 11,834 | — | — |
| Real estate investment contracts | 2,635 | — | — |
| International mutual funds | 240,406 | — | — |
| Taxes receivable (net of allowance) | — | — | 81,679 |
| Interest and dividends receivable | 1,397 | — | — |
| Accounts receivable | 116 | — | — |
| Prepaid pension benefits | 11,180 | — | — |
| Total assets | 1,223,120 | 4,389 | 215,397 |
| Liabilities: | | | |
| Due to Brokers for Securities Purchased | 10,761 | — | — |
| Due to other taxing districts | — | — | 106,119 |
| Due to others | 29 | — | 109,278 |
| Total liabilities | 10,790 | — | 215,397 |
| Net Position: | | | |
| Net Position restricted for pension benefits | 1,212,330 | — | — |
| Net Position restricted for OPEB | — | 4,389 | — |
| Total net position | \$ 1,212,330 | 4,389 | — |

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Changes in Fiduciary Net Position Fiduciary Funds

For the year ended December 31, 2016

(In thousands of dollars)

| | Pension Trust Fund | OPEB Trust Fund |
|---|-----------------------------------|--------------------------------|
| | <hr/> | <hr/> |
| Additions: | | |
| Investment income: | | |
| Net depreciation in fair value of investments | \$ 50,979 | \$ 360 |
| Interest and dividends | 29,709 | — |
| Less: investment expenses | (5,446) | — |
| Net investment gain | <hr/> 75,242 | <hr/> 360 |
| Employee contributions | 1,633 | — |
| Employer contributions | 46,074 | — |
| Contributions from other participating governments | 24 | — |
| Other income | <hr/> 127 | <hr/> — |
| Total additions | <hr/> 123,100 | <hr/> 360 |
| Deductions: | | |
| Benefit payments | 126,809 | — |
| Prior period benefit payments | 1,331 | — |
| Transfer of plan assets to 401(A) plan or other plans | 134 | — |
| Refunds of contributions | 136 | — |
| Administrative fees and other expenses | <hr/> 788 | <hr/> — |
| Total deductions | <hr/> 129,198 | <hr/> — |
| Change in net position | (6,098) | 360 |
| Net position restricted for benefits: | | |
| Beginning of year | <hr/> 1,218,428 | <hr/> 4,029 |
| End of year | \$ <hr/> <hr/> 1,212,330 | \$ <hr/> <hr/> 4,389 |

See accompanying notes to the financial statements.

This page left intentionally blank.

**NOTES TO
THE
FINANCIAL
STATEMENTS**

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies

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

(a) *Financial Reporting Entity*

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

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

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

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

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies (continued)

Discretely Presented Component Unit - The Fulton-DeKalb Hospital Authority (the “Hospital Authority”) is governed by a ten-member board, of which seven members are appointed by the County’s Board of Commissioners. Fulton County provided \$60.1 million in funding to the Hospital Authority during 2016, of which \$17.6 million was paid for debt service to the trustee.

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

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

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

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

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies (continued)

Joint Ventures

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

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

The joint venture debt specific to the Arena is secured from various sources, including a pledge of the operating revenues of the facility pursuant to an Operator Revenue Security Agreement with the Arena operator. When the related Arena revenue bonds have been fully paid, the Recreation Authority will convey fee simple title of the Arena to the City and County based on their proportional shares upon joint request. The debt related to the zoo utilizes a separate guarantor agreement. The annual debt service for the 2007 Recreation Authority Atlanta Zoo bonds continues to be paid with approximately three-fourths participation from the City of Atlanta, and one fourth participation from Fulton County, and that obligation is presented in the long term debt footnote on page 55 as an intergovernmental liability of \$2,733 as of December 31, 2016.

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

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

Atlanta Regional Commission - The County is a joint venture partner with the Atlanta Regional Commission based on GASB Statement No. 61. Under Georgia law, the County, in conjunction with other cities and counties in the ten county metropolitan Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Membership in a regional commission is required by O.C.G.A. 50-8-34 which provides for the organization structure of regional commissions in Georgia. The County paid dues in the amount of \$731 to the ARC for the year ended December 31, 2016. The regional commission's Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39 provides that the member governments are liable for any debts or obligations of a regional commission. Complete financial statements of the Atlanta Regional Commission may be obtained at the address below:

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies (continued)

Atlanta-Fulton County Water Resources Commission - The Atlanta-Fulton County Water Resource Commission is a joint venture between the County and the City of Atlanta for the construction and operation of a water treatment facility in north Fulton County. The County and the City share equally the costs of construction of the plant, and each is entitled to receive 50% of the total water supply treated by the plant or 50% of the plant's capacity, whichever is greater. The costs of operation of the plant were borne pro rata by the City and the County on the basis of water delivered to each party. The County incurred charges of approximately \$6.6 million in 2016 for water produced at this facility, which is classified as an operating cost to the Fulton County Water & Sewerage System.

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

At December 31, 2016, the County's share of the depreciated cost of the facility is shown as "Investment in joint venture" in the accompanying statement of net position.

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

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

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the County and its component units. Eliminations have been made to minimize the double-counting of internal activities, but interfund services provided and used are not eliminated but shown as the internal services activities. Government-wide financial statements do not provide information by fund, but distinguish between the county's governmental activities and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions, and reported separately from business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

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

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Agency fund financial statements do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which the levy is assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as receivables in the current fiscal

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies (continued)

period. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to non-vested unmatured sick pay, compensated absences and other long-term commitments and contingencies are recorded only when payment is due. In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The generally accepted accounting principles applicable are those similar to business in the private sector.

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

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

The County reports the following major governmental funds:

General Fund

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

South Fulton Special Service District

The southern end of unincorporated Fulton County became a separate taxing district in 2006, and is categorized as a major fund. This fund accounts for operations of the unincorporated County's police, fire, business licensing and recreation. Financing is provided by a specific annual property tax levy and fees and charges for services. Collections are restricted for use in this specific area. This area recently voted to incorporate, becoming the new City of South Fulton as of May 1, 2017, with one industrial area remaining unincorporated for the near future.

Library Bond Fund

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies (continued)

The County reports the following major proprietary fund:

Water and Sewerage System Fund

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

The County reports two non-major proprietary funds:

Fulton County Airport-Brown field

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

Wolf Creek Amphitheatre

Wolf Creek Amphitheater fund accounts for the operations of a world-class event venue located in South Fulton County. Outdoor music concerts, plays, performances and festivals are offered from May through October.

The County reports the following fiduciary funds:

Fulton County Employees’ Retirement System

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

Fulton County Other Post-Employment Benefits Fund

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

Agency Funds

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

The County reports the following other fund types:

Internal Service funds

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies (continued)

(d) Cash, Cash Equivalents, and Investments

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

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

(e) Inventories

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

(f) Interfund Receivables/Payables

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

(g) Capital Assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or that materially extend assets lives are not capitalized. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. No such capitalized interest was incurred in 2016.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies (continued)

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

| <u>Asset Class</u> | <u>Estimated Useful Life</u> |
|---|------------------------------|
| Buildings and related improvements | 40 years |
| Plant and related components | 50 years |
| Intangible assets | 28-40 years |
| Roadway networks and related infrastructure | 20-50 years |
| Equipment | 2-10 years |

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

The County paid \$58 million with neighboring Cobb County, Georgia in 2003 for the purchase of long-term wastewater treatment capacity at the R.L Sutton wastewater treatment plant and the adjoining underground conveyance system. In November 2007 the County incurred \$99.9 million in similar capital costs through facilities owned by the City of Atlanta. The County will share in the cost of annual capital improvements at these facilities on a pro rata basis. These costs were previously shown as other assets on the financial statements of the Water and Sewerage System fund, but now appear as "Intangible Assets" and are included within the capital asset disclosure section of the Water and Sewerage System fund. These assets are being depreciated over 28 years for the Atlanta facilities and 40 years for the Cobb County facilities, both using the straight-line method. Depreciation of these intangible assets, approximately \$5.3 million for 2016 is classified as an operating cost on the Statement of Revenues, Expenses and Changes in Net Position-Proprietary funds. \$2,313 was additionally paid and capitalized during 2016, bringing the balance at December 31, 2016 to approximately \$115.4 million.

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

(h) Bond Premiums and Discounts/Debt Issuance Costs

Bond premiums or discounts are deferred and amortized over the term of the debt. Bond debt issuance costs are expenses as incurred to comply with new Governmental Accounting Reporting Requirement Statement No. 65. Bond premiums or discounts are also now presented separate from the face value of the outstanding debt, and classified as Deferred Outflows of Financial Resources.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies (continued)

(i) *Restricted Assets*

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

(j) *Deferred Outflows/Inflows of Resources-Governmental funds*

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

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

| | | General fund | South Fulton Special District fund | Debt Service fund | Total |
|-------------------------|----|-----------------|---------------------------------------|----------------------|--------|
| Unavailable revenues | | | | | |
| Property taxes | \$ | 21,670 | 1,935 | 595 | 24,200 |
| Insurance premium taxes | | - | 1,000 | | 1,000 |
| Totals | \$ | 21,670 | 2,935 | 595 | 25,200 |

(k) *Compensated Absences*

County employees upon separation are reimbursed for an accumulated annual vacation leave up to a maximum of 360 hours. Employees are not reimbursed for accumulated sick leave if terminated prior to retirement and is not reported in the accompanying financial statements. Nonexempt employees who work overtime can accrue compensatory leave for each overtime hour worked, up to a specified maximum. At separation, employees are paid for any accumulated compensatory leave and any earned holiday leave. Starting in 2007, the policy was amended so that exempt employees are no longer eligible to accrue compensatory time without executive management approval.

Liabilities for compensated absences other than sick leave are all considered long-term obligations of the County as amounts were not matured and payable at year end. As a result, for governmental activities, the accrued compensation amounts are reported as a liability, but no liability is reported the governmental fund statements. For all Proprietary Funds, accumulated

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(1) Summary of Significant Accounting Policies (continued)

vacation leave is recorded as an expense and liability as the benefits accrue to employees. The liability for accumulated vacation leave is classified as noncurrent in the Proprietary Funds, as that portion which will be paid in the forthcoming year cannot be reasonably estimated. These liabilities are paid to employees generally from the fund that incurred their payroll cost at time of departure. The General fund currently pays the predominate share of these costs.

(l) Estimated Claims Payable

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

(m) Net Patient Service Revenues

The Hospital Authority reports net patient service revenue at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive revenue adjustments (if necessary) due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

(n) Uncompensated Care

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

(o) Management Estimates

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(2) Budgetary Accounting and Compliance

The County prepares its annual budgets on a non-GAAP basis. The major differences between the budget and GAAP are (1) revenues (principally property taxes, accounts receivable, grants, and interest receivables) are recorded when cash is received (budget) as opposed to when susceptible to accrual (GAAP), (2) Expenditures (principally payroll, workers' compensation, and purchases) are recorded when paid (budget) as opposed to when incurred (GAAP); (3) Debt service requirements due January 1, 2017 are recorded as expenditures in 2016 (budget) as opposed to 2017 when obligations are due (GAAP); (4) Utilized fund balance to meet balanced budget requirements is recorded as revenue on the budgetary basis statements but not in the governmental fund statement of revenues, expenditures and changes in fund balances-governmental funds.

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

| | Net changes in fund balance | |
|------------------------------|------------------------------------|---|
| | General Fund | South Fulton Special Tax District Fund |
| GAAP basis | \$ (28,255) | (4,074) |
| Adjustments to accruals: | | |
| Tax revenues and receivables | (1,797) | (200) |
| Liabilities | 3,943 | 166 |
| Fund balance utilized | 26,109 | 4,108 |
| Budget basis | \$ — | — |

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

- (1) Prior to November 15 of the preceding budget year, the Budget Commission, consisting of the Chairman of the Board of Commissioners, the County Manager, and the Chief Financial Officer, receives budget requests from County departments.
- (2) Hearings may be held by the Budget Commission to review budget requests, justifications, and recommendations.
- (3) By November 15, the Budget Commission presents a recommended budget for the fiscal year beginning the following January 1 to the Board of Commissioners. This budget includes recommended expenditures and estimated revenues to finance them and is published in accordance with O.C.G.A requirements, and serves as the acting budget until the final budget is adopted.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(2) Budgetary Accounting and Compliance (continued)

- (4) A public hearing is held in December and the budget is legally adopted by the Board of Commissioners during a January meeting of the current budget year. A balanced budget is required by law.
- (6) The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the department level with the following provisions:
 - (i) Departments, with the approval of the County Manager or designee, are authorized, with certain exceptions, to transfer amounts within departmental budgets.
 - (ii) Budget amendments that would increase total department appropriations, salary appropriations require Board approval.
- (7) Budgets are legally adopted for the two major funds, the General Fund and South Fulton Special District Fund. Formal budgetary integration is employed as a management control device during the year for these two funds. Budgets were also legally adopted for debt service fund and other special revenue funds for the fiscal year ending December 31, 2016. Project-length budgets are adopted upon approval for the capital project, including the major capital project fund for bond funded Library improvements and construction. Generally, annual adopted appropriations, both encumbered and unencumbered, lapse at December 31. The Hotel/Motel tax fund did overspend its budgetary appropriation, which is based on estimates of taxes on those revenues collected on hotels in the unincorporated area. These were offset by the required payments of these taxes to other require entities.
- (8) Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the County in excess of original anticipations, and these amounts are anticipated by the Budget Commission and subsequently appropriated by the Board of Commissioners. No supplemental appropriations were made during 2016.

(3) Cash and Investments – Primary Government

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

Custodial Credit Risk

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As of December 31, 2016, the County's primary governmental and business type funds had the following investments:

| | | December 31, 2016 | | | |
|--|------------|-------------------|-----------|------------|--|
| | Fair value | < 1 year | 1-5 years | 6-10 years | |
| Fixed Income: | | | | | |
| US Agency Obligations | \$ 111,506 | 89,868 | 21,638 | - | |
| Fixed Income subtotal | 111,506 | 89,868 | 21,638 | - | |
| Certificate of Deposits | 42,184 | | | | |
| Mutual Funds | 11,683 | | | | |
| Georgia Fund 1 | 330,159 | | | | |
| Total cash equivalents and investments | \$ 495,532 | | | | |

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

The Georgia Fund 1 is managed by the State of Georgia Office of the State Treasurer to maximize current income while preserving principal and providing daily liquidity. It is managed to maintain a constant net asset value of \$1.00 and a weighted maturity of 90 days or less.

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority of unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that are accessible at the measurement date;

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly;

Level 3 inputs are unobservable inputs for the financial asset or liability.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Local Government Investment Pools, such as Georgia Fund 1 are categorized as a Level 1, as are the mutual funds listed in the Interest Rate Risk chart on the previous page. US Agency Obligations are categorized as Level 2, while certificates of deposit are not subject to the fair value classifications under GASB 72.

Credit Quality Risk

Credit Quality Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The US Agency obligations of \$111,506 shown above are rated AAA/AA+, while mutual funds of \$11,683 and \$0 in money market funds possess the highest quality short term ratings. Georgia Fund 1 is rated AA+ and managed by the State of Georgia. Certificates of deposit are collateralized by the financial institution. The following is a summary of the carrying amounts of the cash, cash equivalents, and investments of the County's governmental and business-type activities at December 31, 2016 (in thousands of dollars):

| | | |
|---|----|----------------|
| Balances by category: | | 2016 |
| Cash and deposits | \$ | 75,216 |
| Cash equivalents | | 384,026 |
| Investments | | 111,506 |
| | \$ | <u>570,748</u> |
| Balances as presented in the Statement of Net Position: | | |
| Unrestricted activities: | | |
| Cash and cash equivalents | \$ | 434,698 |
| Investments | | 89,868 |
| Restricted activities: | | |
| Cash and cash equivalents | | 24,544 |
| Investments | | 21,638 |
| | \$ | <u>570,748</u> |

(3) Cash and Investments – Fiduciary Funds

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Pension Trust fund's deposits may not be recovered. Fulton County uses a centralized cash disbursements account for all of its funds, including those of this fund. Although cash applicable to the Pension Trust Fund is delineated for financial reporting purposes, the portion of the corresponding bank account balance applicable to the Plan is not separately identifiable. The Policy of the Pension Trust fund is to ensure

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

that pension liabilities are met when due. Assets are invested so as to provide for the solvency over time and to maximize the investment return within a reasonable level of risk. In accordance with the Official Code of Georgia Annotated Public Retirement System Investment Authority Law, Public Retirement Systems may invest in the following:

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

The following is a summary of the carrying amounts of the cash, cash equivalents and investments of the Fiduciary funds at December 31, 2016 (in thousands of dollars):

| | 2016 | | |
|---|---------------------|-----------------|----------------|
| | Pension Trust Fund | OPEB Trust Fund | Agency Funds |
| Balances by category: | | | |
| Cash and cash equivalents | \$ 15,218 | 1 | 133,718 |
| Investments | 1,193,762 | 4,388 | - |
| Due from Brokers for Securities Sold | 1,447 | - | - |
| Due to Brokers for Securities Purchased | (10,761) | - | - |
| | <u>\$ 1,199,666</u> | <u>4,389</u> | <u>133,718</u> |

The Agency funds' cash is collateralized with securities held by the pledging financial institutions' trust department or in the County's name. The agency funds contain one certificate of deposit and six money market accounts which are classified as cash equivalents for a total of \$841.

Credit Quality Risk

Credit Quality Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table below shows the Pension Trust fund's exposure to credit quality risk for the fixed income investments held as of December 31, 2016.

| | Fair Value | December 31, 2016 ratings | | | | |
|-----------------------------------|-------------------|---------------------------|---------------|---------------|---------------|----------|
| | | AAA | AA | A | BBB | BB & N/R |
| Fixed Income: | | | | | | |
| US Treasury Obligations | \$ 53,679 | 53,597 | 82 | - | - | - |
| US Agency Obligations | 56,138 | 555 | 55,583 | - | - | - |
| Municipal General Obligations | 3,829 | 1,909 | 1,844 | - | 76 | - |
| Government Guaranteed Corporate | 4,390 | - | 4,390 | - | - | - |
| Corporate Debt | 59,321 | 486 | 2,936 | 19,887 | 36,012 | - |
| Corporate Asset Backed Securities | 13,749 | 3,133 | 4,655 | 3,670 | 2,291 | - |
| CMBS | 9,815 | 5,749 | 2,705 | 1,361 | - | - |
| Domestic Fixed Income Mutual fund | 11,834 | - | - | 11,834 | - | - |
| Global Fixed Income Mutual fund | 60,279 | - | - | 60,279 | - | - |
| Fixed Income totals | <u>\$ 273,034</u> | <u>65,429</u> | <u>72,195</u> | <u>97,031</u> | <u>38,379</u> | <u>-</u> |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The following table provides information about Pension Trust fund's exposure to interest rate risk as of December 31, 2016.

| | December 31, 2016 | | | | |
|--|-------------------|---------|--------|---------|--------|
| | Fair Value | 3-12mos | 1-5yrs | 6-10yrs | >10yrs |
| Fixed Income: | | | | | |
| US Treasury Obligations | \$ 53,679 | 659 | 39,687 | 6,629 | 6,704 |
| US Agency Obligations | 56,138 | 10 | 5,711 | 5,813 | 44,604 |
| Municipal General Obligations | 3,829 | 76 | 652 | - | 3,101 |
| Government Guaranteed Corporate | 4,390 | 660 | 1,233 | - | 2,497 |
| Corporate Debt | 59,321 | 2,574 | 27,248 | 18,290 | 11,209 |
| Corporate Asset Backed Securities | 13,749 | - | 7,957 | 2,310 | 3,482 |
| CMBS | 9,815 | - | - | - | 9,815 |
| Domestic Fixed Income Mutual fund | 11,834 | 11,834 | - | - | - |
| Global Fixed Income Mutual Fund | 60,279 | 60,279 | - | - | - |
| Fixed Income subtotal | 273,034 | 76,092 | 82,488 | 33,042 | 81,412 |
| Equity securities | 370,725 | | | | |
| Real Estate Investment Trusts (REITs) | 2,635 | | | | |
| Domestic equity index funds | 209,817 | | | | |
| Emerging markets equity mutual funds | 65,862 | | | | |
| Domestic equity mutual funds | 31,283 | | | | |
| International equity mutual funds | 240,406 | | | | |
| Cash and Cash Equivalents | 15,218 | | | | |
| Due to/from Brokers for Securities Purchased | (9,314) | | | | |
| Total cash equivalents and investments | \$ 1,199,666 | | | | |

Fair Value Measurement-Fiduciary Funds

GASB Statement No. 72, Fair Value Measurement and Application, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – Level 1, Level 2 and Level 3 inputs – considering the relative reliability of the inputs. The hierarchy gives the highest priority of unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that are accessible at the measurement date;

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly or indirectly;

Level 3 inputs are unobservable inputs for the financial asset or liability.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table provides information about Pension Trust fund's categorization by Level as of December 31, 2016.

| December 31, 2016 | | | | |
|--|--------------|---------|---------|---------|
| | Total | Level 1 | Level 2 | Level 3 |
| US Treasury Obligations | \$ 53,679 | - | 53,679 | - |
| US Agency Obligations | 56,138 | - | 56,138 | - |
| Municipal General Obligations | 3,829 | - | 3,829 | - |
| Government Guaranteed Corporate | 4,390 | - | 4,390 | - |
| Corporate Debt | 59,321 | - | 59,321 | - |
| Corporate Asset Backed Securities | 13,749 | - | 13,749 | - |
| CMBS | 9,815 | - | 9,815 | - |
| Domestic Fixed Income Mutual fund | 11,834 | - | 11,834 | - |
| Global Fixed Income Mutual Fund | 60,279 | 60,279 | - | - |
| Equity securities | 370,725 | 370,725 | - | - |
| Real Estate Investment Trusts (REITs) | 2,635 | 2,635 | - | - |
| Domestic equity index funds | 209,817 | 209,817 | - | - |
| Emerging markets equity mutual funds | 65,862 | 65,862 | - | - |
| Domestic equity mutual funds | 31,283 | 31,283 | - | - |
| International equity mutual funds | 240,406 | 240,406 | - | - |
| Cash and Cash Equivalents | 15,218 | 15,218 | - | - |
| Due to/from Brokers for Securities Purchased | (9,314) | - | (9,314) | - |
| Total cash equivalents and investments | \$ 1,199,666 | 996,225 | 203,441 | - |

(3) Cash and Investments – Component unit

Hospital Authority

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

In 2016, the Hospital Authority implemented Statement No. 72 of the Governmental Accounting Standards Board, Fair Value Measurement and Application, which requires the Hospital Authority to use valuation techniques which are appropriate under the circumstances and are a market approach, a cost approach or an income approach. Statement No. 72 establishes a hierarchy of inputs used to

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

measure fair value consisting of three levels. Level 1 inputs are quoted prices for identical assets or liabilities in active market. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for asset or liability.

The following is a summary of the fair value hierarchy for deposits and investments of the Hospital Authority as of December 31, 2016, classified as investments on page 12.

| | | Level 1 | Level 2 | Level 3 |
|-------------------------------|----|---------------|--------------|----------|
| Cash and Cash Equivalents | \$ | 50,087 | - | - |
| Mutual funds | | 17,833 | - | - |
| Common collective trust funds | | 1,714 | - | - |
| Money Market funds | | 8 | - | - |
| Real assets | | - | 180 | - |
| Miscellaneous assets | | - | 2,204 | - |
| Equity securities | | 1,488 | - | - |
| | \$ | <u>71,130</u> | <u>2,384</u> | <u>-</u> |

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Hospital Authority's deposits may not be returned to it. As of December 31, 2016, Grady Memorial Hospital Corporation's deposits were either covered by federal depository insurance or collateralized through securities held by the pledging financial institution's trust department in the Hospital Authority's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Hospital Authority does not have a formal investment policy that limits investment maturities. The Authority's practice is to structure its portfolio to meet cash requirements for ongoing operations with shorter term or more liquid investments.

Credit Risk

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

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Hospital Authority has no formal policy on concentration of credit risk beyond that stipulated by the Georgia government Code, and has no investments in any one issuer greater than 5% of total Hospital Authority investments as of December 31, 2016.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

Hospital Authority

Basic combined discretely presented component unit financial statements:

| | | |
|---|----|----------------|
| Unrestricted: | | 2016 |
| Cash and cash equivalents | \$ | 194,132 |
| Investments | | 4,049 |
| Restricted | | |
| Cash and cash equivalents restricted for debt service | | 22,002 |
| Investments | | 69,465 |
| Total | \$ | <u>289,648</u> |

(4) Taxes

(a) *Property Taxes*

The County Tax Commissioner bills and collects property taxes for Fulton County as well as those of the Fulton County Board of Education, the Cities of Atlanta, Sandy Springs, Mountain Park, Chattahoochee Hills and Johns Creek and the City of Atlanta Board of Education and the State of Georgia. Collections of taxes for the County are accounted for in the Governmental Funds types. Collections and remittance of taxes for other entities are accounted for in the Tax Commissioner Fund (an Agency Fund). Taxes are generally levied at approximately July 1, based on property values as of January 1, and are payable from various due dates from August 15 through October 15 depending on the taxing governmental entity. After the due date, interest is charged on unpaid taxes, with a 10% penalty being assessed in addition to interest charges as receivables become greater than 90 days delinquent. The Board of Commissioners establishes the property tax millage rates by June 30. Unpaid property taxes may attach as an enforceable lien on property as of January 1 of the following year.

The South Fulton Taxing District was established in 2006 as a special revenue fund which levies taxes to provide resources for municipal type services such as police, fire, parks, and economic development. This area, with the exception of a small area on Fulton Industrial Boulevard, voted to become a municipality effective May 1, 2017.

(b) *Local Option Sales Tax*

The County received 14% of a 1% local option sales tax levied on all retail sales made within the County. The proceeds of such tax collected each year are used to reduce, on a dollar-for-dollar basis, the millage equivalent amount of property taxes, which would otherwise be required to be levied in the subsequent year. This percentage is scheduled to drop to approximately 5% with the advent of the new City of South Fulton, which will affect 2017 sales tax collections.

(c) *Tax Abatements*

During fiscal year 2016, the County implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires state and local governments to disclose tax abatement agreements entered by other governments that reduce the reporting government's tax revenues.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(4) Taxes (continued)

(c) Tax Abatements (continued)

Fulton County, through the Development Authority of Fulton County, allows for taxable revenue bond financing, pursuant to the Georgia Development Authorities law, under Title 36 Chapter 62 of the Official Code of Georgia, in order to promote the creation of jobs and stimulate development activity within Fulton County. The taxable revenue bond financings result in the reduction of ad valorem (real and/or personal property) taxes.

The County offers a reduction in property taxes through the structure of these financing arrangements. Specifically, the Development Authority of Fulton County, a tax exempt public organization created independently from the County, may enter into agreements with private individuals or entities in order to incentivize these businesses to build, relocate, expand, or renovate in Fulton County. These agreements involve a bond issuance and sale-leaseback transaction, whereby the Development Authority takes title to property and leases it back to the company. The company is responsible for making ad valorem tax payments on its leasehold interest. The rental payments for the leasehold offset the debt service on the bonds over a fixed 10 year term, so that at the end of the incentive period the bonds are fully retired and the company regains title of the property through an option to purchase.

Fulton County's long-standing policy for Development Incentives provides for a 50% ramp up over a 10 year period. Following completion of construction, a company pays property taxes on its leasehold interest in the project of 50% of the fair market value of the real and/or personal property in the first year, with a 5% increase each year over a 10 year period, after which the company takes title back to the property and must then pay taxes on the full fair market value of the property. The company has a smaller property tax obligation through this financing arrangement than it would under outright ownership of the property due to the reduced value of the company's leasehold interest in the property over the designated ramp-up period.

The Development Authority considers the economic impacts of a proposed project and weighs such benefits against the costs of reduced revenue impacts when considering whether to enter into a taxable revenue bond deal with an individual or entity. Generally eligible projects involve a commitment of significant capital investment and/or the creation of net new jobs to the County, which propose a favorable return on investment for the County. For residential projects, a commitment by the developer to provide affordable housing may be required. There are no additional commitments other than to provide favorable tax treatment. There are no provisions for recapturing incentives; however, the Development Authority can immediately return title to a company for a non-performing project, which cancels the incentive going forward. There are no amounts receivable from other governments. There are no quantitative thresholds used to determine disclosures of these type agreements.

| <u>Tax Abatement Program</u> | <u>Total Amount of Taxes Abated (Incentives Abated) for the year 2016 (in thousands)</u> |
|-------------------------------------|--|
| Fulton County Development Authority | <u>\$5,682</u> |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(4) Taxes (continued)

(c) Tax Abatements

Another abatement utilized in Fulton County is the Local Enterprise Zone Program, which allows for qualified businesses and service enterprises located within an enterprise zone to the following exemptions from county ad valorem taxes under O.C.G.A 36-88-8(a)(1) and Fulton County Code of Ordinances Sec. 118-101.

- (1) One hundred percent of the county ad valorem taxes for the first five years;
- (2) Eighty percent of the county ad valorem taxes for the next two years;
- (3) Sixty percent of the county ad valorem taxes for the next (eighth) year;
- (4) Forty percent of the county ad valorem taxes for the next (ninth) year; and
- (5) Twenty percent of the county ad valorem taxes for the last (tenth) year.

Fulton County considers enterprise zone designations for major projects on a case by case basis. In order to be designated as an enterprise zone, a nominated area must meet three of four criteria, as established by the state, including evidence of pervasive poverty, above average unemployment, general economic distress, and underdevelopment. Qualifying business or service enterprises that are located within a designated enterprise zone, create and maintain five or more new full-time job equivalents, and provide additional economic stimulus, as approved by the Fulton County Board of Commissioners, may be entitled to property tax exemptions on a downward sliding scale over a 10 year period.

Qualified industries include those businesses primarily involved in manufacturing, warehousing and distribution, processing, telecommunications, tourism, research and development, finance, insurance, and real estate activities.

Businesses must apply to Select Fulton, the economic development organization for Fulton County, in addition to the municipality located within the particular enterprise zone and upon approval must enter into a contractual agreement that outlines the tax exemptions offered to the business, in addition to guidelines for the recapture, revocation, or reimbursement of taxes should the business violate the terms of the contractual agreement or enabling statutes.

Generally, failure to maintain the incentive qualification will result in revocation and recapture of all incentives granted prior to the expiration of the incentive term. Creation of at least five net new full time jobs, ten percent of which should be filled with low to moderate income individuals, whenever possible, is a commitment made by recipients. There are no additional commitments other than to provide favorable tax treatment. There are no amounts receivable from other governments. There are no quantitative thresholds used to determine disclosures of these type agreements.

| | Total Amount of Taxes Abated (Incentives Abated) for the year 2016 (in thousands) |
|-------------------------------|---|
| <u>Tax Abatement Program</u> | |
| Local Enterprise Zone Program | <u>\$562</u> |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(4) Taxes (continued)

(c) Tax Abatements

An additional abatement available in Fulton County is the State of Georgia Preferential Property Tax Assessment Program for Rehabilitated Historic Property, which allows for an 8 and ½ year property tax assessment freeze on historic properties that have been substantially rehabilitated. State of Georgia statutes O.C.G.A. 48-5-7(c) and O.C.G.A 48-8-7.2 allow the property owner to file the preliminary certification form with the local county tax commission to initiate the freeze, substantially rehabilitate the property within two years, and then once substantially rehabilitated, must file a final certification request to the Department of Natural Resources Historic Preservation Division. Upon final approval, the property owner must file the paperwork with the Fulton County Tax Assessor's office to continue the property tax assessment freeze for the remaining 6 ½ years. In the ninth year, the assessment increases to 50 percent of the difference between the initial frozen valuation and the current assessment value. In the tenth year, the property tax assessment returns to the full fair market value.

The property must qualify for listing on the National/Georgia Register of Historic Places. The rehabilitation must meet the Department of Natural Resources' (DNR) *Standards for Rehabilitation* and must be completed within two years. For a residential property, the substantial rehabilitation test is met when the qualified rehabilitation has increased the fair market value of the building or structure by not less than 50 percent. For commercial property, the test is met when the rehabilitation has increased the fair market value of the building or structure by not less than 100 percent. For mixed use property, the test is met if the rehabilitation has increased the fair market value of the building or structure by not less than 75 percent.

A property owner who fails to have property classified as rehabilitated historic property and listed on the Georgia Register of Historic Places for the preferential assessment shall be required to pay the difference between the amount of taxes on the property during the period that the assessment was frozen and the amount of taxes which would have been due had the property been assessed at the regular fair market value, plus interest on the past due taxes. There are no additional commitments other than to provide favorable tax treatment. . There are no amounts receivable from other governments.

| <u>Tax Abatement Program</u> | Total Amount of Taxes Abated (Incentives Abated) <u>for the year 2016 (in thousands)</u> |
|---|--|
| Georgia Preferential Property Tax Assessment Program for Rehabilitated Historic Property | <u>\$137</u> |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(4) Taxes (continued)

(c) Tax Abatements

Other Government Agreements for Abatements of Property taxes:

County property tax revenues were reduced by \$379 under agreements entered into with the City of Atlanta.

County property tax revenues were reduced by \$98 under agreements entered into by the City of Alpharetta.

(5) Allowances for Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2016 are as follows (in thousands of dollars):

| | <u>2016</u> |
|--|------------------|
| Taxes Receivable: | |
| General Fund | \$ 6,631 |
| Debt Service Fund | 115 |
| South Fulton Special Taxing District | 776 |
| Agency Funds | <u>19,714</u> |
| | <u>\$ 27,236</u> |
| Accounts Receivable – Water and Sewerage System Fund | <u>\$ 3,225</u> |

(6) Due from Other Governments

Governmental type funds include receivables from other governments for various activities. The General fund is owed \$1,073 due from other local government entities related to financing the activities of the Atlanta-Fulton County Water Resource Commission and \$37 for the costs of providing a municipal election in 2008. Additionally, due from other governments in the Other Governmental Funds include a receivable of \$5,510 for federal and state financial assistance related to various grantor receivables in grants-in aid while \$1,660 relates to public health services. \$99 is due for reimbursement of capital costs in the emergency communication system from one municipality.

Business type funds are owed \$8,305 which is due from other area municipalities to the Water and Sewerage System Fund for wastewater treatment charges, sewer use fees, water line construction and miscellaneous surcharges not yet remitted to the County at December 31, 2016. An allowance for uncollectible receivables from one municipality is \$4,706, yielding a net receivable recorded by the County of \$3,599.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(7) Capital Assets and Infrastructure

The County's capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and are reported separately in the following pages.

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

| | January 1, 2016 | Increases | Decreases | December 31, 2016 |
|---|--------------------|-----------|-----------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land and land improvements | \$ 55,959 | — | (531) | 55,428 |
| Construction in progress | 105,751 | 27,270 | (47,719) | 85,302 |
| Total capital assets not being depreciated | 161,710 | 27,270 | (48,250) | 140,730 |
| Capital assets being depreciated*: | | | | |
| Equipment | 143,249 | 13,116 | (1,347) | 155,018 |
| Buildings and other improvements | 796,660 | 49,242 | (772) | 845,130 |
| Roadway network | 573,911 | — | — | 573,911 |
| Total capital assets being depreciated | 1,513,820 | 62,358 | (2,119) | 1,574,059 |
| Less accumulated depreciation for*: | | | | |
| Equipment | (119,755) | (6,247) | 1,347 | (124,655) |
| Buildings and other improvements | (415,600) | (19,262) | 574 | (434,288) |
| Roadway network | (247,062) | (11,892) | — | (258,954) |
| Total accumulated depreciation | (782,417) | (37,401) | 1,921 | (817,897) |
| Net capital assets being depreciated | 731,403 | 24,957 | (198) | 756,162 |
| Net capital assets- governmental activities | \$ 893,113 | 52,227 | (48,448) | 896,892 |

*Net capital assets of \$6,691 were transferred to a newly created Wolf Creek Amphitheater enterprise fund as of 1/1/2016.

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

| | |
|---|------------------|
| Governmental activities: | |
| Administration | \$ 2,551 |
| Public Safety | 5,357 |
| Legal | 5,612 |
| Infrastructure and facilities | 18,269 |
| Social services | 5,102 |
| Health services | 510 |
| Total depreciation expense, governmental activities | <u>\$ 37,401</u> |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(7) Capital Assets and Infrastructure (continued)

Roadways that are owned by the state or municipalities are not included in the above totals. Generally, transportation infrastructure located in unincorporated Fulton County is represented above. Assets constructed by others and deeded to the County are recorded as capital contributions and recorded when donated. Fully depreciated assets of \$1,921 and additional assets of \$729 were disposed of during 2016. The majority of roadway networks above consists of infrastructure that will be transferred to the newly municipalized area of south Fulton County in 2017.

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

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

| | January 1, 2016 | Increases | Decreases | December 31, 2016 |
|---|--------------------|-----------|-----------|----------------------|
| Water and Sewerage System fund: | | | | |
| Capital assets not being depreciated: | | | | |
| Land improvements | \$ 10,201 | — | — | 10,201 |
| Construction in progress | 46,357 | 16,409 | — | 62,766 |
| Total capital assets not being depreciated | 56,558 | 16,409 | — | 72,967 |
| Capital assets being depreciated: | | | | |
| Equipment | 17,228 | 1,450 | (796) | 17,882 |
| Water system | 283,313 | 1,581 | — | 284,894 |
| Sewerage system | 1,131,450 | 1,486 | — | 1,132,936 |
| Intangible assets | 169,006 | 2,313 | — | 171,319 |
| Total capital assets being depreciated | 1,600,997 | 6,830 | (796) | 1,607,031 |
| Less accumulated depreciation for: | | | | |
| Equipment | (14,758) | (676) | 796 | (14,638) |
| Water system | (93,736) | (5,152) | — | (98,888) |
| Sewerage system | (377,072) | (21,944) | — | (399,016) |
| Intangible assets | (50,554) | (5,335) | — | (55,889) |
| Total accumulated depreciation | (536,120) | (33,107) | 796 | (568,431) |
| Net capital assets being depreciated | 1,064,877 | (26,277) | — | 1,038,600 |
| Net capital assets-Water and Sewerage System fund | \$ 1,121,435 | (9,868) | — | 1,111,567 |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(7) Capital Assets and Infrastructure (continued)

| | <u>January 1, 2016</u> | <u>Increases</u> | <u>Decreases</u> | <u>December 31, 2016</u> |
|---|----------------------------|------------------|------------------|------------------------------|
| Airport fund: | | | | |
| Capital assets not being depreciated: | | | | |
| Land and land improvements | \$ 27,909 | — | — | 27,909 |
| Total capital assets not being depreciated | 27,909 | — | — | 27,909 |
| Capital assets being depreciated: | | | | |
| Equipment | 1,438 | — | — | 1,438 |
| Buildings and other improvements | 5,457 | — | — | 5,457 |
| Total capital assets being depreciated | 6,895 | — | — | 6,895 |
| Less accumulated depreciation for: | | | | |
| Equipment | (1,396) | (15) | — | (1,411) |
| Buildings and other improvements | (5,223) | (113) | — | (5,336) |
| Total accumulated depreciation | (6,619) | (128) | — | (6,747) |
| Net capital assets being depreciated | 276 | (128) | — | 148 |
| Net capital assets-Airport fund | \$ 28,185 | (128) | — | 28,057 |
| | <u>2016</u> | <u>Increases</u> | <u>Decreases</u> | <u>2016</u> |
| Wolf Creek Amphitheater fund: | | | | |
| Capital assets being depreciated*: | | | | |
| Equipment | 221 | 79 | — | 300 |
| Buildings and other improvements | 7,212 | — | — | 7,212 |
| Total capital assets being depreciated | 7,433 | 79 | — | 7,512 |
| Less accumulated depreciation for*: | | | | |
| Equipment | (7) | (37) | — | (44) |
| Buildings and other improvements | (735) | (184) | — | (919) |
| Total accumulated depreciation | (742) | (221) | — | (963) |
| Net capital assets being depreciated | 6,691 | (142) | — | 6,549 |
| Net capital assets-Wolf Creek Amphitheater fund | \$ 6,691 | (142) | — | 6,549 |

*Governmental net capital assets of \$6,691 were transferred to this enterprise fund 1/1/2016.

The above depreciation amounts include amortization of capital leases for assets acquired through capital lease transactions.

| | |
|--|------------------|
| Business-type activities: | |
| Water and Sewerage | \$ 33,107 |
| Airport | 128 |
| Wolf Creek Amphitheater | 221 |
| Total depreciation expense, business-type activities | <u>\$ 33,456</u> |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(7) Capital Assets and Infrastructure – Component unit

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

| | <u>January 1, 2016</u> | <u>Increases</u> | <u>Decreases/ Other Changes</u> | <u>December 31, 2016</u> |
|---|----------------------------|------------------|-------------------------------------|------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,765 | — | — | 2,765 |
| Construction in progress | 74,809 | 7,950 | (41,918) | 40,841 |
| Total capital assets not being depreciated | <u>77,574</u> | <u>7,950</u> | <u>(41,918)</u> | <u>43,606</u> |
| Capital assets being depreciated: | | | | |
| Equipment | 296,747 | 33,806 | (539) | 330,014 |
| Buildings | 272,048 | 60,615 | 1,725 | 334,388 |
| Total capital assets being depreciated | <u>568,795</u> | <u>94,421</u> | <u>1,186</u> | <u>664,402</u> |
| Less accumulated depreciation for: | | | | |
| Equipment | (187,720) | (27,183) | — | (214,903) |
| Buildings and other improvements | (107,416) | (17,687) | — | (125,103) |
| Total accumulated depreciation | <u>(295,136)</u> | <u>(44,870)</u> | <u>—</u> | <u>(340,006)</u> |
| Net capital assets being depreciated | <u>273,659</u> | <u>49,551</u> | <u>1,186</u> | <u>324,396</u> |
| Net capital assets- governmental activities | <u>\$ 351,233</u> | <u>57,501</u> | <u>(40,732)</u> | <u>368,002</u> |

Total depreciation expense for the Hospital Authority was \$44,870. All depreciation was incurred on assets acquired to provide health services.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(8) Long-Term Debt & Other Obligations

(a) Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2016 (in thousands of dollars):

| | January 1, 2016 | Additions | Retirements | Other | December 31, 2016 | Due within one year |
|---|--------------------|-----------|-------------|---------|----------------------|------------------------|
| Governmental activities: | | | | | | |
| Certificates of participation | \$ 72,035 | - | (16,760) | - | 55,275 | 17,560 |
| Less deferred charges, net* | 3,473 | - | - | (690) | 2,783 | |
| Total Certificates of Participation | 75,508 | - | (16,760) | (690) | 58,058 | |
| Library General Obligation Bonds | 146,770 | - | (4,545) | - | 142,225 | 4,440 |
| Less deferred charges, net | 1,778 | - | - | (122) | 1,656 | |
| Total Library General Obligation Bonds | 148,548 | - | (4,545) | (122) | 143,881 | |
| Economic Recovery Zone Bonds | 23,243 | - | (1,952) | - | 21,291 | 2,017 |
| Intergovernmental agreement-AFCRA | 3,115 | - | (383) | - | 2,732 | 401 |
| Compensated absences | 41,178 | 12,420 | (11,662) | - | 41,936 | 12,420 |
| Other long term capital lease obligations | 66,948 | 7,790 | (10,035) | (13) | 64,690 | 9,446 |
| Net other post employment benefits | 532,869 | 90,533 | (35,718) | - | 587,684 | - |
| Net pension liability | 459,046 | | | 35,695 | 494,741 | - |
| Claims and judgments | 13,035 | - | - | (240) | 12,795 | 201 |
| Post-closure care | 11,844 | - | (1,322) | - | 10,522 | - |
| Total Governmental activities | \$ 1,375,334 | 110,743 | (82,377) | 34,630 | 1,438,330 | 46,485 |
| Business-type activities: | | | | | | |
| Water & Sewerage Revenue Bonds | \$ 444,865 | - | (15,325) | - | 429,540 | 16,090 |
| Less deferred charges, net | 47,900 | - | - | (4,921) | 42,979 | |
| Total Water & Sewerage Revenue Bonds | 492,765 | - | (15,325) | (4,921) | 472,519 | |
| Other long-term liabilities | 1,375 | 866 | (750) | - | 1,491 | |
| Total business-type activities | \$ 494,140 | 866 | (16,075) | (4,921) | 474,010 | 16,090 |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

Bonds Payable

General Obligation Bonds - The County issued 2010 Library General Obligation bonds of \$167 million to provide funds for the acquisition and construction of major library facilities and renovations to existing library buildings. These general obligation bonds are direct obligations and pledge the full faith and credit of the County and are reported as a governmental activity in the government wide Statement of Net Position. These bonds have interest rates ranging from 3.00-5.148%, principal payments ranging from \$4,440-\$8,560 and mature in 2039. On January 18, 2017, the County issued the 2nd phase with the 2017 Library General Obligation bonds for \$104,785, which has a final maturity in 2044. No other general obligation bonds are outstanding.

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

| <u>Issue year</u> | <u>Interest rate range</u> | <u>Final Maturity Date</u> | <u>Outstanding balance</u> | <u>Annual principal installments</u> | <u>Purpose</u> |
|---------------------------|----------------------------|----------------------------|----------------------------|--------------------------------------|------------------------|
| Business-type activities: | | | | | |
| 2011 Water and Sewerage | 2.00-5.00 | 2027 | 206,275 | 16,090-20,270 | Water/Sewer facilities |
| 2013 Water and Sewerage | 3.375-5.00 | 2034 | 223,265 | 3,560-33,905 | Water/Sewer facilities |
| | | | <u>\$ 429,540</u> | | |

Debt Margins - The County is subject to the Municipal Finance Law of Georgia which limits the amount of net bonded debt (exclusive of revenue bonds) the County may have outstanding up to 10% of the average assessed valuation of the past five years. Ten percent of the assessed valuation of taxable property is \$5,591,627. As of December 31, 2016, the County had \$143,881 of direct general obligation debt less \$22,729 of funds to service this debt. Therefore, the County's unused debt margin was \$5,470,475 as of December 31, 2016.

Covenants - The various bond indentures contain a number of limitations and restrictions. The County previously self-reported to the SEC pursuant to the Division of Enforcement's (the "Division") Municipalities Continuing Disclosure Cooperation Initiative (the "MCDC Initiative"). In anticipation of the institution of proceedings by the SEC in connection with the MCDC Initiative, the County submitted an Offer of Settlement in April 2016 which the SEC accepted and which resulted in an order being entered by the SEC on the matter on August 24, 2016 (the "MCDC Order"). Solely for the purpose of the proceedings brought by or on behalf of the SEC under the MCDC Initiative, and without admitting or denying the findings in the MCDC Order, except as to the SEC's jurisdiction over it and the subject matter of the proceedings, which were admitted, the County consented to the entry of the

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

MCDC Order. Compliance actions included establishing appropriate written policy and procedures to effect compliance with existing securities laws, comply with existing disclosure undertakings, disclose terms of the settlement in any final official statements for five years subsequent to the order. The county has complied with these provisions within the required 180 days, and will certify and provide supporting material as required by August 24, 2017.

Defeased Debt - In current and prior years, the County defeased certain outstanding revenue and general obligation bonds by placing the proceeds of new bonds and County resources in irrevocable trusts to provide for all future debt service payments on the old bonds. The 1999 Fulton County Facility Corporation Certificates of Participation were defeased and \$51,565 remains outstanding as of December 31, 2016.

The annual requirements to amortize bonds payable as of December 31, 2016, including interest payments are as follows (in thousands of dollars):

| Year Ending December 31 | Library General Obligation Bonds | | Water and Sewerage Revenue Bonds | | Total Primary Government | |
|-------------------------------|-------------------------------------|----------|--|----------|--------------------------------|----------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | \$ 4,440 | 6,565 | 16,090 | 20,687 | 20,530 | 27,252 |
| 2018 | 4,575 | 6,430 | 16,875 | 19,898 | 21,450 | 26,328 |
| 2019 | 4,715 | 6,280 | 17,720 | 19,057 | 22,435 | 25,337 |
| 2020 | 4,820 | 6,111 | 18,605 | 18,174 | 23,425 | 24,285 |
| 2021 | 4,930 | 5,933 | 19,520 | 17,255 | 24,450 | 23,188 |
| 2022-2026 | 26,630 | 26,517 | 108,410 | 70,914 | 135,040 | 97,431 |
| 2027-2031 | 30,910 | 19,734 | 134,770 | 41,529 | 165,680 | 61,263 |
| 2032-2036 | 36,345 | 11,199 | 97,550 | 8,228 | 133,895 | 19,427 |
| 2037-2039 | 24,860 | 1,948 | - | - | 24,860 | 1,948 |
| Total | 142,225 | 90,717 | 429,540 | 215,742 | 571,765 | 306,459 |
| Deferred charges/ premiums | 1,656 | (1,656) | 42,979 | (42,979) | 44,635 | (44,635) |
| Total | \$ 143,881 | 89,061 | 472,519 | 172,763 | 616,400 | 261,824 |

Certificates of Participation

The County in 1999 entered into a capital lease obligation with the Fulton County Facilities Corporation, an entity that finances the costs of acquiring, constructing, renovating and equipping various public purpose projects in Fulton County. The County entered into a Public-Purpose Master Lease agreement in which the County agreed to make annual lease payments, subject to annual appropriation, sufficient to pay principal and interest to the Corporation. The total lease obligation was refunded in 2009, and \$55,275 remains outstanding as of December 31, 2016 with an interest rate at 4.0-5.0%.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

Economic Recovery Zone bonds

The County in 2010 entered into a capital lease obligation with the Fulton County Urban Redevelopment Authority, an entity that finances the costs of acquiring, constructing, renovating and equipping various public purpose projects within declared economic recovery zones within Fulton County. In 2011, the Authority also issued \$5,372 in Qualified Energy Conservation bonds under the American Recovery and Reinvestment Act for improvements to reduce utility costs in qualified areas. The County entered into Public-Purpose Master Lease agreements for both these bond issues, in which the County agreed to make annual lease payments, subject to annual appropriation that is sufficient to pay principal and interest to the Authority. The total lease obligation as of December 31, 2016 is \$21,291 with interest rate of 4.70% for the 2010 bonds and 3.18% on the 2011 bonds. These bonds issued at par also receive federal government interest subsidies under the American Recovery and Reinvestment Act each year. The amounts shown below do not include any of these subsidies. The annual requirements to amortize these capital lease obligations as of December 31, 2016, including interest payments of \$5,575 and \$4,976 are as follows (in thousands of dollars):

| <u>Year ended December 31,</u> | <u>Fulton County Facilities Corporation</u> | <u>Fulton County Urban Redevel- opment Agency</u> |
|---|---|---|
| 2017 | \$ 20,284 | 2,957 |
| 2018 | 20,286 | 2,938 |
| 2019 | 20,280 | 2,912 |
| 2020 | - | 2,888 |
| 2021 | - | 2,863 |
| 2022-2026 | - | 11,709 |
| Total minimum lease payments | \$ 60,850 | 26,267 |
| Less: Amount representing interest | (5,575) | (4,976) |
| Present value of minimum lease payments | \$ 55,275 | 21,291 |

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

The County has entered into other various capital lease obligations totaling \$64,690 with interest rates ranging from 1.57-4.05%. The capital leases require the County to make lease payments equal to the debt payments made by the owner of the facility or holder of the lease. The County can exercise its option to purchase each facility upon prepayment of the respective lease. Assets acquired through capital leases are \$147,377 as of December 31, 2016, of which \$38,910 is recorded as buildings; \$51,014 is equipment and \$57,453 recorded for mechanical, electrical and plumbing improvements to the County's jail.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

The annual requirements to amortize these other capital lease obligations as of December 31, 2016, including interest payments of \$9,297 are as follows (in thousands):

| <u>Year ended December 31,</u> | <u>Capital lease obligation</u> |
|---|-------------------------------------|
| 2017 | \$ 11,354 |
| 2018 | 10,207 |
| 2019 | 8,778 |
| 2020 | 8,678 |
| 2021 | 7,794 |
| 2022-2026 | 27,176 |
| Total minimum lease payments | <u>\$ 73,987</u> |
| Less: Amounts representing interest | <u>(9,297)</u> |
| Present value of minimum lease payments | <u><u>\$ 64,690</u></u> |

Tax Anticipation Notes

The County issued \$150 million in Tax Anticipation Notes on May 26, 2016 to fund cash requirements until the primary source of cash revenues of property taxes are received in October and November of each year. The interest cost on this borrowing was approximately \$444 thousand. This note matured on December 30, 2016, with a net yield of .4987%.

| | |
|---|--------------------|
| Liability for Tax Anticipation Notes, January 1, 2016 | \$ - |
| Notes Issued | 150,000,000 |
| Notes Matured and paid | <u>150,000,000</u> |
| Liability for Tax Anticipation Notes, December 31, 2016 | \$ - |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

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

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

Changes in the Hospital Authority's non-current liabilities for the year ended December 31, 2016 are noted below: (in thousands)

| | January 1, 2016 | Additions | Retirements | December 31, 2016 | Due within one year |
|------------------------------|--------------------|-----------|-------------|----------------------|------------------------|
| Long-term debt: | | | | | |
| Revenue Certificates | \$ 163,820 | - | (20,625) | 143,195 | 21,995 |
| Notes payable | 29,724 | 29,824 | (29,723) | 29,825 | - |
| Capital lease obligations | 3,105 | 1,684 | (1,684) | 3,105 | 787 |
| Total long-term debt | 196,649 | 31,508 | (52,032) | 176,125 | 22,782 |
| Other long-term liabilities: | | | | | |
| Workers Compensation | 334 | - | (305) | 29 | 1,517 |
| General Professional | 36,185 | - | 1,720 | 37,905 | 10,062 |
| Accrued OPEB | 4,522 | - | (458) | 4,064 | - |
| Other | 10,523 | 1,046 | (2,306) | 9,263 | - |
| Total | \$ 51,564 | 1,046 | (1,349) | 51,261 | 11,579 |

(h) *Hospital Authority Capital Lease Obligations*

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

| Year Ending December 31 | | Authority Long Term Debt Principal | Interest | Authority Capital Lease Obligations Principal | Interest | Totals Principal | Interest |
|-------------------------------|----|--|----------|---|----------|---------------------|----------|
| 2017 | \$ | 21,995 | 3,029 | 787 | 189 | 22,782 | 3,218 |
| 2018 | | 22,405 | 2,549 | 839 | 137 | 23,244 | 2,686 |
| 2019 | | 22,820 | 2,059 | 782 | 82 | 23,602 | 2,141 |
| 2020 | | 23,240 | 1,560 | 225 | 49 | 23,465 | 1,609 |
| 2021 | | 16,345 | 1,105 | 236 | 31 | 16,581 | 1,136 |
| 2022-2026 | | 36,390 | 692 | 236 | 13 | 36,626 | 705 |
| Total | \$ | 143,195 | 10,994 | 3,105 | 501 | 146,300 | 11,495 |

The Hospital Authority has entered into various capital lease agreements for equipment. At December 31, 2016, the amount of equipment recorded under capital leases amount to approximately \$9.7 million and the related accumulated amortization amounted to approximately \$6.7 million.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(9) Other Long-Term Obligations

(a) *Fulton County*

The County owns two closed landfill sites within the County geographic boundaries. State and Federal laws and regulations require the County to monitor and maintain these closed landfills for approximately another 10 years. The County payments specific to landfill postclosure care approximated \$1,322 in 2016, which are paid by the Solid Waste fund, a special revenue fund. In 1997, the County received a postclosure care financial assurance certification. An average inflation assumption of 3.15% is applied to the estimated annual costs. These costs could vary based on new technologies or other changes to applicable laws and regulations.

(b) *Hospital Authority*

Line of Credit - The Hospital has historically maintained a line of credit facility with a commercial bank, which serves as bridge financing for its intergovernmental transfer ("IGT") funding requirements for the ICTF program and as a general revolving working capital facility. During February 2016, the Hospital obtained a new credit facility which expired on February 27, 2017, and subsequently extended to March 2018. This provides a working capital component only \$30 million which accrue interest on one-month LIBOR plus 125 basis points. No amounts were due under this line of credit as of December 31, 2016.

(10) Interfund Assets/Liabilities and Transfers

No Interfund receivable and payable balances exist as of December 31, 2016. Interfund transfers are attributable to the budgeted allocation of resources from one fund to another for capital outlay projects, matching resources for federal and state grants, and other transfers adopted within the County's budget. These transfers are reported below (in thousands of dollars):

| Transferred From | Transferred To | | | | Total |
|------------------------------------|----------------|--------------------------------|------------------------------|----------------------------|--------|
| | General fund | South Fulton Tax District fund | Non-Major Governmental funds | Non-Major Enterprise funds | |
| General fund | \$ - | 2,000 | 62,484 | - | 64,484 |
| South Fulton Special District fund | 822 | - | 5,545 | - | 6,367 |
| Water and Sewerage System fund | - | - | 31 | - | 31 |
| Non-Major Governmental funds | - | - | 173 | 1,400 | 1,573 |
| Non-Major Enterprise funds | - | - | 546 | - | 546 |
| | \$ 822 | 2,000 | 68,779 | 1,400 | 73,001 |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(11) Risk Management

The County is self-insured for workers' compensation, unemployment, auto and general liability. The County pays for such claims as they become due from this fund, including claims and judgments. The present value of the estimated future liability for outstanding claims, including estimated incurred but unreported claims, as of December 31, 2016, which is expected to be paid after one year, is \$12,795. This estimated future liability is reported in the governmental activities of the government-wide statements. The County purchases commercial insurance for these exposures at various claim levels. The County has not experienced any significant decrease in insurance coverage in 2016. Settled claims have not exceeded commercial coverage in each of the past three fiscal years.

Additionally, the County is partially self-insured for employee medical claims. The County accounts for its liability for such medical claims and estimated incurred and unreported claims, together with the accumulation of resources for their payment through employee charges and County contributions, in the Insurance Stabilization Fund (Internal Service Fund). At December 31, 2016, the present value of the estimated future liability for outstanding claims, including estimated incurred, but not reported claims, is \$7,835. At December 31, 2016, the County held \$9,562 in cash and cash equivalents and \$5,285 in other current assets that is available for payment of these claims.

The County has also recorded a liability within the Risk Management Fund of \$2,573 to provide for resources to insure for general, employee and vehicle liability and automobile physical damage. At December 31, 2016, the County held \$17,670 in cash and cash equivalents available for payment of these and future claims.

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

Changes in the balances of claims liabilities for the County for the period ended December 31, 2016 was as follows (in thousands of dollars):

| | | Beginning of fiscal year liability | Current year claims and changes in estimates | Claims payments | Balance at fiscal year-end |
|------|----|---|---|----------------------------|---|
| 2016 | \$ | 34,476 | 106,499 | (117,772) | 23,203 |
| 2015 | \$ | 24,351 | 141,464 | (131,339) | 34,476 |
| 2014 | | 25,201 | 108,596 | (109,446) | 24,351 |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(12) Retirement Plans

(a) County Pension Plan

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

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

On June 16, 1998, the County adopted a 401(A) defined contribution plan. All active participants in the Fulton County Employees' Retirement System have the annual option to remain in their current defined benefit plan or elect to participate in the new defined contribution plan. Employees hired on or after July 1, 1999 participate in the Fulton County Defined Contribution Plan.

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

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(12) Retirement Plans (continued)

The required contribution percentages developed in the most recent actuarial valuations for the Plan, and the actual contributions, but not including contributions of \$121 to the Supplemental Plan described in this note, made for 2016 are as follows (in thousands of dollars):

| | <u>2016</u> |
|--|-------------|
| Total required employer contributions: | |
| Dollar amount | \$ 50,493 |
| Percent of covered payroll | 215.87% |
| Actual employer contributions: | |
| Dollar amount | \$ 45,977 |
| Percent of covered payroll | 196.56% |

Employee contribution rates are established in accordance with pension law. During 2016 actual countywide employee contributions were \$1,633 which represented 6.98% of covered payroll. Employee contributions exceeded those set forth in pension law due to back-due contributions required of employees covered by certain of the County's prior separate plans, who under older pension laws, have the ability to increase their retirement benefits by making such back-due contributions.

The actuarial present value of accumulated plan benefits is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. An actuarial valuation of the Plan is performed annually each January 1, and an update is performed to determine the Actuarial Value of Assets and Actuarial Accrued Liability, Total Pension Liability and Net Pension Liability.

Membership

Current membership in the Plan and current year payrolls for 2016 are as follows:

| | |
|--|------------------|
| Members: | |
| Retired and receiving benefits | \$ 3,232 |
| Terminated with vested benefits | 26 |
| Active employees: | |
| Vested | 394 |
| Total members | <u>3,652</u> |
| Total current year payroll for employees covered by the Plan (in thousands) | <u>\$ 23,391</u> |

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employee compensation.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(12) Retirement Plans (continued)

The accumulated plan benefits for active employees are based on their average compensation and credited service ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances — retirement, death, disability, and termination of employment — are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. An actuarial valuation of the Plan is performed annually each January 1, and an update is performed to determine the Actuarial Value of Assets and Actuarial Accrued Liability.

Effective as of the January 1, 2017 valuation, the Fulton County Employees Retirement System Board approved a lower assumed rate of return from 7.60% to 7.50%, which affected the actuarial liability by \$15.7 million, and also increased the administrative expense assumption from \$600,000 to \$800,000. There were no changes in plan provisions from the last valuation date.

The System's total and net pension liability for the years ended December 31, 2016 and 2015 are as follows:

| Fiscal year ended | Total Pension Liability | Fiduciary Net Position | Net Pension Liability | Fiduciary net position as a percentage of Total Pension Liability |
|----------------------------------|--|---------------------------------------|--------------------------------------|--|
| December 31, 2016 | \$ 1,706,578 | 1,211,837 | \$ 494,741 | 71.01% |
| December 31, 2015 | 1,677,001 | 1,217,955 | 459,046 | 72.63% |

Sensitivity of the Net Pension Liability to Changes in the discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.50%, and the System's net pension liability would be if it were calculated using a discount rate this is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate.

| | 1% Decrease (6.50%) | Current Discount (7.50%) | 1% Increase (8.50%) |
|--------------------------------|--------------------------------|---|--------------------------------|
| System's net pension liability | \$666,245 | \$494,741 | \$348,697 |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(12) Retirement Plans (continued)

Changes in Total and Net Pension Liability, and Plan Fiduciary Net Position are shown below:

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|--|------------------------------------|--|----------------------------------|
| Balances at December 31, 2015 | \$ 1,677,001 | 1,217,955 | 459,046 |
| Changes for the year: | | | |
| Service cost | 3,283 | | 3,283 |
| Interest | 122,576 | | 122,576 |
| Benefit changes | | | - |
| Difference between expected and actual experience | 16,293 | | 16,293 |
| Change of assumptions | 15,734 | | 15,734 |
| Contributions - employer | | 45,977 | (45,977) |
| Contributions - employee | | 1,633 | (1,633) |
| Net investment income | | 75,369 | (75,369) |
| Benefit payments, including refunds of employee contributions | (128,309) | (128,309) | - |
| Administrative expense | | (788) | 788 |
| Net changes | \$ 29,577 | (6,118) | 35,695 |
| Balances at December 31, 2016 | <u>\$ 1,706,578</u> | <u>1,211,837</u> | <u>494,741</u> |

Methods and assumptions used in the calculations of actuarially determined contributions

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported:

| | |
|-------------------------------|---|
| Valuation Date | January 1, 2017 |
| Actuarial cost method | Entry Age normal |
| Amortization method | Closed level dollar, closed period. |
| Remaining amortization period | Remaining amortization period varies for the bases with a net effective amortization period of 14 years. |
| Asset valuation method | Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value. |
| Investment rate of return | 7.50%. The net investment return assumption is a long-term estimate derived from historical data, current and recent market expectations, and professional judgment. As part of the analysis, a building block approach was used that reflects inflation expectations and anticipated risk premiums for each of the portfolio's asset classes, as well as the System's target asset allocation. |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(12) Retirement Plans (continued)

Methods and assumptions used in the calculations of actuarially determined contributions

| | |
|----------------------------|------|
| Inflation rate | 3.0% |
| Projected salary increases | 3.0% |
| Cost of living adjustments | 3.0% |

Mortality Rates-Healthy RP-2000 Combined Mortality Table with Blue Collar adjustment, projected to 2019 using Scale AA, further loaded by 30% for Males and 10% for Females

Mortality Rates-Disabled RP-2000 Disabled Retiree Mortality Table projected to 2019 using Scale AA

Retirement Rates-Unreduced Pension: Assumptions for non-public safety retirement probability is 26.5% at first age eligibility until 100% at age 70. Assumptions for public safety retirement probability is 60.0% at first age eligibility, then 40% through age 64 and 100% thereafter.

Retirement Rates-Reduced Pension: Assumptions for non-public safety retirement probability range from 8.25% at age 50 and increases each year to 12% at age 64. Assumptions for public safety retirement probability ranges from 12.55% at age 50, and increases each year to 23.75% at age 64.

The retirement rates for reduced pensions apply only until eligibility for normal retirement occurs. From that point forward, the rates for unreduced pensions apply.

The following presents target allocations and long term expected rates of return for the Plan.

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return*</u> |
|-------------------------------|--------------------------|--|
| Domestic Equity | 48.00% | 6.71% |
| International Equity | 20.00% | 7.71% |
| Emerging International Equity | 5.00% | 9.81% |
| Core Bonds | 17.00% | 2.11% |
| Global Bonds | 5.00% | 4.61% |
| Global Asset Allocation | <u>5.00%</u> | 3.91% |
| | 100.00% | |

*Expected real rate of return is net of inflation

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(12) Retirement Plans (continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

The County recognized total pension expense of \$92,151 for the year ended December 31, 2016, all within the governmental activities. Included in pension expense are recognized amounts related to the deferred outflows of resources for pensions, which is detailed below. The December 31, 2016 Investment loss of \$14,099 will be recognized ratably at \$2,820 over the next four years. The December 31, 2015 balance of \$87,033 will be recognized ratably at \$21,758 each year for the next three years. This is the net difference between projected and actual earnings on pension plan investments.

| | |
|---|------------------|
| January 1, 2016 Deferred outflows related to pensions | \$ 87,033 |
| 2016 Investment loss | 14,099 |
| Difference between projected and actual earnings | |
| Recognized in 2016 | (21,758) |
| Difference between projected and actual earnings | |
| Recognized in 2016 | <u>(2,820)</u> |
| December 31, 2016 Deferred outflows related to pensions | <u>\$ 76,554</u> |

Fulton County Employees' Retirement System Supplemental Plan

On January 1, 2000, the Fulton County Employees' Retirement System Supplemental Plan was created to pay benefits in excess of the limitations required for compliance with federal tax laws. The accrued liability estimate for this plan is approximately \$1.2 million as of January 1, 2017 biannual actuarial valuation date. Plan assets total \$.5 million, and the unfunded balance is \$.7 million which is being amortized on a 6 year level dollar method. Participant information, actuarial funding methods, and other assumptions are the same as the Fulton County Employees' Retirement System. This liability does not appear on the actuarial information presented for the Fulton County Employees Retirement System Plan.

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

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

(b) Defined Contribution Plan

The Fulton County Defined Contribution Pension Plan was established in June 1999 to provide retirement benefits for new employees, appointees and other County officials, as the defined benefit plan was closed. Mass Mutual serves as an independent administrator of the plan. At December 31, 2016, the plan had 5,227 active participants who contributed 6% of their pensionable earnings, approximately \$13,460 during 2016. The County also contributed \$18,079 which was 8% of their pensionable earnings throughout the year. The County also contributed an additional \$1,565 in matched funds into the Plan for those Participants electing to participate in the County's Deferred Compensation Plan. Participants fully vest the matched contributions over a five-year period. Plan provisions and contribution requirements are established by and may be amended by the County Board of Commissioners.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(12) Retirement Plans (continued)

(c) *Deferred Compensation Plan*

The County has adopted a deferred compensation plan (the "Plan") in accordance with the 2001 revisions of Section 457 of the Internal Revenue Code. The Plan, available to all Fulton County employees, allows an employee to voluntarily defer a certain percentage of gross compensation, not to exceed \$18,000 for those less than 50 years of age, and an additional \$6,000 for all others above 50 years of age. The Plan assets are held in custodial accounts for the exclusive benefit of the Plan participants and their beneficiaries and, therefore, the plan assets and liabilities are not recorded on the financial statements of the County. TIAA-CREF independently managed assets throughout 2016.

(d) *Hospital Authority Pension Plan*

The Hospital Authority has a single-employer trustee noncontributory defined benefit pension plan, which was frozen May 19, 2008. All employees participating in the Plan prior to that date remain participants. The Hospital Authority contributes an amount sufficient to meet the actuarially determined pension expense for each year. The Hospital Authority subsequently provided a 403(b) plan, then replaced effective January 2, 2009 with 401(k) plan in which employee contributions are matched 100% up to 4% of eligible compensation after one year of eligible service. Detailed information about the pension plan's fiduciary net position is available in a separate publicly available financial report which may be obtained by writing to Grady Health System, Administrative Office, Chief Financial Officer, 80 Jesse Hill Jr. Drive, S.E. Atlanta, Georgia 30303.

(13) Other Post-Employment Benefits

(a) *Fulton County*

The County provides certain health care and life insurance benefits for retired employees through an independent third party administrator, in which all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. Fulton County contributes 75-90% of the premium cost for health care coverage, based upon the plan chosen by the participant, and contributes 100% of the premium cost for \$10,000 of life insurance coverage for those employees retiring after December 1, 1988. The County pays 75% of the life insurance premiums for those persons who retired prior to December 1, 1988. The total cost to provide retiree health care and life insurance benefits, in the Health Insurance Stabilization fund, an internal service fund, is recognized as paid; such costs approximated \$44,357 in 2016, as compared to \$42,873 in 2015. In accordance with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the County's annual other postemployment benefit (OPEB) cost is calculated based on the Annual Required Contribution of the employer (ARC) which is required to be actuarially determined on a biannual basis.

The Annual Required Contribution and Total OPEB Obligation amounts were determined under the Attained Age funding method. As of the evaluation date, the number of retirees with current health care coverage was approximately 3,800, of which approximately 3,400 have life insurance coverage in effect. Approximately 4,800 active employees with coverage are subject to this plan.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(13) Other Post-Employment Benefits (continued)

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

In 2009 the County contributed \$2,185 to an irrevocable trust fund dedicated to pay for future OPEB claims against the current unfunded accrued actuarial liability of \$1,309,920. This is presented in the Statement of Fiduciary Assets on page 24. No contribution has been made subsequently, but interest earnings of \$2,204 have accumulated in this trust fund as of December 31, 2016, of which \$360 was earned in 2016.

As of the most recent valuation date of January 1, 2017, the OPEB Plan funded status was as follows:

| Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---------------------------------|--|--|-----------------|--------------------|---|
| \$4,389 | \$1,314,309 | \$1,309,920 | 0.003% | \$240,697 | 544.2% |

The county's annual OPEB cost and net OPEB liability for the year ended December 31, 2016:

| | |
|---|------------|
| Annual required contribution (ARC) for other postemployment benefits (OPEB) | \$ 89,580 |
| Interest on annual required contribution | 21,315 |
| Adjustment to the ARC | (20,362) |
| Annual OPEB cost/Annual required contribution | 90,533 |
| Annual employer contributions made on claims | (35,718) |
| Change in net OPEB obligation | 54,815 |
| Net OPEB obligation - January 1 | 532,869 |
| Net OPEB obligation - December 31 | \$ 587,684 |

Schedule of OPEB Employer Contributions Three-Year Trend Information

| Fiscal year ended | Annual OPEB Cost (ARC) | Percentage of ARC contributed | Net OPEB obligation |
|-------------------------|---------------------------------|-------------------------------------|---------------------------|
| December 31, 2014 | \$ 107,851 | 26.9% | \$ 477,761 |
| December 31, 2015 | 86,971 | 37.6 | 532,869 |
| December 31, 2016 | 90,533 | 39.5 | 587,684 |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(13) Other Post-Employment Benefits (continued)

Actuarial Assumptions for the Other Postemployment Benefit plan as of January 1, 2017:

| | |
|-----------------------------------|--|
| Cost Method | Entry Age Normal Actuarial Cost method |
| Actuarial Asset Valuation Method | Market Value |
| Assumed Investment Rate of Return | 4.0%, compounded annually |
| Healthcare Cost Trend Rate | 7.5% in 2017 to 5.0% in 2023 and thereafter |
| Aging Adjustment | 1.0% at age 30 up to 4.2% ages 60-64, declining to 0.0% at age 90 and over |
| Inflation Rate | 3.0% |
| Estimated Salary increases | 4.0%, of which 3.0% is an inflationary component |
| Amortization Method | Level dollar, 30 years, open period |

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

(b) Hospital Authority

The Hospital Authority provides retiree medical benefits covering all employees of the Hospital Authority who retire at age 55 or older with at least 10 years of service. The plan was amended effective May 1, 2013, the terms of which generally provide that Medicare-eligible employees are no longer eligible for medical benefits under the post retirement benefit plan. Consequently, during 2013 the Authority began providing a retiree Health Reimbursement Account (HRA) for each Medicare-eligible individual in the plan. The plan discontinued its HRA contributions starting in 2015.. The financial impact of the 2013 plan amendments recognized in the Authority's fiscal year 2016 combined financial statements results in a \$13.4 million increase in operating income through a reduction in the net periodic benefit cost. A discount rate of 3.35% was used to remeasure obligations at the amendment date.

The changes in the accumulated postretirement benefit obligation (APBO) during 2016 follow:

| | 2016 |
|--------------------------------|-------------|
| APBO, Beginning | \$ 5,296 |
| Service cost | 136 |
| Interest cost | 130 |
| Plan participant contributions | 107 |
| Benefits paid | (322) |
| Actuarial gain | (377) |
| APBO, Ending | \$ 4,970 |

\$906 of the above liability is classified as current

Expected future payments for other post-employment benefits range from \$906 to \$1,086 for the next five years and \$629 for combined years 2022 through 2026. 2.58% was used for weighted average assumptions to determine benefit obligations.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(13) Other Post-Employment Benefits (continued)

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

| | <u>2016</u> |
|---|---------------------|
| Service cost | \$ 136 |
| Interest cost | 130 |
| Amortization of prior service cost (credit) | (13,322) |
| Amortization of net gain | <u>(436)</u> |
| Net periodic postretirement benefit cost (credit) | (<u>\$13,492</u>) |

Assumed healthcare cost trend rates can have a significant effect on amounts reported for postretirement healthcare benefits. A 1% increase in the healthcare cost trend rate would increase the APBO by approximately \$151 thousand and increase interest and service cost by approximately \$8 thousand. A 1% decrease in the healthcare cost trend rate would decrease the APBO by approximately \$17 thousand and reduce interest and service cost by approximately \$8 thousand. Assumed trend rates utilized in this estimate range from 6.0% in 2017 reduced each year between .10% to .20% thereafter to a rate of 4.5% in 2037 and thereafter.

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

(14) Commitments and Contingencies

(a) *Fulton County*

- (1) **Litigation** – The County is a defendant in a number of other legal actions in the nature of claims for damages to persons and property, civil rights violations, condemnation, and other similar types of actions arising in the course of normal County operations. In the opinion of County management, after consultation with legal counsel, an aggregate liability up to \$15 million is believe to be reasonably possible, of which approximately \$7.4 million is believed to be probable. The County will continue to assert its position in a defense against all unsettled claims. The County has accrued \$15 million for these and future cases, \$13 million within the long term debt section and approximately \$2 million as payables in the Risk Management Fund on page 96.
- (2) **Grants** - The County participates in a number of Federal financial assistance programs. These programs are subject to independent financial and compliance audits by independent auditors and grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.
- (3) **Commitments** - Commitments for water and sewerage system improvements approximate \$17,612, and \$7,462 for library system capital improvements as of December 31, 2016.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(14) Commitments and Contingencies (continued)

(b) Hospital Authority

General and Professional Liability – The Hospital is self-insured for its general and professional liability insurance coverage. The Hospital's self-insured retention is \$5 million per claim. Commercial insurance has been obtained to provide for coverage in excess of the Hospital's self-insured retention limits on a claims-made basis. The general and professional self-insurance reserves included in the accompanying combined financial statements are recorded on a discounted basis, at 1.0% at December 31, 2016, and include estimates of the ultimate costs for both reported claims and claims incurred but not reported. The Hospital has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. The cumulative unfunded portion of the actuarially recommended reserve is \$48.0 million at December 31, 2016. While the ultimate outcome of these risks is not presently determinable, it is the opinion of management that the reserve is adequate to cover such risks.

Workers' Compensation Liability – The Hospital also self-insures its workers' compensation liability exposures up to limits of \$350 thousand per claim. Commercial insurance has been obtained to provide for excess workers' compensation liability coverage. Accrued workers' compensation is recorded on a discounted basis, at 1.0% at December 31, 2016, in the component unit financial statements. Further, the Hospital engages an independent actuary to make an annual evaluation of the liability. The actuarially recommended reserve for workers' compensation at December 31, 2016, is \$1.5 million. While the ultimate outcome of these risks is not presently determinable, it is the opinion of management that the reserve is adequate to cover such risks.

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

- (1) **Operating Leases** - Leases that do not meet the criteria for capitalization are classified as operating leases with related rental expense charged to operations as incurred. The Hospital Authority has several noncancelable operating leases, primarily for office space and equipment, which expire at various dates through 2030. Rental costs for the year ended December 31, 2016 were approximately \$8.5 million. The future minimum lease payments under noncancelable operating leases as of December 31, 2016 are as follows (in thousands):

| | <u>Operating leases</u> |
|------------|-------------------------|
| 2017 | \$ 4,000 |
| 2018 | 3,896 |
| 2019 | 3,804 |
| 2020 | 3,257 |
| 2021 | 2,679 |
| Thereafter | 10,877 |
| | <u>\$ 28,513</u> |

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(15) Fund Balance

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

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed. For unrestricted amounts of fund balance, it is the County's policy to use committed fund balance first, then assigned fund balances, then unassigned.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2016

(15) Fund Balance (continued)

The specific purposes of the governmental funds fund balances, classified as other than unassigned, at December 31, 2016 are as follows (in thousands):

| Fund Balances: | Restricted | Committed | Assigned |
|---|------------|-----------|----------|
| Library capital projects | \$ 34,804 | | |
| Debt service | 23,731 | | |
| Grants in Aid | 2,221 | | |
| Emergency Communications | 2,243 | | |
| Public Health Services | 9,360 | | |
| Law Enforcement and Justice services | 10,062 | | |
| Public Education Government Television | | 571 | |
| South Fulton Special District | | | 4,008 |
| Special Service District | | | 3,631 |
| Stormwater Management | | | 29 |
| General Government services | | | 324 |
| Social and Cultural services | | | 2,777 |
| Other special revenue | | | 2,396 |
| Tax Allocation district | | | 3 |
| Other Capital and Transportation projects | 423 | | 71,973 |
| Totals | \$ 82,844 | 571 | 85,141 |

(16) Subsequent Events

The County on May 3, 2017 issued \$200 million in Tax Anticipation Notes to provide operating capital until property tax collections are received by the County.

On May 1, 2017, the City of South Fulton began municipal operations, which includes most of the previously unincorporated area of Fulton County. The County is, under required State legislation, providing these services on behalf of the new City and is to be reimbursed the cost from revenues remitted to the new city. A small area known as Fulton Industrial Boulevard currently remains as unincorporated.

On July 1, 2017, the new Fulton County Board of Health will begin operations, which was previously recorded with a portion of the County's General fund and a Special Revenue fund listed as Public Health Services. The County will provide support services to this new entity for the foreseeable future.

On May 17, 2017, the Fulton County Urban Redevelopment Agency authorized measures to issue up to \$90 million in Facility bonds for renovation and repair of facilities located in the approved redevelopment area in Atlanta. The County will enter into an intergovernmental agreement to remit annual lease payments sufficient to pay the debt service owed by the Agency.

This page left intentionally blank.

**REQUIRED
SUPPLEMENTARY
INFORMATION**
(Unaudited)

FULTON COUNTY, GEORGIA

Required Supplementary Information
Unaudited, and in thousands

December 31, 2016

Schedule of Contributions from the Employer and Other Contributing Entities

| Year Ended | Contributions in Relation to The Actuarially Determined Contribution | | | | | Covered Employee Payroll | Contributions as a Percentage of Covered Employee Payroll |
|-------------------|---|--|---------------------------------------|---------------------------------|--|--------------------------------|--|
| | Actuarially Determined Contributio n | County Employer Contributio n | DFACS Employer Contributio n | Total Employer Contributions | Contribution Deficiency (Excess) | | |
| December 31, 2007 | \$ 38,367 | 37,289 | 513 | 37,802 | 565 | 80,266 | 47.10% |
| December 31, 2008 | 33,836 | 32,339 | 411 | 32,750 | 1,086 | 78,184 | 41.89 |
| December 31, 2009 | 43,008 | 38,242 | 260 | 38,502 | 4,506 | 67,184 | 57.31 |
| December 31, 2010 | 36,639 | 37,044 | 182 | 37,226 | (587) | 57,888 | 64.31 |
| December 31, 2011 | 45,049 | 42,049 | 121 | 42,170 | 2,879 | 49,277 | 85.58 |
| December 31, 2012 | 51,199 | 45,878 | 58 | 45,936 | 5,263 | 42,622 | 107.78 |
| December 31, 2013 | 52,882 | 56,126 | 118 | 56,244 | (3,362) | 36,258 | 155.12 |
| December 31, 2014 | 55,255 | 57,441 | 88 | 57,529 | (2,274) | 32,828 | 175.24 |
| December 31, 2015 | 48,586 | 47,203 | 27 | 47,230 | 1,356 | 27,820 | 169.77 |
| December 31, 2016 | 50,493 | 45,953 | 24 | 45,977 | 4,516 | 23,391 | 196.56 |

Schedule of Employer's Net Pension Liability

| Year Ended | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability | Plan Fiduciary Net Position as a percentage of the Total Pension liability | Covered payroll | Net pension liability as a percentage of covered payroll |
|-------------------|-------------------------------|--------------------------------------|--------------------------|--|--------------------|--|
| December 31, 2016 | \$ 1,706,579 | 1,211,837 | 494,742 | 71.01% | 23,391 | 2,115.08% |
| December 31, 2015 | 1,677,001 | 1,217,955 | 459,046 | 72.63 | 27,820 | 1,650.06 |
| December 31, 2014 | 1,654,412 | 1,306,027 | 348,385 | 78.94 | 32,828 | 1,061.24 |

FULTON COUNTY, GEORGIA

Required Supplementary Information
Unaudited, and in thousands

December 31, 2016

Schedule of Investment Returns

| <u>Year Ended</u> | <u>Annual money-weighted rate of return, net of investment expense</u> |
|-------------------|--|
| December 31, 2014 | 5.05% |
| December 31, 2015 | (0.88%) |
| December 31, 2016 | 6.40% |

Other Post Employment Benefits Required Supplementary Information

Schedule of Funding Progress

| <u>Actuarial valuation date</u> | <u>Actuarial value of assets (a)</u> | <u>Entry age normal Actuarial Accrued Liability (AAL) (b)</u> | <u>Unfunded Actuarial Accrued Liability (Asset) (UAAL) (b - a)</u> | <u>Funded ratio (a/b)</u> | <u>Covered payroll (c)</u> | <u>UAAL as a percentage of covered payroll [(b - a)/c]</u> |
|---|--|---|--|-----------------------------------|------------------------------------|--|
| December 31, 2011 | \$ 2,689 | 1,509,799 | 1,507,110 | 0.18% | 224,189 | 673% |
| December 31, 2012 | 3,023 | 1,798,332 | 1,795,309 | 0.17 | 226,479 | 794 |
| December 31, 2013 | 3,023 | 1,798,332 | 1,795,309 | 0.17 | 226,479 | 794 |
| December 31, 2014 | 4,012 | 1,230,477 | 1,226,465 | 0.33 | 207,692 | 591 |
| December 31, 2015 | 4,012 | 1,230,477 | 1,226,465 | 0.33 | 207,692 | 591 |
| December 31, 2016 | 4,389 | 1,314,309 | 1,309,920 | 0.34 | 240,697 | 544 |

FULTON COUNTY, GEORGIA

Required Supplementary Information Unaudited, and in thousands

December 31, 2016

Schedule of Changes in System's Net Position Liability Last Ten Fiscal Years (in thousands)

| | 2016 | 2015 | 2014 |
|--|---------------------|------------------|------------------|
| Total Pension Liability | | | |
| Service cost | \$ 3,283 | 3,678 | 4,291 |
| Interest | 122,576 | 122,562 | 120,935 |
| Change of benefit terms | - | - | - |
| Differences between expected and actual experience | 16,293 | 6,262 | 21,902 |
| Change of assumptions | 15,734 | 15,489 | 15,352 |
| Benefit payments, including refunds of employee contributions | (128,309) | (125,402) | (117,044) |
| Net change in total pension liability | 29,577 | 22,589 | 45,436 |
| Total pension liability - beginning | \$ 1,677,001 | 1,654,412 | 1,608,976 |
| Total pension liability - ending (a) | <u>\$ 1,706,578</u> | <u>1,677,001</u> | <u>1,654,412</u> |
| Plan fiduciary net position | | | |
| Contributions-employer | \$ 45,977 | 47,230 | 57,529 |
| Contributions-employee | 1,633 | 1,868 | 2,129 |
| Net investment income | 75,369 | (11,187) | 64,143 |
| Benefit payments, including refunds of employee contributions | (128,309) | (125,402) | (117,044) |
| Administrative expense | (788) | (581) | (705) |
| Other | - | - | - |
| Net change in plan fiduciary net position | \$ (6,118) | (88,072) | 6,052 |
| Plan fiduciary net position - beginning | \$ 1,217,955 | 1,306,027 | 1,299,975 |
| Plan fiduciary net position - ending (b) | <u>\$ 1,211,837</u> | <u>1,217,955</u> | <u>1,306,027</u> |
| System's net pension liability - ending (a) - (b) | <u>494,741</u> | <u>459,046</u> | <u>348,385</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 71.01% | 72.63% | 78.94% |
| Covered employee payroll | \$ 23,391 | 27,820 | 32,828 |
| System's net pension liability as a percentage of covered employee payroll | 2115.08% | 1650.06% | 1061.24% |

Note: Schedule is intended to show information for 10 years, once available

See accompanying notes to required supplementary information and accompanying independent auditor's report.

Notes to Schedule:

Benefit changes: There have been no benefit changes since GASB 67/68 implementation.

Change of Assumptions: The discount rate assumption was changed from 7.60% to 7.50% at 1/1/2017.

FULTON COUNTY, GEORGIA

Notes to Required Supplementary Information Unaudited, and in thousands

December 31, 2016

(1) Schedule of Changes in the Net Pension Liability

The total pension liability contained in this schedule was provided by the Plan's actuary, Segal Consulting. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Plan.

(2) Schedule of Contributions from the Employer and Other Contributing Entities

Required contributions and percentage of those contributions made are presented in the schedule.

(3) Actuarial Methods and Assumptions

Changes of assumptions: Effective as of the January 1, 2017 valuation, the Fulton County Employees Retirement System Board approved a lower assumed rate of return from 7.60% to 7.50%, which affected the actuarial liability by \$15.7 million, and also changed the administrative expense assumption from \$600,000 down to \$800,000.

Methods and assumptions used in the calculations of actuarially determined contributions: The following actuarial methods and assumptions were used to determine the most recent contribution rate reported:

| | |
|-------------------------------|---|
| Valuation Date | January 1, 2017 |
| Actuarial cost method | Entry Age normal |
| Amortization method | Closed level dollar, closed period. |
| Remaining amortization period | Remaining amortization period varies for the bases with a net effective amortization period of 14 years. |
| Asset valuation method | Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value. |
| Investment rate of return | 7.50%. The net investment return assumption is a long-term estimate derived from historical data, current and recent market expectations, and professional judgment. As part of the analysis, a building block approach was used that reflects inflation expectations and anticipated risk premiums for each of the portfolio's asset classes, as well as the System's target asset allocation. |

FULTON COUNTY, GEORGIA

Notes to Required Supplementary Information Unaudited, and in thousands

December 31, 2016

(3) Actuarial Methods and Assumptions (continued)

| | |
|----------------------------|------|
| Inflation rate | 3.0% |
| Projected salary increases | 3.0% |
| Cost of living adjustments | 3.0% |

| | |
|-------------------------|---|
| Mortality Rates-Healthy | RP-2000 Combined Mortality Table with Blue Collar adjustment, projected to 2019 using Scale AA, further loaded by 30% for Males and 10% for Females |
|-------------------------|---|

| | |
|--------------------------|---|
| Mortality Rates-Disabled | RP-2000 Disabled Retiree Mortality Table projected to 2019 using Scale AA |
|--------------------------|---|

| | |
|-------------------------------------|---|
| Retirement Rates-Unreduced Pension: | Assumptions for non-public safety retirement probability is 26.5% at first age eligibility until 100% at age 70. Assumptions for public safety retirement probability is 60.0% at first age eligibility, then 40% through age 64 and 100% thereafter. |
|-------------------------------------|---|

| | |
|-----------------------------------|---|
| Retirement Rates-Reduced Pension: | Assumptions for non-public safety retirement probability range from 8.25% at age 50 and increases each year to 12% at age 64. Assumptions for public safety retirement probability ranges from 12.55% at age 50, and increases each year to 23.75% at age 64. |
|-----------------------------------|---|

The retirement rates for reduced pensions apply only until eligibility for normal retirement occurs. From that point forward, the rates for unreduced pensions apply.

This page left intentionally blank.

**COMBINING
STATEMENTS
AND
SCHEDULES**

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

Special Service District – The original special service district for financial reporting purposes, which contains residual resources subsequent to recent incorporations throughout Fulton County. Expenditures are largely accumulated and funded termination payments to employees who earned time in this fund while active.

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

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

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

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

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

Special Revenue funds – (continued)

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

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

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

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

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

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

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

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

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

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

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

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

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2016

(in thousands of dollars)

| | | Special Revenue Funds | | | | |
|---|----------------------------------|---|--------------------------|-------------------------------------|----------------------------------|--|
| | Debt Service fund | Special Service District | Grants in Aid | Emergency Communications | Stormwater Management | General Government Services |
| Assets: | | | | | | |
| Cash and cash equivalents | \$ 23,530 | 4,340 | 1,252 | 2,620 | 29 | 154 |
| Receivables (net of allowances): | | | | | | |
| Taxes | 796 | — | — | — | — | — |
| Accounts | — | — | — | — | — | 170 |
| Due from other governments | — | — | 5,510 | 99 | — | — |
| Total assets | <u>\$ 24,326</u> | <u>4,340</u> | <u>6,762</u> | <u>2,719</u> | <u>29</u> | <u>324</u> |
| Liabilities: | | | | | | |
| Accounts payable | \$ — | 709 | 4,541 | 389 | — | — |
| Due to others | — | — | — | 87 | — | — |
| Total liabilities | <u>—</u> | <u>709</u> | <u>4,541</u> | <u>476</u> | <u>—</u> | <u>—</u> |
| Deferred Inflows of Resources: | | | | | | |
| Unavailable revenue | 595 | — | — | — | — | — |
| Total deferred inflows of resources | <u>595</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund balances (deficit): | | | | | | |
| Nonspendable | — | — | — | — | — | — |
| Restricted | 23,731 | — | 2,221 | 2,243 | — | — |
| Committed | — | — | — | — | — | — |
| Assigned | — | 3,631 | — | — | 29 | 324 |
| Unassigned | — | — | — | — | — | — |
| Total fund balances (deficit) | <u>23,731</u> | <u>3,631</u> | <u>2,221</u> | <u>2,243</u> | <u>29</u> | <u>324</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 24,326</u> | <u>4,340</u> | <u>6,762</u> | <u>2,719</u> | <u>29</u> | <u>324</u> |

(continued)

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2016

(in thousands of dollars)

| | Special Revenue Funds | | | | | | |
|---|---------------------------------------|---|---|-----------------------------------|---|--------------------------------------|--|
| | Public Health services | Public Education Government Television | Law Enforcement and Justice services | Hotel/ Motel Taxes | Social and Cultural services | Other Special Revenue | Sandy Springs Tax Allocation District |
| Assets: | | | | | | | |
| Cash and cash equivalents | \$ 8,084 | 571 | 11,794 | — | 5,691 | 2,394 | 3 |
| Receivables (net of allowances): | | | | | | | |
| Taxes | — | — | — | — | — | — | — |
| Accounts | — | — | — | — | — | 2 | — |
| Due from other governments | 1,660 | — | — | — | — | — | — |
| Total assets | <u>\$ 9,744</u> | <u>571</u> | <u>11,794</u> | <u>—</u> | <u>5,691</u> | <u>2,396</u> | <u>3</u> |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 384 | — | 179 | — | 15 | — | — |
| Due to other funds | — | — | — | — | — | — | — |
| Due to others | — | — | 1,553 | — | 2,899 | — | — |
| Deferred revenue | — | — | — | — | — | — | — |
| Total liabilities | <u>384</u> | <u>—</u> | <u>1,732</u> | <u>—</u> | <u>2,914</u> | <u>—</u> | <u>—</u> |
| Deferred Inflows of Resources: | | | | | | | |
| Unavailable revenue | — | — | — | — | — | — | — |
| Total deferred inflows of revenues | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund balances (deficit): | | | | | | | |
| Nonspendable | — | — | — | — | — | — | — |
| Restricted | 9,360 | — | 10,062 | — | — | — | — |
| Committed | — | 571 | — | — | — | — | — |
| Assigned | — | — | — | — | 2,777 | 2,396 | 3 |
| Unassigned | — | — | — | — | — | — | — |
| Total fund balances (deficit) | <u>9,360</u> | <u>571</u> | <u>10,062</u> | <u>—</u> | <u>2,777</u> | <u>2,396</u> | <u>3</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 9,744</u> | <u>571</u> | <u>11,794</u> | <u>—</u> | <u>5,691</u> | <u>2,396</u> | <u>3</u> |

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2016

| Capital Projects Funds | | | | | | | Total Non-major Governmental Funds |
|------------------------|---|-------------------------|---|------------------------------|--|--|---|
| Library Capital | Fulton County Urban Rede- velopment Agency | Capital Improvements | Fulton County Building Authority | Other capital projects | Special Service District projects | Transport- ation Improve- ments | |
| 8,100 | — | 51,784 | 423 | 2,420 | 3,984 | 14,519 | 141,692 |
| — | — | — | — | — | — | — | 796 |
| — | — | — | — | — | — | — | 172 |
| — | — | — | — | — | — | — | 7,269 |
| <u>8,100</u> | <u>—</u> | <u>51,784</u> | <u>423</u> | <u>2,420</u> | <u>3,984</u> | <u>14,519</u> | <u>149,929</u> |
| — | — | 439 | — | — | 196 | 99 | 6,951 |
| — | — | — | — | — | — | — | 4,539 |
| — | — | 439 | — | — | 196 | 99 | 11,490 |
| — | — | — | — | — | — | — | 595 |
| — | — | — | — | — | — | — | 595 |
| — | — | — | — | — | — | — | — |
| 8,100 | — | — | 423 | — | — | — | 56,140 |
| — | — | — | — | — | — | — | 571 |
| — | — | 51,345 | — | 2,420 | 3,788 | 14,420 | 81,133 |
| — | — | — | — | — | — | — | — |
| 8,100 | — | 51,345 | 423 | 2,420 | 3,788 | 14,420 | 137,844 |
| <u>8,100</u> | <u>—</u> | <u>51,784</u> | <u>423</u> | <u>2,420</u> | <u>3,984</u> | <u>14,519</u> | <u>149,929</u> |

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2016

(in thousands of dollars)

| | | Special Revenue Funds | | | | |
|--|----------------------------------|---|--------------------------|--------------------------------|----------------------------------|--|
| | Debt Service fund | Special Service District | Grants in Aid | Emergency Telephone | Stormwater Management | General Government Services |
| Revenues: | | | | | | |
| Taxes | \$ 13,720 | — | — | — | — | — |
| Intergovernmental | 2,074 | — | 54,154 | — | — | — |
| Charges for services | — | — | 631 | 3,862 | — | — |
| Courts and law enforcement | — | — | — | — | — | — |
| Use of money and property | — | — | — | — | — | — |
| Miscellaneous | — | — | — | — | — | 105 |
| Total revenues | <u>15,794</u> | <u>—</u> | <u>54,785</u> | <u>3,862</u> | <u>—</u> | <u>105</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration | — | — | — | — | — | 120 |
| Public safety | — | 431 | 2,204 | 5,213 | — | — |
| Infrastructure and facilities | — | — | 1,040 | — | 148 | — |
| Social services | — | — | 11,234 | — | — | — |
| Health services | — | — | 40,599 | — | — | — |
| Other nonagency | — | — | — | — | — | — |
| Capital outlay | — | — | — | — | — | — |
| Debt service: | | | | | | |
| Principal retirement | 28,608 | — | — | — | — | — |
| Interest | 11,781 | — | — | — | — | — |
| Total expenditures | <u>40,389</u> | <u>431</u> | <u>55,077</u> | <u>5,213</u> | <u>148</u> | <u>120</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(24,595)</u> | <u>(431)</u> | <u>(292)</u> | <u>(1,351)</u> | <u>(148)</u> | <u>(15)</u> |
| Other financing sources (uses): | | | | | | |
| Capital lease refunding obligations | — | — | — | — | — | — |
| Transfer in from enterprise fund | — | — | 577 | — | — | — |
| Transfer out to enterprise fund | — | — | — | — | — | — |
| Transfers in | 29,121 | — | 306 | 1,875 | — | — |
| Transfers out | — | — | — | (159) | — | — |
| Total other financing sources (uses) | <u>29,121</u> | <u>—</u> | <u>883</u> | <u>1,716</u> | <u>—</u> | <u>—</u> |
| Net change in fund balances | 4,526 | (431) | 591 | 365 | (148) | (15) |
| Fund balance at beginning of year | <u>19,205</u> | <u>4,062</u> | <u>1,630</u> | <u>1,878</u> | <u>177</u> | <u>339</u> |
| Fund balance (deficit) at end of year | <u>\$ 23,731</u> | <u>3,631</u> | <u>2,221</u> | <u>2,243</u> | <u>29</u> | <u>324</u> |

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2016

(in thousands of dollars)

| Special Revenue Funds | | | | | | |
|--|---|---|-----------------------------------|---|--------------------------------------|--|
| Public and Mental Health services | Public Education Government Television | Law Enforcement and Justice services | Hotel/ Motel Taxes | Social and Cultural services | Other Special Revenue | Sandy Springs Tax Allocation District |
| \$ — | — | — | 280 | — | — | — |
| 12,229 | — | 10 | — | — | 1,127 | — |
| 499 | — | — | — | — | — | — |
| — | — | 5,700 | — | — | — | — |
| — | — | — | — | 42 | — | — |
| — | 393 | — | — | 26 | — | — |
| <u>12,728</u> | <u>393</u> | <u>5,710</u> | <u>280</u> | <u>68</u> | <u>1,127</u> | <u>—</u> |
| — | — | — | — | — | 1,435 | — |
| — | — | 5,444 | — | — | — | — |
| — | 414 | — | — | — | 5 | — |
| — | — | — | — | 171 | — | — |
| 13,019 | — | — | — | — | — | — |
| — | — | — | 280 | — | — | — |
| — | — | — | — | — | — | — |
| — | — | — | — | — | — | — |
| <u>13,019</u> | <u>414</u> | <u>5,444</u> | <u>280</u> | <u>171</u> | <u>1,440</u> | <u>—</u> |
| <u>(291)</u> | <u>(21)</u> | <u>266</u> | <u>—</u> | <u>(103)</u> | <u>(313)</u> | <u>—</u> |
| — | — | — | — | — | — | — |
| — | — | — | — | — | — | — |
| — | — | — | — | — | — | — |
| — | — | — | — | — | — | — |
| <u>—</u> | <u>—</u> | <u>(14)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| <u>—</u> | <u>—</u> | <u>(14)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| (291) | (21) | 252 | — | (103) | (313) | — |
| <u>9,651</u> | <u>592</u> | <u>9,810</u> | <u>—</u> | <u>2,880</u> | <u>2,709</u> | <u>3</u> |
| <u>\$ 9,360</u> | <u>571</u> | <u>10,062</u> | <u>—</u> | <u>2,777</u> | <u>2,396</u> | <u>3</u> |

(continued)

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2016

(in thousands of dollars)

| | Capital Projects Funds | | | | | | Total |
|--|------------------------|---|-------------------------|---|------------------------------|--|-----------------------------------|
| | Library Capital | Fulton County Urban Rede- velopment Agency | Capital Improvements | Fulton County Building Authority | Other Capital Projects | Special Service District Projects | Nonmajor Governmental Funds |
| Revenues: | | | | | | | |
| Taxes | — | — | — | — | — | — | 14,000 |
| Intergovernmental | 1,350 | — | — | — | — | 90 | 75,061 |
| Charges for services | — | — | — | — | — | — | 4,992 |
| Courts and law enforcement | — | — | — | — | — | — | 5,700 |
| Use of money and property | — | 1 | 449 | — | 330 | — | 822 |
| Miscellaneous | — | — | — | — | — | — | 524 |
| Total revenues | 1,350 | 1 | 449 | — | 330 | 90 | 101,099 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Administration | — | — | — | — | — | — | 1,555 |
| Public safety | — | — | — | — | — | — | 13,292 |
| Infrastructure and facilities | — | — | — | — | — | — | 1,607 |
| Social services | — | — | — | — | — | — | 11,405 |
| Health services | — | — | — | — | — | — | 53,618 |
| Other nonagency | — | — | — | — | — | — | 280 |
| Capital outlay | — | 1,298 | 11,422 | — | 9,386 | 1,958 | 31,715 |
| Debt service: | | | | | | | |
| Principal retirement | — | — | — | — | — | — | 28,608 |
| Interest | — | — | — | — | — | — | 11,781 |
| Total expenditures | — | 1,298 | 11,422 | — | 9,386 | 1,958 | 153,861 |
| Excess (deficiency) of revenues over (under) expenditures | 1,350 | (1,297) | (10,973) | — | (9,056) | (1,868) | (52,762) |
| Other financing sources (uses): | | | | | | | |
| Capital lease refunding obligations | — | — | — | — | 7,790 | — | 7,790 |
| Transfer in from enterprise fund | — | — | — | — | — | — | 577 |
| Transfer out to enterprise fund | — | — | (1,400) | — | — | — | (1,400) |
| Transfers in | — | — | 28,779 | — | — | 3,092 | 68,202 |
| Transfers out | — | — | — | — | — | — | (173) |
| Total other financing sources (uses) | — | — | 27,379 | — | 7,790 | 3,092 | 74,996 |
| Net change in fund balances | 1,350 | (1,297) | 16,406 | — | (1,266) | 1,224 | 22,234 |
| Fund balance at beginning of year | 6,750 | 1,297 | 34,939 | 423 | 3,686 | 2,564 | 115,610 |
| Fund balance at end of year | 8,100 | — | 51,345 | 423 | 2,420 | 3,788 | 137,844 |

FULTON COUNTY, GEORGIA
Debt Service and Special Revenue funds
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budget Basis)
For the year ended December 31, 2016

(In thousands of dollars)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| Debt Service funds: | | | | |
| Revenues | | | | |
| Taxes | \$ 11,267 | 11,267 | 13,631 | 2,364 |
| Other revenues per Budget law | — | — | 2,074 | 2,074 |
| Transfers | 29,141 | 29,141 | 29,121 | (20) |
| Appropriated Fund Balance | — | — | (4,437) | (4,437) |
| Total revenues | <u>\$ 40,408</u> | <u>40,408</u> | <u>40,389</u> | <u>(19)</u> |
| Reconciliation to GAAP basis: | | | | |
| To record net change in taxes receivable and deferred revenues | | | 89 | |
| Appropriated Fund Balance | | | <u>4,437</u> | |
| Total adjustment to GAAP basis | | | <u>4,526</u> | |
| Total revenues and other sources, GAAP basis | | | <u>44,915</u> | |
| Expenditures | | | | |
| Principal | \$ 28,608 | 28,608 | 28,608 | — |
| Interest | <u>11,800</u> | <u>11,800</u> | <u>11,781</u> | <u>19</u> |
| Total expenditures | <u>\$ 40,408</u> | <u>40,408</u> | <u>40,389</u> | <u>19</u> |
| Total expenditures and other uses, GAAP basis | | | <u>40,389</u> | |
| Special Service District fund: | | | | |
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
| Revenues: | | | | |
| Revenues per Budget Law | \$ — | — | — | — |
| Appropriated Fund Balance | <u>3,789</u> | <u>3,789</u> | <u>431</u> | <u>(3,358)</u> |
| | <u>\$ 3,789</u> | <u>3,789</u> | <u>431</u> | <u>(3,358)</u> |
| Reconciliation to GAAP basis: | | | | |
| Appropriated fund balance | | | (431) | |
| | | | <u>\$ —</u> | |
| Expenditures and other uses: | | | | |
| Non agency | \$ <u>3,789</u> | <u>3,789</u> | <u>431</u> | <u>3,358</u> |
| | <u>\$ 3,789</u> | <u>3,789</u> | <u>431</u> | <u>3,358</u> |
| Total expenditures and other uses, GAAP basis | | | <u>\$ 431</u> | |

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2016

(In thousands of dollars)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| Grants in Aid | | | | |
| Revenues | | | | |
| Intergovernmental revenue | 56,349 | 56,349 | 54,714 | (1,635) |
| Other general revenues | \$ 2,730 | 2,730 | 632 | (2,098) |
| Transfers | 883 | 883 | 883 | (0) |
| Appropriated Fund Balance | 4,353 | 4,353 | (1,123) | (5,476) |
| Total revenues | <u>\$ 64,315</u> | <u>64,315</u> | <u>55,106</u> | <u>(9,209)</u> |
| Reconciliation to GAAP basis: | | | | |
| To record effect of receivables | | | (1,138) | |
| Appropriated Fund Balance | | | <u>1,123</u> | |
| Total revenues and other sources, GAAP basis | | | <u>55,091</u> | |
| Expenditures | | | | |
| Administration | 158 | 158 | 1 | 157 |
| Public Safety | 2,575 | 2,575 | 2,204 | 371 |
| Infrastructure and Facilities | 468 | 468 | 47 | 421 |
| Social services | 17,599 | 17,599 | 11,133 | 6,466 |
| Health services | 43,515 | 43,515 | 41,721 | 1,794 |
| Total expenditures | <u>\$ 64,315</u> | <u>64,315</u> | <u>55,106</u> | <u>9,209</u> |
| Reconciliation to GAAP basis - to record net effect | | | | |
| of unrecorded liabilities | | | (29) | |
| Total expenditures and other uses, GAAP basis | | | <u>55,077</u> | |
| Emergency Communications - 911 | | | | |
| Revenues | | | | |
| Charges for Services | \$ 3,823 | 3,823 | 3,862 | 39 |
| Transfers | 1,875 | 1,875 | 1,875 | — |
| Appropriated fund balance | 691 | 691 | (666) | 1,357 |
| Total revenues | <u>6,389</u> | <u>6,389</u> | <u>5,071</u> | <u>1,396</u> |
| Reconciliation to GAAP basis: | | | | |
| Appropriated Fund Balance | | | <u>666</u> | |
| Total revenues and other sources, GAAP basis | | | <u>5,737</u> | |
| Expenditures | | | | |
| Total expenditures | <u>\$ 6,389</u> | <u>6,389</u> | <u>5,071</u> | <u>1,318</u> |
| Reconciliation to GAAP basis - to record net effect | | | | |
| of unrecorded liabilities | | | <u>142</u> | |
| Total expenditures and other uses, GAAP basis | | | <u>5,213</u> | |

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2016

(In thousands of dollars)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| Stormwater Management: | | | | |
| Revenues | | | | |
| Charges for Services | \$ — | — | — | — |
| Appropriated fund balance | \$ 177 | 177 | — | 177 |
| Total revenues | <u>177</u> | <u>177</u> | — | <u>177</u> |
| Total revenues and other sources, GAAP basis | | | <u>—</u> | |
| Expenditures | | | | |
| Total expenditures | \$ <u>177</u> | <u>177</u> | 148 | <u>29</u> |
| Total expenditures and other uses, GAAP basis | | | <u>148</u> | |
| | | | | |
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
| General Government services: | | | | |
| Revenues | | | | |
| Miscellaneous | \$ — | — | 105 | 105 |
| Appropriated Fund Balance | 252 | 252 | 15 | (237) |
| Total revenues | <u>252</u> | <u>252</u> | 120 | <u>(132)</u> |
| Reconciliation to GAAP basis: | | | | |
| Appropriated Fund Balance | | | (15) | |
| Total revenues and other sources, GAAP basis | | | <u>105</u> | |
| Expenditures | | | | |
| Total administrative expenditures | \$ <u>252</u> | <u>252</u> | 120 | <u>132</u> |
| Total expenditures and other uses, GAAP basis | | | <u>120</u> | |

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2016

(In thousands of dollars)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| Public Health Services | | | | |
| Revenues | | | | |
| Intergovernmental revenue-State | \$ 12,000 | 12,000 | 12,703 | 703 |
| Other general revenues | 3,500 | 3,500 | 500 | (3,000) |
| Appropriated Fund Balance | — | — | (609) | (609) |
| Total revenues | <u>\$ 15,500</u> | <u>15,500</u> | 12,594 | <u>(2,906)</u> |
| Reconciliation to GAAP basis: | | | | |
| To record effect of receivables | | | (475) | |
| Appropriated Fund Balance | | | 609 | |
| Total revenues and other sources, GAAP basis | | | <u>12,728</u> | |
| Expenditures | | | | |
| Total expenditures | <u>\$ 15,500</u> | <u>15,500</u> | 12,594 | <u>2,906</u> |
| Reconciliation to GAAP basis - to record net effect of unrecorded liabilities | | | 425 | |
| Total expenditures and other uses, GAAP basis | | | <u>13,019</u> | |

Public Education Government Television

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| Revenues | | | | |
| Miscellaneous | \$ — | — | 393 | 393 |
| Appropriated Fund Balance | 592 | 592 | 21 | (571) |
| Total revenues | <u>\$ 592</u> | <u>592</u> | 414 | <u>(178)</u> |
| Reconciliation to GAAP basis: | | | | |
| Appropriated Fund Balance | | | (21) | |
| Total revenues and other sources, GAAP basis | | | <u>393</u> | |
| Expenditures | | | | |
| Total expenditures | <u>\$ 592</u> | <u>592</u> | 414 | <u>178</u> |
| Total expenditures and other uses, GAAP basis | | | <u>414</u> | |

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2016

(In thousands of dollars)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| Law Enforcement and Justice services: | | | | |
| Revenues | | | | |
| Anticipated revenues | \$ — | — | 5,710 | 5,710 |
| Appropriated Fund Balance | <u>5,431</u> | <u>5,431</u> | <u>(438)</u> | <u>(5,869)</u> |
| Total revenues | <u>\$ 5,431</u> | <u>5,431</u> | <u>5,272</u> | <u>(159)</u> |
| Reconciliation to GAAP basis: | | | | |
| Appropriated Fund Balance | | | <u>438</u> | |
| Total revenues and other sources, GAAP basis | | | <u>5,710</u> | |
| Expenditures | | | | |
| Total expenditures and transfer out | \$ <u>5,431</u> | <u>5,431</u> | <u>5,272</u> | <u>159</u> |
| Reconciliation to GAAP basis - to record net effect of unrecorded liabilities | | | <u>186</u> | |
| Total expenditures and other uses, GAAP basis | | | <u>5,458</u> | |
| | | | | |
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
| Hotel Motel: | | | | |
| Revenues | | | | |
| Anticipated revenues | \$ 175 | 175 | 280 | 105 |
| Total revenues | <u>175</u> | <u>175</u> | <u>280</u> | <u>105</u> |
| Reconciliation to GAAP basis: | | | | |
| Total revenues and other sources, GAAP basis | | | <u>280</u> | |
| Expenditures | | | | |
| Total Non-agency expenditures | \$ <u>175</u> | <u>175</u> | <u>280</u> | <u>(105)</u> |
| Total expenditures and other uses, GAAP basis | | | <u>280</u> | |

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2016

(In thousands of dollars)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| Social and Cultural services: | | | | |
| Revenues | | | | |
| Anticipated revenues and transfers in | \$ — | — | 68 | 68 |
| Appropriated Fund Balance | <u>577</u> | <u>577</u> | <u>103</u> | <u>(474)</u> |
| Total revenues | <u>\$ 577</u> | <u>577</u> | <u>171</u> | <u>(406)</u> |
| Reconciliation to GAAP basis: | | | | |
| Appropriated Fund Balance | | | <u>(103)</u> | |
| Total revenues and other sources, GAAP basis | | | <u>68</u> | |
| Expenditures | | | | |
| Total expenditures | <u>\$ 577</u> | <u>577</u> | <u>171</u> | <u>406</u> |
| Total expenditures and other uses, GAAP basis | | | <u>171</u> | |
| | | | | |
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
| Other Special revenue funds: | | | | |
| Revenues | | | | |
| Anticipated revenues | \$ 1,440 | 1,440 | 1,127 | (313) |
| Appropriated Fund Balance | <u>—</u> | <u>—</u> | <u>313</u> | <u>313</u> |
| Total revenues | <u>\$ 1,440</u> | <u>1,440</u> | <u>1,440</u> | <u>—</u> |
| Reconciliation to GAAP basis: | | | | |
| Appropriated Fund Balance | | | <u>(313)</u> | |
| Total revenues and other sources, GAAP basis | | | <u>1,127</u> | |
| Expenditures | | | | |
| Total expenditures | <u>\$ 1,440</u> | <u>1,440</u> | <u>1,440</u> | <u>—</u> |
| Total expenditures and other uses, GAAP basis | | | <u>1,440</u> | |
| | | | | |
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
| Sandy Springs Tax Allocation District: | | | | |
| Revenues | | | | |
| Total anticipated revenues | <u>\$ —</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total revenues and other sources, GAAP basis | | | <u>—</u> | |
| Expenditures | | | | |
| Total expenditures | <u>\$ —</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total expenditures and other uses, GAAP basis | | | <u>—</u> | |

DESCRIPTION OF NON-MAJOR ENTERPRISE FUNDS

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

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

Wolf Creek Amphitheater fund – The Wolf Creek Amphitheater fund accounts for the operations of a world-class event venue located in the southern part of Fulton County

FULTON COUNTY, GEORGIA

Combining Statement of Net Position
Non-major Enterprise Fund

December 31, 2016

(In thousands of dollars)

| | Business Type Activities- | | |
|---|------------------------------------|-----------------|---------------------------------|
| | Enterprise Funds | | Total |
| Assets | Wolf Creek Amphitheatre fund | Airport Fund | Non-major Enterprise Fund |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,169 | 2,351 | 3,520 |
| Total current assets | 1,169 | 2,351 | 3,520 |
| Noncurrent assets: | | | |
| Nondepreciable capital assets | — | 27,909 | 27,909 |
| Depreciable capital assets (net of accumulated depreciation) | 6,549 | 148 | 6,697 |
| Total noncurrent assets | 6,549 | 28,057 | 34,606 |
| Total assets | 7,718 | 30,408 | 38,126 |
| Liabilities: | | | |
| Current liabilities (payable from current assets): | | | |
| Accounts payable & accrued expenses | \$ 21 | 76 | 97 |
| Total liabilities | 21 | 76 | 97 |
| Net Position: | | | |
| Net investment in capital assets | 6,549 | 28,057 | 34,606 |
| Unrestricted | 1,148 | 2,275 | 3,423 |
| Total net position | \$ 7,697 | 30,332 | 38,029 |

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2016

(In thousands of dollars)

| | Business Type Activities- Enterprise Funds | | Total Non-major Enterprise Funds |
|---|---|-------------------------|---|
| | Wolf Creek Amphitheatre fund | Airport Fund | |
| Operating revenues: | | | |
| Charges for services | \$ 837 | 1,521 | 2,358 |
| Total operating revenues | <u>837</u> | <u>1,521</u> | <u>2,358</u> |
| Operating expenses: | | | |
| Administrative and general | — | 414 | 414 |
| Depreciation and amortization | 221 | 128 | 349 |
| Personal services | 203 | 550 | 753 |
| Contractual services | 790 | — | 790 |
| Operating services | 17 | — | 17 |
| Total operating expenses | <u>1,231</u> | <u>1,092</u> | <u>2,323</u> |
| Operating income (loss) | <u>(394)</u> | <u>429</u> | <u>35</u> |
| Non-operating revenues (expenses): | | | |
| Interest income | — | — | — |
| Interest expense | — | — | — |
| Total non-operating revenues (expenses) | <u>—</u> | <u>—</u> | <u>—</u> |
| Income (loss) before transfers | <u>(394)</u> | <u>429</u> | <u>35</u> |
| Transfer in (out) | <u>8,091</u> | <u>(546)</u> | <u>7,545</u> |
| Change in net position | 7,697 | (117) | 7,580 |
| Net position at beginning of year | <u>—</u> | <u>30,449</u> | <u>30,449</u> |
| Net position at end of year | \$ <u><u>7,697</u></u> | <u><u>30,332</u></u> | <u><u>38,029</u></u> |

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Non-major Enterprise Fund

For the year ended December 31, 2016

(In thousands of dollars)

| | Business Type Activities- Enterprise Funds | | Total Non-major Enterprise Funds |
|---|---|-------------------------|---|
| | Wolf Creek Amphitheatre fund | Airport Fund | |
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 837 | 1,521 | 2,358 |
| Payments to suppliers | (786) | (418) | (1,204) |
| Payments to employees | (203) | (541) | (744) |
| Net cash provided by (used in) operating activities | <u>(152)</u> | <u>562</u> | <u>410</u> |
| Cash flows from capital and related financing activities: | | | |
| Additions to property, plant, and equipment | <u>(6,770)</u> | <u>—</u> | <u>(6,770)</u> |
| Net cash used by capital and related financing activities | <u>(6,770)</u> | <u>—</u> | <u>(6,770)</u> |
| Cash flows from non-capital financing activities: | | | |
| Transfer in (out) | 8,091 | (546) | 7,545 |
| Net cash provided by non-capital financing activities | <u>8,091</u> | <u>(546)</u> | <u>7,545</u> |
| (Decrease) increase in cash and cash equivalents | 1,169 | 16 | 1,185 |
| Cash and cash equivalents at beginning of year | <u>—</u> | <u>2,335</u> | <u>2,335</u> |
| Cash and cash equivalents at end of year | \$ <u>1,169</u> | <u>2,351</u> | <u>3,520</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | \$ (394) | 429 | 35 |
| Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 221 | 128 | 349 |
| Changes in assets and liabilities: | | | |
| Accounts and claims payable | <u>21</u> | <u>5</u> | <u>26</u> |
| Net cash provided by (used in) operating activities | \$ <u>(152)</u> | <u>562</u> | <u>410</u> |

This page left intentionally blank.

DESCRIPTION OF INTERNAL SERVICE FUNDS

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

The Internal Service funds include the following:

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Statement of Net Position
Internal Service Funds

December 31, 2016

(in thousands of dollars)

| Assets | Facilities Services fund | Insurance Stabilization fund | Risk Management fund | Owner Controlled Insurance fund | Total Internal Service Funds |
|-------------------------------------|---|---|-------------------------------------|--|---|
| Current assets: | | | | | |
| Cash and cash equivalents | \$ — | 9,562 | 17,670 | 479 | 27,711 |
| Other current assets | 683 | 5,284 | — | — | 5,967 |
| Total assets | 683 | 14,846 | 17,670 | 479 | 33,678 |
| Liabilities and Net Position | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 683 | 269 | 573 | — | 1,525 |
| Claims payable | — | 7,566 | 2,000 | — | 9,566 |
| Total liabilities | 683 | 7,835 | 2,573 | — | 11,091 |
| Net position: | | | | | |
| Unrestricted | — | 7,011 | 15,097 | 479 | 22,587 |
| Total net position | \$ — | 7,011 | 15,097 | 479 | 22,587 |

FULTON COUNTY, GEORGIA

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

Internal Service Funds

For the year ended December 31, 2016

(in thousands of dollars)

| | Facilities Services fund | Insurance Stabilization fund | Risk Management fund | Owner Controlled Insurance fund | Total Internal Service Funds |
|---|---|---|-------------------------------------|--|---|
| Operating revenues - charges for services | \$ 5,172 | 105,112 | 25,265 | — | 135,549 |
| Operating expenses: | | | | | |
| Contractual services | — | 102,232 | — | 23 | 102,255 |
| Administrative and general | 5,172 | — | 15,540 | — | 20,712 |
| Total operating expenses | 5,172 | 102,232 | 15,540 | 23 | 122,967 |
| Operating income (loss) | — | 2,880 | 9,725 | (23) | 12,582 |
| Net position at beginning of year | — | 4,131 | 5,372 | 502 | 10,005 |
| Net position at end of year | \$ — | 7,011 | 15,097 | 479 | 22,587 |

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Internal Service Funds

For the year ended December 31, 2016

(In thousands of dollars)

| | Facilities Services fund | Insurance Stabilization fund | Risk Management fund | Owner Controlled Insurance fund | Total Internal Service Funds |
|--|---|---|-------------------------------------|--|---|
| Cash flows from operating activities: | | | | | |
| Receipts from customers and users | \$ 5,354 | 106,238 | 25,265 | — | 136,857 |
| Payments to suppliers | (5,354) | (104,428) | (24,377) | (23) | (134,182) |
| Net cash provided by (used in) operating activities | — | 1,810 | 888 | (23) | 2,675 |
| Increase (decrease) in cash and cash equivalents | — | 1,810 | 888 | (23) | 2,675 |
| Cash and cash equivalents at beginning of year | — | 7,752 | 16,782 | 502 | 25,036 |
| Cash and cash equivalents at end of year | <u>\$ —</u> | <u>9,562</u> | <u>17,670</u> | <u>479</u> | <u>27,711</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss) | \$ — | 2,880 | 9,725 | (23) | 12,582 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Changes in assets and liabilities: | | | | | |
| Other current assets | 182 | 1,126 | — | — | 1,308 |
| Accounts and claims payable | (182) | (2,196) | (8,837) | — | (11,215) |
| Net cash provided by (used in) operating activities | <u>\$ —</u> | <u>1,810</u> | <u>888</u> | <u>(23)</u> | <u>2,675</u> |

This page left intentionally blank.

DESCRIPTION OF AGENCY FUNDS

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Statement of Fiduciary Assets and Liabilities Fiduciary Funds Agency Funds

December 31, 2016

(In thousands of dollars)

| Assets | Tax Commissioner | Superior Court | State Court | Juvenile Court | Probate Court | Sheriff and Criminal Court | District Attorney | Total Agency Funds |
|-------------------------------|-----------------------------|---------------------------|------------------------|---------------------------|--------------------------|---|------------------------------|-----------------------------------|
| Cash and cash equivalents | \$ 24,440 | 56,713 | 5,813 | 93 | 615 | 45,149 | 895 | 133,718 |
| Taxes receivable | 81,679 | — | — | — | — | — | — | 81,679 |
| Total assets | <u>\$ 106,119</u> | <u>56,713</u> | <u>5,813</u> | <u>93</u> | <u>615</u> | <u>45,149</u> | <u>895</u> | <u>215,397</u> |
| Liabilities | | | | | | | | |
| Due to other taxing districts | \$ 106,119 | — | — | — | — | — | — | 106,119 |
| Due to others | — | 56,713 | 5,813 | 93 | 615 | 45,149 | 895 | 109,278 |
| Total liabilities | <u>\$ 106,119</u> | <u>56,713</u> | <u>5,813</u> | <u>93</u> | <u>615</u> | <u>45,149</u> | <u>895</u> | <u>215,397</u> |

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2016

(In thousands of dollars)

| | Balance January 1, 2016 | Additions | Deductions | Balance December 31, 2016 |
|-------------------------------|--|------------------|-------------------|--|
| Tax Commissioner: | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 24,488 | 1,905,246 | 1,905,294 | 24,440 |
| Taxes receivable | 56,060 | 1,356,480 | 1,330,861 | 81,679 |
| | <u>\$ 80,548</u> | <u>3,261,726</u> | <u>3,236,155</u> | <u>106,119</u> |
| Liabilities | | | | |
| Due to other taxing districts | <u>\$ 80,548</u> | <u>3,261,726</u> | <u>3,236,155</u> | <u>106,119</u> |
| Superior Court: | | | | |
| Assets | | | | |
| Cash and cash equivalents | <u>\$ 18,521</u> | <u>152,632</u> | <u>114,440</u> | <u>56,713</u> |
| Liabilities | | | | |
| Due to others | <u>\$ 18,521</u> | <u>152,632</u> | <u>114,440</u> | <u>56,713</u> |
| State Court: | | | | |
| Assets | | | | |
| Cash and cash equivalents | <u>\$ 16,196</u> | <u>22,295</u> | <u>32,678</u> | <u>5,813</u> |
| Liabilities | | | | |
| Due to others | <u>\$ 16,196</u> | <u>22,295</u> | <u>32,678</u> | <u>5,813</u> |

(Continued)

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2016

(In thousands of dollars)

| | Balance January 1, 2016 | Additions | Deductions | Balance December 31, 2016 |
|------------------------------------|--|------------------|-------------------|--|
| Juvenile Court: | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 96 | 115 | 118 | 93 |
| Liabilities | | | | |
| Due to others | \$ 96 | 115 | 118 | 93 |
| Probate Court: | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 361 | 2,251 | 1,997 | 615 |
| Liabilities | | | | |
| Due to others | \$ 361 | 2,251 | 1,997 | 615 |
| Sheriff and Criminal Court: | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 47,087 | 32,668 | 34,606 | 45,149 |
| Liabilities | | | | |
| Due to others | \$ 47,087 | 32,668 | 34,606 | 45,149 |
| District Attorney: | | | | |
| Assets | | | | |
| Cash and cash equivalents* | \$ 992 | 232 | 329 | 895 |
| Liabilities | | | | |
| Due to others* | \$ 992 | 232 | 329 | 895 |

*restated for opening balance reclassification

(Continued)

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2016

(In thousands of dollars)

| | Balance January 1, 2016 | Additions | Deductions | Balance December 31, 2016 |
|----------------------------------|--|------------------|-------------------|--|
| Total - All Agency Funds: | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 107,741 | 2,115,439 | 2,089,462 | 133,718 |
| Taxes receivable | 56,060 | 1,356,480 | 1,330,861 | 81,679 |
| | <u>\$ 163,801</u> | <u>3,471,919</u> | <u>3,420,323</u> | <u>215,397</u> |
| Liabilities | | | | |
| Due to other taxing districts | \$ 80,548 | 3,261,726 | 3,236,155 | 106,119 |
| Due to others | 83,253 | 210,193 | 184,168 | 109,278 |
| | <u>\$ 163,801</u> | <u>3,471,919</u> | <u>3,420,323</u> | <u>215,397</u> |

OTHER SCHEDULES

Summary of Debt Service Requirements to Maturity

**Debt Service Requirements to Maturity - General Obligation
Bonds**

**Debt Service Requirements to Maturity - Water and Sewerage
Revenue Bonds**

Hotel/Motel Tax Collections and Expenditures

FULTON COUNTY, GEORGIA

Other Schedules Summary of Debt Service Requirements to Maturity

December 31, 2016

(In thousands of dollars)

| Calendar year | Annual principal and interest requirements | | |
|---------------|---|--|----------------|
| | General obligation bonds | Fulton County water and sewerage revenue bonds | Totals |
| 2017 | \$ 11,005 | 36,777 | 47,782 |
| 2018 | 11,005 | 36,773 | 47,778 |
| 2019 | 10,995 | 36,777 | 47,772 |
| 2020 | 10,931 | 36,779 | 47,710 |
| 2021 | 10,863 | 36,775 | 47,638 |
| 2022 | 10,791 | 36,780 | 47,571 |
| 2023 | 10,715 | 36,771 | 47,486 |
| 2024 | 10,639 | 35,260 | 45,899 |
| 2025 | 10,555 | 35,257 | 45,812 |
| 2026 | 10,447 | 35,256 | 45,703 |
| 2027 | 10,345 | 35,255 | 45,600 |
| 2028 | 10,244 | 35,260 | 45,504 |
| 2029 | 10,133 | 35,260 | 45,393 |
| 2030 | 10,022 | 35,260 | 45,282 |
| 2031 | 9,900 | 35,264 | 45,164 |
| 2032 | 9,776 | 35,257 | 45,033 |
| 2033 | 9,645 | 35,260 | 44,905 |
| 2034 | 9,512 | 35,261 | 44,773 |
| 2035 | 9,377 | — | 9,377 |
| 2036 | 9,234 | — | 9,234 |
| 2037 | 9,089 | — | 9,089 |
| 2038 | 8,939 | — | 8,939 |
| 2039 | 8,780 | — | 8,780 |
| | <u>\$ 232,942</u> | <u>645,282</u> | <u>878,224</u> |

FULTON COUNTY, GEORGIA

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

December 31, 2016

(In thousands of dollars)

| <u>Calendar year</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|--|-------------------|-----------------|----------------|
| 2017 | \$ 4,440 | 6,565 | 11,005 |
| 2018 | 4,575 | 6,430 | 11,005 |
| 2019 | 4,715 | 6,280 | 10,995 |
| 2020 | 4,820 | 6,111 | 10,931 |
| 2021 | 4,930 | 5,933 | 10,863 |
| 2022 | 5,050 | 5,741 | 10,791 |
| 2023 | 5,180 | 5,535 | 10,715 |
| 2024 | 5,320 | 5,319 | 10,639 |
| 2025 | 5,465 | 5,090 | 10,555 |
| 2026 | 5,615 | 4,832 | 10,447 |
| 2027 | 5,795 | 4,550 | 10,345 |
| 2028 | 5,985 | 4,259 | 10,244 |
| 2029 | 6,175 | 3,958 | 10,133 |
| 2030 | 6,375 | 3,647 | 10,022 |
| 2031 | 6,580 | 3,320 | 9,900 |
| 2032 | 6,800 | 2,976 | 9,776 |
| 2033 | 7,025 | 2,620 | 9,645 |
| 2034 | 7,260 | 2,252 | 9,512 |
| 2035 | 7,505 | 1,872 | 9,377 |
| 2036 | 7,755 | 1,479 | 9,234 |
| 2037 | 8,015 | 1,074 | 9,089 |
| 2038 | 8,285 | 654 | 8,939 |
| 2039 | 8,560 | 220 | 8,780 |
| | <u>\$ 142,225</u> | <u>90,717</u> | <u>232,942</u> |
| Unamortized premium at December 31, 2016 | <u>1,656</u> | <u>(1,656)</u> | <u>—</u> |
| | <u>\$ 143,881</u> | <u>89,061</u> | <u>232,942</u> |

FULTON COUNTY, GEORGIA

Other Schedules
Debt Service Requirements to Maturity
Water and Sewerage Revenue Bonds
Series 2013 and 2011

December 31, 2016

(In thousands of dollars)

| <u>Calendar year</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
|--|-------------------|-----------------|----------------|
| 2017 | \$ 16,090 | 20,687 | 36,777 |
| 2018 | 16,875 | 19,898 | 36,773 |
| 2019 | 17,720 | 19,057 | 36,777 |
| 2020 | 18,605 | 18,174 | 36,779 |
| 2021 | 19,520 | 17,255 | 36,775 |
| 2022 | 20,490 | 16,290 | 36,780 |
| 2023 | 21,505 | 15,266 | 36,771 |
| 2024 | 21,070 | 14,190 | 35,260 |
| 2025 | 22,120 | 13,137 | 35,257 |
| 2026 | 23,225 | 12,031 | 35,256 |
| 2027 | 24,385 | 10,870 | 35,255 |
| 2028 | 25,610 | 9,650 | 35,260 |
| 2029 | 26,890 | 8,370 | 35,260 |
| 2030 | 28,235 | 7,025 | 35,260 |
| 2031 | 29,650 | 5,614 | 35,264 |
| 2032 | 31,045 | 4,212 | 35,257 |
| 2033 | 32,600 | 2,660 | 35,260 |
| 2034 | 33,905 | 1,356 | 35,261 |
| | 429,540 | 215,742 | 645,282 |
| Unamortized premium at December 31, 2016 | 42,979 | (42,979) | — |
| | <u>\$ 472,519</u> | <u>172,763</u> | <u>645,282</u> |

FULTON COUNTY, GEORGIA
Other Schedules
Hotel/Motel Tax Collections and Expenditures
Year ended December 31, 2016

| Collection Rate | Hotel/Motel Tax Collected | Collection Period from January 1st to December 31st | | | Expended or Obligated as a Percentage of Collected |
|--------------------|---------------------------------|---|------------------|------------------------------|---|
| | | Expenditures and Obligations | | | |
| | | Hotel/Motel | Hotel/Motel | Hotel/Motel | |
| | | Tax Expended | Tax Obligated | Tax Expended or Obligated | |
| 7% | \$280,375 | 280,375 | — | 280,375 | 100.00% |

STATISTICAL SECTION

(Unaudited)

Statistical Section

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

Contents

Pages

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

107-110

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

111-116

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

117-121

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

122-123

Operating Information

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs

124-126

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

FULTON COUNTY, GEORGIA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

| | | Fiscal Year | | | | | | | | | |
|---|----|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2016 | 2015 | 2014 | 2013 | 2012 | 2011* | 2010 | 2009 | 2008 | 2007 |
| Governmental activities | | | | | | | | | | | |
| Net investment in capital assets | \$ | 636,099 | 642,456 | 631,780 | 629,943 | 634,016 | 631,476 | 633,358 | 645,956 | 647,458 | 656,111 |
| Restricted | | 108,268 | 83,667 | 58,776 | 50,442 | 42,280 | 50,807 | 33,487 | 20,165 | 21,774 | 23,378 |
| Unrestricted | | (868,781) | (752,312) | (288,608) | (263,967) | (201,606) | (92,710) | 35,366 | 82,669 | 139,273 | 225,015 |
| Total governmental activities net position | \$ | <u>(124,414)</u> | <u>(26,189)</u> | <u>401,948</u> | <u>416,418</u> | <u>474,690</u> | <u>589,573</u> | <u>702,211</u> | <u>748,790</u> | <u>808,505</u> | <u>904,504</u> |
| Business-type activities | | | | | | | | | | | |
| Net investment in capital assets | \$ | 682,414 | 676,910 | 684,168 | 692,910 | 706,517 | 729,671 | 778,505 | 799,958 | 667,975 | 576,528 |
| Restricted | | 37,422 | 37,163 | 37,046 | 36,924 | 39,482 | 39,316 | 39,078 | 46,015 | 45,833 | 43,973 |
| Unrestricted | | 270,440 | 263,317 | 258,068 | 247,969 | 240,012 | 246,619 | 232,070 | 216,790 | 369,659 | 380,390 |
| Total business-type activities net position | \$ | <u>990,276</u> | <u>977,390</u> | <u>979,282</u> | <u>977,803</u> | <u>986,011</u> | <u>1,015,606</u> | <u>1,049,653</u> | <u>1,062,763</u> | <u>1,083,467</u> | <u>1,000,891</u> |
| Primary government | | | | | | | | | | | |
| Net investment in capital assets | \$ | 1,318,513 | 1,319,366 | 1,315,948 | 1,322,853 | 1,340,533 | 1,361,147 | 1,411,863 | 1,445,914 | 1,315,433 | 1,232,639 |
| Restricted | | 145,690 | 120,830 | 95,822 | 87,366 | 81,762 | 90,123 | 72,565 | 66,180 | 67,607 | 67,351 |
| Unrestricted | | (598,341) | (488,995) | (30,540) | (19,830) | 38,406 | 153,909 | 267,436 | 299,459 | 508,932 | 605,405 |
| Total primary government net position | \$ | <u>865,862</u> | <u>951,201</u> | <u>1,381,230</u> | <u>1,390,389</u> | <u>1,460,701</u> | <u>1,605,179</u> | <u>1,751,864</u> | <u>1,811,553</u> | <u>1,891,972</u> | <u>1,905,395</u> |

*2011 balances have been restated to reflect the cumulative effect of applying GASB Statement 65, 2013 balances restated for GASB 70

FULTON COUNTY, GEORGIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

| | Fiscal Year | | | | | | | | | |
|---|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Administration | \$ 139,252 | 141,749 | 105,273 | 97,238 | 107,704 | 109,122 | 103,734 | 105,089 | 115,606 | 107,926 |
| Public Safety | 193,356 | 230,712 | 194,248 | 183,440 | 181,224 | 184,163 | 172,972 | 179,965 | 182,435 | 179,690 |
| Legal | 163,502 | 189,080 | 140,617 | 130,556 | 131,545 | 148,350 | 135,775 | 146,809 | 139,901 | 141,646 |
| Infrastructure and facilities | 78,216 | 52,715 | 87,667 | 70,073 | 74,308 | 52,499 | 56,037 | 71,554 | 74,237 | 49,225 |
| Social services | 94,740 | 109,700 | 61,319 | 73,737 | 80,999 | 119,044 | 116,913 | 116,906 | 125,031 | 127,604 |
| Health services | 155,549 | 174,413 | 163,383 | 155,508 | 181,674 | 149,504 | 129,931 | 163,408 | 168,845 | 184,066 |
| Interest and other debt related costs | 12,979 | 13,427 | 14,492 | 15,324 | 16,204 | 18,364 | 10,980 | 12,756 | 16,561 | 17,450 |
| Total governmental activities expenses | <u>837,594</u> | <u>911,796</u> | <u>766,999</u> | <u>725,876</u> | <u>773,658</u> | <u>781,046</u> | <u>726,342</u> | <u>796,487</u> | <u>822,616</u> | <u>807,607</u> |
| Business-type activities | | | | | | | | | | |
| Water and sewerage services | 125,640 | 124,351 | 118,392 | 115,655 | 135,118 | 148,303 | 132,711 | 128,430 | 123,175 | 170,210 |
| Wolf Creek Amphitheatre | 1,231 | — | — | — | — | — | — | — | — | — |
| Contractual services | — | — | — | — | — | — | — | — | 6,901 | 6,944 |
| Airport services | 1,092 | 1,192 | 1,227 | 1,227 | 1,471 | 1,218 | 1,097 | 1,040 | 1,098 | 1,008 |
| Total business-type activities expenses | <u>127,963</u> | <u>125,543</u> | <u>119,619</u> | <u>116,882</u> | <u>136,589</u> | <u>149,521</u> | <u>133,808</u> | <u>129,470</u> | <u>131,174</u> | <u>178,162</u> |
| Total primary government expenses | <u>\$ 965,557</u> | <u>1,037,339</u> | <u>886,618</u> | <u>842,758</u> | <u>910,247</u> | <u>930,567</u> | <u>860,150</u> | <u>925,957</u> | <u>953,790</u> | <u>985,769</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Public and Mental health fees | \$ 499 | 4,974 | 5,261 | 7,397 | 7,734 | 7,661 | 8,225 | 8,130 | 6,258 | 8,030 |
| Emergency communication fees | 3,862 | 3,864 | 2,936 | 2,553 | 2,873 | 3,810 | 3,891 | 6,941 | 8,033 | 7,572 |
| Legal and Social | 24,350 | 25,203 | 27,275 | 26,903 | 31,079 | 28,988 | 39,597 | 38,425 | 33,541 | 31,535 |
| License and permits | 6,475 | 7,105 | 6,241 | 6,056 | 6,521 | 5,456 | 5,707 | 6,134 | 7,850 | 7,850 |
| Other | 7,181 | 8,812 | 8,236 | 12,075 | 9,312 | 10,113 | 8,882 | 8,590 | 7,703 | 4,726 |
| Total Charges for Services | <u>42,367</u> | <u>49,958</u> | <u>49,949</u> | <u>54,984</u> | <u>57,519</u> | <u>56,028</u> | <u>66,302</u> | <u>68,220</u> | <u>63,385</u> | <u>59,713</u> |
| Operating grants and contributions | 70,617 | 63,638 | 63,655 | 57,221 | 60,499 | 65,356 | 66,991 | 57,184 | 54,152 | 46,460 |
| Capital grants and contributions | 6,594 | 3,536 | 3,754 | 2,902 | 2,312 | 3,762 | 983 | 5,879 | 7,842 | 6,225 |
| Total governmental activities program revenues | <u>119,578</u> | <u>117,132</u> | <u>117,358</u> | <u>115,107</u> | <u>120,330</u> | <u>125,146</u> | <u>134,276</u> | <u>131,283</u> | <u>125,379</u> | <u>112,398</u> |
| Business-type activities | | | | | | | | | | |
| Charges for services | 132,477 | 123,285 | 121,111 | 119,442 | 121,506 | 120,276 | 121,506 | 108,472 | 114,501 | 102,918 |
| Capital grants and contributions | — | — | — | — | (13,249) | — | — | 438 | 19,475 | — |
| Total business-type activities program revenues | <u>132,477</u> | <u>123,285</u> | <u>121,111</u> | <u>119,442</u> | <u>108,257</u> | <u>120,276</u> | <u>121,506</u> | <u>108,910</u> | <u>133,976</u> | <u>102,918</u> |
| Total primary government program revenues | <u>\$ 252,055</u> | <u>240,417</u> | <u>238,469</u> | <u>234,549</u> | <u>228,587</u> | <u>245,422</u> | <u>255,782</u> | <u>240,193</u> | <u>259,355</u> | <u>215,316</u> |
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities | \$ (718,016) | (794,664) | (649,641) | (610,769) | (653,328) | (655,900) | (592,066) | (665,204) | (697,237) | (695,209) |
| Business-type activities | 4,514 | (2,258) | 1,289 | 2,560 | (28,332) | (29,245) | (12,302) | (20,560) | 2,802 | (75,244) |
| Total primary government net expense | <u>\$ (713,502)</u> | <u>(796,922)</u> | <u>(648,352)</u> | <u>(608,209)</u> | <u>(681,660)</u> | <u>(685,145)</u> | <u>(604,368)</u> | <u>(685,764)</u> | <u>(694,435)</u> | <u>(770,453)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 525,840 | 544,654 | 549,782 | 474,198 | 467,779 | 477,259 | 482,346 | 527,018 | 525,265 | 486,521 |
| Sales taxes | 36,016 | 35,575 | 34,858 | 35,136 | 36,184 | 33,991 | 30,543 | 32,382 | 35,374 | 39,761 |
| Other taxes | 25,888 | 19,536 | 19,536 | 11,401 | 5,454 | 5,165 | 4,430 | 4,466 | 4,393 | 8,046 |
| Intergovernmental unrestricted revenues | 2,568 | 2,607 | 2,637 | 2,644 | 2,898 | — | — | 11,469 | — | 12,948 |
| Commissions on tax collections | 18,486 | 18,924 | 18,418 | 16,379 | 14,628 | 15,377 | 17,181 | 16,588 | 15,131 | 15,043 |
| Use of money and property | 5,438 | 6,051 | 6,862 | 6,320 | 6,517 | 7,091 | 5,779 | 9,348 | 17,098 | 23,654 |
| Miscellaneous | 13,069 | 10,120 | 6,861 | 6,419 | 4,985 | 6,582 | 5,207 | 4,219 | 8,688 | 4,953 |
| Transfers in (out) w business type activities | (7,514) | — | 49 | — | — | — | — | — | — | — |
| Special and extraordinary items | — | — | — | — | — | — | — | — | (22,788) | (16,422) |
| Total governmental activities | <u>619,791</u> | <u>637,467</u> | <u>639,003</u> | <u>552,497</u> | <u>538,445</u> | <u>545,465</u> | <u>545,486</u> | <u>605,490</u> | <u>583,161</u> | <u>574,504</u> |
| Business-type activities | | | | | | | | | | |
| Use of money and property | 858 | 366 | 377 | 225 | 666 | 610 | 1,277 | 1,651 | 13,971 | 9,693 |
| Miscellaneous and transfer out | — | 0 | (1,687) | (2,559) | (1,929) | (1,626) | (2,085) | (1,795) | 467 | — |
| Transfers in (out) w govt. activities | 7,514 | — | (49) | — | — | — | — | — | — | — |
| Extraordinary items | — | — | 1,549 | (8,434) | — | — | — | — | — | — |
| Total business-type activities | <u>8,372</u> | <u>366</u> | <u>190</u> | <u>(10,768)</u> | <u>(1,263)</u> | <u>(1,016)</u> | <u>(808)</u> | <u>(144)</u> | <u>14,438</u> | <u>9,693</u> |
| Total primary government | <u>\$ 628,163</u> | <u>637,833</u> | <u>639,193</u> | <u>541,729</u> | <u>537,182</u> | <u>544,449</u> | <u>544,678</u> | <u>605,346</u> | <u>597,599</u> | <u>584,197</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (98,225) | (157,197) | (10,638) | (58,272) | (114,883) | (110,435) | (46,580) | (59,714) | (114,076) | (128,390) |
| Business-type activities | 12,886 | (1,892) | 1,479 | (8,208) | (29,595) | (30,261) | (13,110) | (20,704) | 17,240 | (65,508) |
| Total primary government | <u>\$ (85,339)</u> | <u>(159,089)</u> | <u>(9,159)</u> | <u>(66,480)</u> | <u>(144,478)</u> | <u>(140,696)</u> | <u>(59,690)</u> | <u>(80,418)</u> | <u>(96,836)</u> | <u>(193,898)</u> |

FULTON COUNTY, GEORGIA
Fund Balances, Governmental funds
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| General fund | | | | | | | | | | |
| Unassigned | 124,580 | 152,835 | 120,558 | 83,758 | 88,985 | 128,561 | | | | |
| Unreserved | — | — | — | — | — | — | 150,230 | 95,041 | 76,233 | 97,362 |
| Total general fund | <u>\$ 124,580</u> | <u>152,835</u> | <u>120,558</u> | <u>83,758</u> | <u>88,985</u> | <u>128,561</u> | <u>150,230</u> | <u>95,041</u> | <u>76,233</u> | <u>97,362</u> |
| Special Service District Fund | | | | | | | | | | |
| Assigned | 4,008 | 8,082 | 4,536 | 5,842 | 6,714 | 5,123 | | | | |
| Unreserved | — | — | — | — | — | — | 3,596 | 1,924 | 16,033 | 16,015 |
| Total Special District fund | <u>\$ 4,008</u> | <u>8,082</u> | <u>4,536</u> | <u>5,842</u> | <u>6,714</u> | <u>5,123</u> | <u>3,596</u> | <u>1,924</u> | <u>16,033</u> | <u>16,015</u> |
| Library Bond fund | | | | | | | | | | |
| Restricted | \$ 26,704 | 55,179 | 110,248 | 149,471 | 159,268 | 166,813 | | | | |
| Designated for capital projects | — | — | — | — | — | — | 168,445 | | | |
| Total Library bond fund | <u>\$ 26,704</u> | <u>55,179</u> | <u>110,248</u> | <u>149,471</u> | <u>159,268</u> | <u>166,813</u> | <u>168,445</u> | | | |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ — | — | — | — | — | — | | | | |
| Restricted | 56,140 | 50,644 | 50,897 | 40,987 | 39,065 | 42,691 | | | | |
| Committed | 571 | 592 | 576 | 651 | 678 | 596 | | | | |
| Assigned | 81,133 | 64,374 | 42,913 | 43,479 | 41,264 | 57,780 | | | | |
| Unassigned | — | — | — | — | — | (2,085) | | | | |
| Reserved | — | — | — | — | — | — | 7,129 | 18,917 | 21,347 | 24,997 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | — | — | — | — | — | — | 25,613 | 33,931 | 24,752 | 27,072 |
| Capital projects funds | — | — | — | — | — | — | 66,876 | 50,357 | 57,546 | 76,157 |
| Total all other governmental funds | <u>\$ 137,844</u> | <u>115,610</u> | <u>94,386</u> | <u>85,117</u> | <u>81,007</u> | <u>98,982</u> | <u>99,618</u> | <u>103,205</u> | <u>103,645</u> | <u>128,226</u> |
| Total governmental funds | <u>\$ 293,136</u> | <u>331,706</u> | <u>329,728</u> | <u>324,188</u> | <u>335,974</u> | <u>399,479</u> | <u>421,889</u> | <u>200,170</u> | <u>195,911</u> | <u>241,603</u> |

Note: Implementation of GASB Statement No. 54 as of December 31, 2011 changed fund balance reporting requirements.

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

| | Fiscal Year | | | | | | | | | |
|---|--------------------|----------------|----------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 583,667 | 605,771 | 602,967 | 520,687 | 513,212 | 515,240 | 541,331 | 567,601 | 544,346 | 531,613 |
| Intergovernmental | 79,779 | 69,781 | 70,046 | 62,767 | 65,709 | 69,118 | 67,974 | 74,124 | 55,178 | 64,867 |
| Charges for services | 34,125 | 38,608 | 39,424 | 40,487 | 43,675 | 41,400 | 52,532 | 53,283 | 45,688 | 43,256 |
| Courts and law enforcement | 20,253 | 23,169 | 22,703 | 24,820 | 21,951 | 24,549 | 25,244 | 25,391 | 24,978 | 23,650 |
| Use of money and property | 5,460 | 6,009 | 6,931 | 6,326 | 6,333 | 7,101 | 5,704 | 9,213 | 16,994 | 23,821 |
| Licenses and permits | 6,475 | 7,105 | 6,241 | 6,056 | 6,521 | 5,456 | 5,707 | 6,134 | 7,850 | 7,850 |
| Miscellaneous | 13,069 | 10,120 | 6,861 | 6,019 | 4,985 | 6,582 | 5,207 | 4,219 | 8,688 | 4,953 |
| Net (depreciation) appreciation in investments | (22) | 42 | (69) | (6) | 184 | (10) | 75 | 135 | 104 | (167) |
| Total revenues | <u>742,806</u> | <u>760,605</u> | <u>755,104</u> | <u>667,156</u> | <u>662,570</u> | <u>669,436</u> | <u>703,774</u> | <u>740,100</u> | <u>703,826</u> | <u>699,843</u> |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Administration | 104,336 | 87,737 | 87,453 | 81,956 | 88,826 | 85,494 | 89,169 | 87,074 | 95,103 | 88,427 |
| Public safety | 143,451 | 142,406 | 161,388 | 154,879 | 149,401 | 145,552 | 146,236 | 147,228 | 149,384 | 144,237 |
| Legal | 120,474 | 115,786 | 115,418 | 108,685 | 106,993 | 115,204 | 113,323 | 111,785 | 113,551 | 112,361 |
| Infrastructure and facilities | 32,215 | 30,073 | 65,539 | 54,792 | 54,397 | 36,196 | 36,044 | 45,284 | 52,339 | 34,823 |
| Social services | 68,579 | 66,128 | 48,700 | 60,518 | 65,055 | 92,979 | 98,800 | 95,152 | 101,907 | 100,303 |
| Health services | 138,535 | 141,569 | 155,008 | 145,998 | 169,789 | 135,567 | 119,825 | 151,312 | 156,443 | 170,972 |
| Other nonagency | 72,972 | 67,718 | 28,907 | 25,948 | 30,946 | 32,941 | 35,671 | 54,713 | 52,458 | 50,781 |
| Capital outlay | 60,229 | 82,911 | 45,406 | 17,881 | 20,293 | 13,030 | 13,984 | 10,679 | 17,685 | 41,643 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 33,675 | 24,857 | 31,839 | 27,156 | 26,186 | 24,755 | 17,864 | 22,629 | 27,965 | 29,861 |
| Interest | 13,877 | 14,316 | 15,466 | 16,378 | 17,327 | 20,353 | 9,113 | 10,006 | 14,143 | 15,222 |
| Total expenditures | <u>788,343</u> | <u>773,501</u> | <u>755,124</u> | <u>694,191</u> | <u>729,213</u> | <u>702,071</u> | <u>680,029</u> | <u>735,862</u> | <u>780,978</u> | <u>788,630</u> |
| Excess of revenues over (under) expenditures | (45,537) | (12,896) | (20) | (27,035) | (66,643) | (32,635) | 23,745 | 4,238 | (77,152) | (88,787) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Capital lease refunding obligations | 7,790 | 14,874 | 5,510 | 14,849 | 3,138 | 10,224 | 49,544 | — | 4,883 | — |
| Proceeds from sale of bonds | — | — | — | — | — | — | 193,441 | 110,885 | — | — |
| Premium received on bonds | — | — | — | — | — | — | 2,469 | 9,298 | — | — |
| Payments to escrow agent | — | — | — | — | — | — | (47,480) | (120,162) | — | — |
| Transfer in from enterprise funds | 577 | — | 49 | 400 | — | — | — | — | — | — |
| Transfer out to enterprise funds | (1,400) | — | — | — | — | — | — | — | — | — |
| Transfers in | 71,024 | 51,342 | 40,989 | 53,842 | 62,149 | 60,120 | 79,271 | 73,614 | 73,614 | 99,815 |
| Transfers out | (71,024) | (51,342) | (40,989) | (53,842) | (62,149) | (60,120) | (79,271) | (73,614) | (73,614) | (100,272) |
| Total other financing sources (uses) | <u>6,967</u> | <u>14,874</u> | <u>5,559</u> | <u>15,249</u> | <u>3,138</u> | <u>10,224</u> | <u>197,974</u> | <u>21</u> | <u>4,883</u> | <u>(457)</u> |
| Special item: Proceeds from sale of capital assets | — | — | — | — | — | — | — | — | — | 3,762 |
| Net changes in fund balances | <u>\$ (38,570)</u> | <u>1,978</u> | <u>5,539</u> | <u>(11,786)</u> | <u>(63,505)</u> | <u>(22,411)</u> | <u>221,719</u> | <u>4,259</u> | <u>(72,269)</u> | <u>(85,482)</u> |
| Debt service as a percentage of noncapital expenditures | 6.4 | 5.8 | 6.7 | 6.5 | 6.2 | 6.6 | 4.0 | 4.5 | 5.5 | 5.9 |

Schedule 5

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

| Fiscal Year | Real Property | Public Utilities | Personal and Business | Total assessed value | Total Direct Tax Rate | Assessed value as a percentage of Actual Value | Estimated actual value |
|-------------|---------------|------------------|-----------------------|----------------------|-----------------------|--|------------------------|
| 2007 | \$ 46,380,413 | 1,090,830 | 6,991,764 | 54,463,007 | 10.28 | 40% | 136,157,518 |
| 2008 | 49,883,106 | 1,108,038 | 7,256,388 | 58,247,532 | 10.28 | 40% | 145,618,831 |
| 2009 | 50,156,181 | 1,119,093 | 7,403,437 | 58,678,711 | 10.28 | 40% | 146,696,778 |
| 2010 | 47,152,996 | 1,067,474 | 6,999,360 | 55,219,830 | 10.28 | 40% | 138,049,576 |
| 2011 | 45,294,177 | 1,067,474 | 7,166,610 | 53,528,261 | 10.55 | 40% | 133,820,653 |
| 2012 | 43,328,112 | 1,147,265 | 7,517,644 | 51,993,021 | 10.55 | 40% | 129,982,553 |
| 2013 | 42,813,235 | 1,055,835 | 8,126,964 | 51,996,034 | 10.48 | 40% | 129,990,085 |
| 2014 | 44,423,387 | 1,063,189 | 7,721,837 | 53,208,413 | 12.05 | 40% | 133,021,033 |
| 2015 | 49,532,798 | 1,137,292 | 7,190,827 | 57,860,917 | 10.75 | 40% | 144,652,293 |
| 2016 | 50,666,238 | 1,129,634 | 7,406,453 | 59,202,325 | 10.70 | 40% | 148,005,813 |

Source: Fulton County Tax Commissioner.

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

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

Schedule 6**FULTON COUNTY, GEORGIA****Property Tax Rates - Direct and Overlapping Governments**

Last Ten Fiscal Years

Operating and Bond Levies

(Rate per \$1,000 Assessed Value)

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Fulton County direct: | | | | | | | | | | |
| General & bond | 10.70 | 10.75 | 12.05 | 10.48 | 10.55 | 10.55 | 10.28 | 10.28 | 10.28 | 10.28 |
| School | 18.48 | 18.50 | 18.50 | 18.50 | 18.50 | 18.50 | 18.50 | 17.50 | 17.50 | 18.09 |
| Special Services district | — | — | — | — | — | — | — | 0.00 | 3.87 | 3.87 |
| South Fulton tax district | 11.58 | 11.58 | 12.47 | 12.47 | 10.47 | 8.97 | 8.16 | 8.16 | 5.66 | 5.66 |
| Total direct | 40.76 | 40.83 | 43.02 | 41.45 | 39.52 | 38.02 | 36.94 | 35.94 | 37.31 | 37.90 |
| State of Georgia | 0.00 | 0.05 | 0.10 | 0.15 | 0.20 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Municipalities: | | | | | | | | | | |
| City of Atlanta | 10.86 | 10.87 | 11.45 | 11.75 | 11.94 | 11.94 | 11.94 | 11.94 | 8.80 | 8.92 |
| Downtown Development district | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| City of Atlanta school district | 21.74 | 21.74 | 21.74 | 21.74 | 21.74 | 21.69 | 21.69 | 21.69 | 21.69 | 22.69 |
| City of Alpharetta | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 | 6.25 |
| City of College Park | 12.62 | 12.62 | 12.62 | 12.62 | 12.62 | 11.56 | 11.56 | 9.56 | 9.56 | 9.56 |
| City of East Point | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 13.75 | 14.75 | 14.75 | 14.75 | 14.75 |
| City of Fairburn | 9.57 | 9.73 | 9.82 | 9.70 | 9.98 | 9.93 | 7.50 | 5.00 | 5.00 | 5.00 |
| City of Hapeville | 16.61 | 16.61 | 16.61 | 16.61 | 16.61 | 16.61 | 16.61 | 16.61 | 16.61 | 16.61 |
| City of Mountain Park | 12.90 | 13.22 | 13.33 | 10.78 | 10.78 | 10.78 | 11.78 | 11.78 | 11.78 | 11.78 |
| City of Palmetto | 8.50 | 8.50 | 8.50 | 8.50 | 8.50 | 8.45 | 8.45 | 8.45 | 8.50 | 4.50 |
| City of Roswell | 5.46 | 5.46 | 5.46 | 5.46 | 5.46 | 5.46 | 5.46 | 5.46 | 5.46 | 5.66 |
| City of Union city | 15.69 | 15.69 | 15.69 | 15.60 | 10.60 | 10.24 | 9.50 | 9.50 | 9.50 | 9.50 |
| City of Sandy Springs | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 |
| City of Milton | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 | 4.73 |
| City of John's Creek | 4.36 | 4.61 | 4.61 | 4.61 | 4.61 | 4.61 | 4.61 | 4.61 | 4.61 | 4.61 |
| City of Chattahoochee Hills | 10.96 | 10.96 | 10.96 | 10.96 | 10.96 | 10.96 | 10.96 | 10.96 | — | — |

Source: Fulton County Tax Commissioner.

Schedule 7**FULTON COUNTY, GEORGIA**

Principal Taxpayers

Current Year and Nine Years Ago

| | Assessment | Percentage of total assessed value | Taxes** |
|--|-------------------|---|----------------|
| Ten major taxpayers of 2016*: | | | |
| Development Authority of Fulton County | \$ 1,544,466,389 | 2.61% | \$ 16,139,674 |
| Georgia Power | 436,715,245 | 0.74% | 4,563,674 |
| AT&T | 275,399,699 | 0.47% | 2,877,927 |
| Coca Cola Company | 234,970,942 | 0.40% | 2,455,446 |
| Post Apartment Homes | 172,118,239 | 0.29% | 1,798,636 |
| Delta Airlines | 153,035,796 | 0.26% | 1,599,224 |
| SunTrust Plaza Associates LLC | 136,789,840 | 0.23% | 1,429,454 |
| BellSouth Telecommunications | 118,583,088 | 0.20% | 1,239,193 |
| Corporate Property Investors | 110,808,080 | 0.19% | 1,157,944 |
| Selig Enterprises, Inc. | 98,136,623 | 0.17% | 1,025,528 |
| Total ten major taxpayers | \$ 3,281,023,941 | 5.54% | \$ 34,286,700 |
| (1) Total County gross assessed value | \$ 59,202,325,232 | | |

*Taxes and assessments based on values at time of presentment

| | Assessment | Percentage of total assessed value | Taxes |
|--|-------------------|---|---------------|
| Ten major taxpayers of 2007: | | | |
| BellSouth Telecommunications | \$ 535,220,400 | 0.98% | \$ 10,396,130 |
| Development Authority of Fulton County | 321,512,382 | 0.59% | 5,922,412 |
| AT&T | 224,972,118 | 0.41% | 5,414,204 |
| Georgia Power | 304,282,928 | 0.56% | 4,956,637 |
| Coca Cola | 237,854,482 | 0.44% | 4,064,175 |
| Delta Airlines | 100,403,752 | 0.18% | 3,000,320 |
| Concourse Associates | 70,881,300 | 0.13% | 2,312,290 |
| Post Apartment Homes | 174,864,730 | 0.32% | 2,201,178 |
| Four Eight Five Properties | 59,546,650 | 0.11% | 1,942,531 |
| Cousins Properties | 80,963,292 | 0.15% | 1,888,185 |
| Total ten major taxpayers | \$ 2,110,502,034 | 3.88% | \$ 42,098,062 |
| Total County gross assessed value | \$ 54,463,006,905 | | |

Source: Fulton County Tax Commissioner.

Schedule 8-A

FULTON COUNTY, GEORGIA
General Fund Property Tax Levy and Collections
Last Ten Fiscal Years
(in thousands)

| Fiscal Year | | Total current year tax levy | Current tax collected | Percent of levy collected | | Delinquent tax collected | Total tax collected | Total collections as percentage of current levy | | Outstanding delinquent taxes | Outstanding delinquent taxes as percentage of current levy |
|--------------------|-----|--|--------------------------------------|--|----|---|------------------------------------|--|----|---|---|
| 2007 | \$ | 414,657 | 385,257 | 92.9 % | \$ | 17,709 | \$ 402,966 | 97.2 % | \$ | 16,179 | 3.9% |
| 2008 | (1) | 451,295 | 409,951 | 90.8 | | 24,407 | 434,358 | 96.2 | | 19,966 | 4.4 |
| 2009 | (2) | 463,906 | 406,758 | 87.7 | | 43,475 | 450,233 | 97.1 | | 24,634 | 5.3 |
| 2010 | (1) | 422,255 | 411,352 | 97.4 | | 56,896 | 468,248 | 110.9 | | 17,076 | 4.0 |
| 2011 | | 388,373 | 371,795 | 95.7 | | 6,111 | 377,906 | 97.3 | | 17,069 | 4.4 |
| 2012 | | 378,534 | 371,493 | 98.1 | | 15,639 | 387,132 | 102.3 | | 16,591 | 4.4 |
| 2013 | | 379,864 | 364,179 | 95.9 | | 10,748 | 374,927 | 98.7 | | 15,565 | 4.1 |
| 2014 | (1) | 458,863 | 443,945 | 96.7 | | 22,903 | 466,848 | 101.7 | | 13,329 | 2.9 |
| 2015 | | 449,477 | 437,411 | 97.3 | | 17,517 | 454,928 | 101.2 | | 13,204 | 2.9 |
| 2016 | (3) | 463,919 | 440,273 | 94.9 | | 8,744 | 449,017 | 96.8 | | 11,555 | 2.5 |

Debt Service Fund Property Tax Levy and Collections
Last Ten Fiscal Years
(in thousands)

| Fiscal Year | | Total current year tax levy | Current tax collected | Percent of levy collected | | Delinquent tax collected | Total tax collected | collections as percentage of current levy | | Outstanding delinquent taxes | Outstanding delinquent taxes as percentage of current levy |
|--------------------|-----|--|--------------------------------------|--|----|---|------------------------------------|--|----|---|---|
| 2007 | \$ | — | \$ — | — % | \$ | 115 | \$ 115 | — % | \$ | 148 | — |
| 2008 | (1) | — | — | — | | 36 | 36 | — | | 85 | — |
| 2009 | (2) | — | — | — | | 11 | 11 | — | | 47 | — |
| 2010 | (1) | — | — | — | | 9 | 9 | — | | 18 | — |
| 2011 | | 12,040 | 11,541 | 95.9 | | 2 | 11,543 | 95.9 | | 12 | 0.1% |
| 2012 | | 11,681 | 11,477 | 98.3 | | 377 | 11,854 | 101.5 | | 141 | 1.2 |
| 2013 | | 11,709 | 11,247 | 96.1 | | 247 | 11,494 | 98.2 | | 191 | 1.6 |
| 2014 | (1) | 12,272 | 11,888 | 96.9 | | 640 | 12,528 | 102.1 | | 201 | 1.6 |
| 2015 | | 12,568 | 12,240 | 97.4 | | 441 | 12,681 | 100.9 | | 252 | 2.0 |
| 2016 | (3) | 13,053 | 12,412 | 95.1 | | 236 | 12,648 | 96.9 | | 270 | 2.1 |

(1) 2008, 2010 & 2014 due date October 31 as opposed to normal due date of October 15

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

Schedule 8-B

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

| Fiscal Year | Total current year tax levy | | Current tax collected | Percent of levy collected | | Delinquent tax collected | Total tax collected | Total collections as percentage of current levy | | Outstanding delinquent taxes | Outstanding delinquent taxes as percentage of current levy |
|--------------------|------------------------------------|---|------------------------------|----------------------------------|---|---------------------------------|----------------------------|--|---|-------------------------------------|---|
| | \$ | * | | % | | \$ | \$ | % | | \$ | |
| 2007 | — | * | — | — | % | 307 | 307 | — | % | 1,054 | — |
| 2008 | — | * | — | — | | 561 | 561 | — | | 419 | — |
| 2009 | — | * | — | — | | 6 | 6 | — | | 307 | — |
| 2010 | — | * | — | — | | 9 | 9 | — | | 191 | — |
| 2011 | — | * | — | — | | 6 | 6 | — | | 60 | — |
| 2012 | — | * | — | — | | 2 | 2 | — | | — | — |
| 2013 | — | * | — | — | | — | — | — | | — | — |
| 2014 | — | * | — | — | | — | — | — | | — | — |
| 2015 | — | * | — | — | | — | — | — | | — | — |
| 2016 | — | * | — | — | | — | — | — | | — | — |

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

Amounts represented for Real Estate & Personal Property Taxes

Source: Fulton County Tax Commissioner's office

Schedule 8-C

FULTON COUNTY, GEORGIA

Northeast Special Service Sub-District Fund Property Tax Levy and Collections
Last Nine Fiscal Years
(in thousands)

| Fiscal Year | | Total current year tax levy | Current tax collected | Percent of levy collected | | Delinquent tax collected | Total tax collected | collections as percentage of current levy | | Outstanding delinquent taxes | Outstanding delinquent taxes as percentage of current levy |
|--------------------|-----|------------------------------------|------------------------------|----------------------------------|--|---------------------------------|----------------------------|--|--|-------------------------------------|---|
| 2007 | | \$ 80 | \$ 67 | 83.8 % | | \$ 375 | \$ 442 | 552.5 % | | \$ 139 | 173.8% |
| 2008 | (1) | 1 | 1 | 100.0 | | 93 | 94 | 9,400.0 | | 56 | 5600.0% |
| 2009 | (1) | — | — | — | | 25 | 25 | — | | 25 | — |
| 2010 | (1) | — | — | — | | 4 | 4 | — | | 18 | — |
| 2011 | | — | — | — | | 1 | 1 | — | | 14 | — |
| 2012 | | — | — | — | | 1 | 1 | — | | 14 | — |
| 2013 | | — | — | — | | 1 | 1 | — | | — | — |
| 2014 | | — | — | — | | — | — | — | | — | — |
| 2015 | | — | — | — | | 1 | 1 | — | | — | — |
| 2016 | (2) | — | — | — | | — | — | — | | — | — |

FULTON COUNTY, GEORGIA

Northwest Special Service Sub-District Fund Property Tax Levy and Collections
Last Nine Fiscal Years
(in thousands)

| Fiscal Year | | Total current year tax levy | Current tax collected | Percent of levy collected | | Delinquent tax collected | Total tax collected | collections as percentage of current levy | | Outstanding delinquent taxes | Outstanding delinquent taxes as percentage of current levy |
|--------------------|-----|------------------------------------|------------------------------|----------------------------------|--|---------------------------------|----------------------------|--|--|-------------------------------------|---|
| 2007 | | \$ — | \$ — | — % | | \$ 222 | \$ 222 | — % | | \$ 98 | — |
| 2008 | (1) | — | — | — | | 62 | 62 | — | | 41 | — |
| 2009 | (1) | — | — | — | | 8 | 8 | — | | 28 | — |
| 2010 | (1) | — | — | — | | 19 | 19 | — | | 12 | — |
| 2011 | | — | — | — | | 3 | 3 | — | | 7 | — |
| 2012 | | — | — | — | | 1 | 1 | — | | 7 | — |
| 2013 | | — | — | — | | — | — | — | | — | — |
| 2014 | | — | — | — | | 1 | 1 | — | | — | — |
| 2015 | | — | — | — | | — | — | — | | — | — |
| 2016 | (2) | — | — | — | | — | — | — | | — | — |

FULTON COUNTY, GEORGIA

South Fulton Special District Fund Property Tax Levy and Collections
Last Nine Fiscal Years
(in thousands)

| Fiscal Year | | Total current year tax levy | Current tax collected | Percent of levy collected | | Delinquent tax collected | Total tax collected | collections as percentage of current levy | | Outstanding delinquent taxes | Outstanding delinquent taxes as percentage of current levy |
|--------------------|-----|------------------------------------|------------------------------|----------------------------------|--|---------------------------------|----------------------------|--|--|-------------------------------------|---|
| 2007 | | \$ 18,542 | \$ 16,704 | 90.1 % | | \$ 1,085 | \$ 17,789 | 95.9 % | | \$ 529 | 2.9% |
| 2008 | (1) | 18,896 | 16,487 | 87.3 | | 1,185 | 17,672 | 93.5 | | 867 | 4.6 |
| 2009 | (1) | 27,279 | 22,657 | 83.1 | | 2,577 | 25,234 | 92.5 | | 864 | 3.2 |
| 2010 | (1) | 22,964 | 21,905 | 95.4 | | 4,044 | 25,949 | 113.0 | | 1,169 | 5.1 |
| 2011 | | 21,406 | 19,827 | 92.6 | | 681 | 20,508 | 95.8 | | 1,340 | 6.3 |
| 2012 | | 23,531 | 22,535 | 95.8 | | 1,738 | 24,273 | 103.2 | | 1,208 | 5.1 |
| 2013 | | 27,669 | 25,702 | 92.9 | | 906 | 26,608 | 96.2 | | 1,284 | 4.6 |
| 2014 | (1) | 28,522 | 26,914 | 94.4 | | 1,872 | 28,786 | 100.9 | | 1,397 | 4.9 |
| 2015 | | 29,306 | 28,041 | 95.7 | | 1,505 | 29,546 | 100.8 | | 1,389 | 4.7 |
| 2016 | (2) | 30,096 | 28,134 | 93.5 | | 1,098 | 29,232 | 97.1 | | 1,320 | 4.4 |

Source: Fulton County Tax Commissioner's office

(1) 2008, 2010 & 2014 due date October 31. 2009 due date was December 15. Normal due date is October 15
Amounts represented for Real Estate & Personal Property Taxes

Schedule 9

FULTON COUNTY, GEORGIA
Computation of Direct and Overlapping Debt
as of December 31, 2016

| Name of governmental unit | Amount outstanding | Percentage applicable | Amount applicable |
|--|-------------------------------|----------------------------------|------------------------------|
| Direct debt: | | | |
| Fulton County General Obligation Library bonds | \$ 143,880,673 | 100.00% | 143,880,673 |
| Fulton County School District | 55,870,000 | 100.00% | 55,870,000 |
| Municipalities: | | | — |
| Alpharetta | 94,330,000 | 100.00% | 94,330,000 |
| Atlanta (including School District) | 387,953,000 | 94.02% * | 364,772,411 |
| Hapeville | 12,925,000 | 100.00% | 12,925,000 |
| Fairburn | 8,830,289 | 100.00% | 8,830,289 |
| Union City | 10,179,160 | 100.00% | 10,179,160 |
| Roswell | 11,409,238 | 100.00% | 11,409,238 |
| Total direct debt | <u>725,377,360</u> | | <u>702,196,771</u> |
| Contractual obligations and overlapping contractual obligations: | | | |
| Fulton County Urban Redevelopment Agency | 21,291,000 | 100.00% | 21,291,000 |
| College Park Business and Industrial Development Authority | 210,000 | 100.00% | 210,000 |
| The Fulton-DeKalb Hospital Authority: Revenue Refunding Certificates Series 2012 | 99,330,000 | 100.00% | 99,330,000 |
| City of Atlanta and Fulton County Recreation Authority: | | | |
| Arena Series 2010 (1) | 97,285,000 | 96.02% * | 93,409,748 |
| Zoo Series 2007 (1) | 10,930,000 | 95.52% * | 10,440,191 |
| East Point Building Authority | 55,008,693 | 100.00% | 55,008,693 |
| Total overlapping debt | <u>\$ 284,054,693</u> | | <u>279,689,632</u> |
| Total direct and overlapping debt and contractual obligations and overlapping contractual obligations (2) | <u>\$ 1,009,432,053</u> | | <u>981,886,403</u> |

* For above debt funded through property tax collections the percentage of overlapping debt applicable is estimated using taxable property values for the specific geographic area.

- (1) The County and the City are obligated to pay one-third and two-thirds, respectively, of the debt service on the Arena Series 2010 Bonds in the event that revenues from Philips Arena are not sufficient to pay debt service. To date, the County has not been called upon to pay any debt service. The County and the City of Atlanta are obligated to pay one-quarter and three-quarters, respectively, of debt service on the Zoo Series 2007 bonds.
- (2) Does not include the County's obligations pursuant to an annually renewable lease agreement with the Fulton County Facilities Corporation. The balance outstanding as of December 31, 2015 is \$55,275,000
- (3) Does not include the City of Sandy Springs obligations pursuant to an annually renewable lease agreement with the Public Facilities Authority. The balance outstanding as of December 31, 2016 is \$159,475,000

Schedule 10

FULTON COUNTY, GEORGIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(in thousands)

| Governmental Activities | | | | | | | | | Business-type activities | | | | | | | |
|-------------------------|--------------------------|--|--|--|--------------------------------|-------------------------------|----------------------|------------------------------------|--------------------------------|-------------------------------|--------------------------------|-----------------------------------|-------------------------------|-------------------------------|--|--|
| Fiscal Year | General Obligation bonds | Fulton County Building Authority bonds | Fulton County Facilities Corporation bonds | Fulton County Urban Redevelopment Agency bonds | Other long-term capital leases | Total Governmental activities | % of Personal Income | Per Capita debt (not in thousands) | Water & Sewerage Revenue Bonds | Water & Sewerage Note payable | Total Business-type activities | Estimated Water/Sewer connections | Debt per estimated connection | Total Debt Primary Government | Total Per Capita debt (not in thousands) | |
| 2007 | \$ 4,581 | 61,674 | 116,254 | — | 74,135 | 256,644 | 1.56% | 835.28 | 571,458 | 609 | 572,067 | 102,000 | 5,609 | 828,711 | 835.28 | |
| 2008 | 1,760 | 51,186 | 110,639 | — | 72,231 | 235,816 | 1.51% | 785.79 | 561,277 | 435 | 561,712 | 102,000 | 5,507 | 797,528 | 785.79 | |
| 2009 | — | 39,913 | 118,678 | — | 64,342 | 222,933 | 1.58% | 748.34 | 550,422 | 250 | 550,672 | 102,000 | 5,399 | 773,605 | 748.34 | |
| 2010 | 169,469 | 27,765 | 117,788 | 26,441 | 61,882 | 403,345 | 1.93% | 1,023.65 | 538,956 | 52 | 539,008 | 102,500 | 5,259 | 942,353 | 1,023.65 | |
| 2011 | 165,564 | 21,629 ⁽¹⁾ | 110,436 | 30,458 | 61,264 | 389,351 | 1.74% | 977.39 | 538,775 | — | 538,775 | 102,500 | 5,256 | 928,126 | 977.39 | |
| 2012 | 161,545 | 14,778 | 102,128 | 28,736 | 57,937 | 365,124 | 1.59% | 914.69 | 529,240 | — | 529,240 | 158,850 | 3,332 | 894,364 | 914.69 | |
| 2013 | 157,373 | 7,573 | 93,542 | 26,965 | 66,276 | 351,729 | 1.53% | 888.31 | 522,632 | — | 522,632 | 160,300 | 3,260 | 874,361 | 888.31 | |
| 2014 | 153,044 | — | 84,680 | 25,136 | 61,896 | 324,756 | 1.31% | 840.39 | 512,536 | — | 512,536 | 164,988 | 3,107 | 837,292 | 840.39 | |
| 2015 | 148,548 | — | 75,506 | 23,243 | 66,948 | 314,245 | 1.14% | 798.58 | 492,765 | — | 492,765 | 167,299 | 2,945 | 807,010 | 798.58 | |
| 2016 | 143,881 | — | 58,058 | 21,291 | 64,690 | 287,920 | 1.04% | 743.10 | 472,519 | — | 472,519 | 171,750 | 2,751 | 760,439 | 743.10 | |

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

⁽¹⁾ Balance for 2011 Facility Corporation bonds was restated by \$988 in accordance with GASB Statement No.65

Sources:

Personal Income and Population data from Schedule 15 - Demographic statistics

Schedule 11

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

| Fiscal Year | General Obligation bonds* | Less debt service funds | Net bonded debt | Assessed value for bond purposes | Percentage of actual taxable value | | Net bonded debt per capita (not in thousands) |
|-------------|---------------------------|-------------------------|-----------------|----------------------------------|------------------------------------|------|---|
| 2007 | \$ 4,581 | 6,600 | — | 51,893,006 | — | % \$ | — |
| 2008 | 1,760 | 3,429 | — | 55,482,952 | — | | — |
| 2009 | — | — | — | 55,717,671 | — | | — |
| 2010 | 169,469 | — | 169,469 | 53,981,561 | 0.31 | | 184.09 |
| 2011 | 165,564 | 1,240 | 164,324 | 50,762,207 | 0.32 | | 173.05 |
| 2012 | 161,545 | 4,481 | 157,064 | 49,250,278 | 0.32 | | 160.63 |
| 2013 | 157,373 | 9,032 | 148,341 | 49,278,963 | 0.30 | | 150.71 |
| 2014 | 153,044 | 13,546 | 139,498 | 50,337,606 | 0.28 | | 140.01 |
| 2015 | 148,548 | 18,291 | 130,257 | 54,588,184 | 0.24 | | 128.90 |
| 2016 | 143,881 | 22,729 | 121,152 | 55,916,272 | 0.22 | | 118.39 |

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

Sources:

Population data from Schedule 15 - Demographic statistics

Schedule 12

FULTON COUNTY, GEORGIA
Schedule of Revenue Bond Coverage
Fulton County Water and Sewerage System
Last Ten Fiscal Years
(in thousands)

| Fiscal Year | | Operating revenues* | Operating expenses* | Net earnings | Principal | Interest | Total | Coverage |
|-------------|-----|---------------------|---------------------|--------------|-----------|----------|--------|----------|
| 2007 | (1) | 167,245 | 70,221 | 97,024 | 10,335 | 29,077 | 39,412 | 2.46 |
| 2008 | (1) | 110,949 | 66,929 | 44,020 | 10,965 | 27,851 | 38,816 | 1.13 |
| 2009 | | 119,875 | 76,779 | 43,096 | 11,555 | 27,262 | 38,817 | 1.11 |
| 2010 | | 121,562 | 75,381 | 46,181 | 12,160 | 26,654 | 38,814 | 1.19 |
| 2011 | | 120,454 | 72,996 | 47,458 | 8,157 | 25,419 | 33,576 | 1.41 |
| 2012 | | 116,843 | 70,148 | 46,695 | 5,655 | 24,909 | 30,564 | 1.53 |
| 2013 | (1) | 117,844 | 79,701 (2) | 38,143 | 13,246 | 15,052 | 28,298 | 1.35 |
| 2014 | (1) | 119,366 | 67,639 | 51,727 | 4,920 | 22,311 | 27,231 | 1.90 |
| 2015 | | 121,605 | 69,066 | 52,539 | 14,650 | 22,123 | 36,773 | 1.43 |
| 2016 | | 129,236 | 71,696 | 57,540 | 15,325 | 21,453 | 36,778 | 1.56 |

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

(1) Includes one-time revenues for sale of future wastewater treatment capacity or property to other municipalities of \$3.7 million in 2014; \$6.3 million in 2013; \$2.2 million in 2008 and \$33 million in 2007

(2) Includes a one-time contractual termination payment of \$13,249

Schedule 13

FULTON COUNTY, GEORGIA

Legal Debt Margin Information

Last Ten Fiscal Years

(in thousands)

| | |
|---|---------------------|
| Assessed value | \$ 59,202,325 |
| Less: | |
| Applicable property tax exemptions | <u>(3,286,053)</u> |
| Assessed value for bond purposes | <u>55,916,272</u> |
| Debt limit 10% of assessed value | 5,591,627 |
| Less amounts of debt applicable to the limit: | |
| General Obligation debt outstanding | 143,881 |
| less available debt service funds | <u>(22,729)</u> |
| Total amount applicable to debt limit | <u>121,152</u> |
| Legal Debt Margin | <u>\$ 5,470,475</u> |

| | Debt Limit | Total net bonded debt applicable to limit | Legal Debt Margin | Total net debt applicable to the limit as a % of debt limit |
|------|---------------|--|-------------------------|---|
| 2007 | \$ 5,189,301 | — | 5,189,301 | 0.00% |
| 2008 | 5,548,295 | — | 5,548,295 | 0.00% |
| 2009 | 5,571,767 | — | 5,571,767 | 0.00% |
| 2010 | 5,398,156 | 169,469 | 5,228,687 | 0.32% |
| 2011 | 5,076,221 | 164,324 | 4,911,897 | 0.33% |
| 2012 | 4,925,028 | 157,064 | 4,767,964 | 0.33% |
| 2013 | 4,927,896 | 148,341 | 4,779,555 | 0.31% |
| 2014 | 5,033,761 | 139,498 | 4,894,263 | 0.29% |
| 2015 | 5,458,818 | 130,257 | 5,328,561 | 0.24% |
| 2016 | 5,591,627 | 121,152 | 5,470,475 | 0.22% |

Schedule 14**FULTON COUNTY, GEORGIA**Demographic Information
Last Ten Fiscal Years

| Fiscal Year | Fulton County Population | Per capita personal Income(1) | Fulton County Personal Income(1) (in thousands) | Unemployment Rate | |
|----------------|--------------------------------|-------------------------------------|--|----------------------|-----|
| 2007 | 992,137 | \$ 61,153 | \$ 53,162,470 | 4.9 | % |
| 2008 | 1,014,932 | 59,512 | 52,888,363 | 6.4 | |
| 2009 | 1,033,756 | 54,061 | 48,952,940 | 9.9 | |
| 2010 | 920,581 | 52,621 | 48,733,047 | 10.9 | |
| 2011 | 949,599 | 56,061 | 53,234,047 | 10.6 | |
| 2012 | 977,773 | 57,537 | 56,258,497 | 9.6 | |
| 2013 | 984,293 | 62,381 | 57,210,067 | 7.8 | |
| 2014 | 996,319 | 68,018 | 63,937,957 | 6.3 | |
| 2015 | 1,010,562 | 69,977 (1) | 70,716,189 (1) | 5.4 | |
| 2016 | 1,023,336 | 72,076 (1) | 72,837,675 (1) | 5.4 | (2) |

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

Income data from U.S. Bureau of Economic Analysis

(1) Data amended to match U.S. Department of Commerce-Bureau of Economic Analysis for all years presented through 2015. 2016 data not available but estimated with a 3% increase from 2015 per capita personal income data applied to U.S Census 2016 mid year population estimate.

(2) Annual unemployment rates from the Georgia Department of Labor; 2016 from the Revised March 2016 Local Unemployment Rate (not seasonally adjusted)

Schedule 15**FULTON COUNTY, GEORGIA**

Principal Employers
Current Year and Nine Years Ago

| | <u>Employees*</u> | <u>Percentage of County employment**</u> |
|--|--------------------------|---|
| Ten major employers-within 29 county Atlanta Metro Statistical area - 2016 | | |
| Delta Airlines | 30,813 | 3.86% |
| United Parcel Service | 15,252 | 1.91% |
| Fulton County Schools | 12,000 | 1.50% |
| Northside Hospital | 10,973 | 1.38% |
| The Home Depot | 10,000 | 1.25% |
| Piedmont Healthcare | 9,308 | 1.17% |
| Georgia Institute of Technology | 8,962 | 1.12% |
| Cox Enterprises, Inc. | 8,269 | 1.04% |
| SunTrust Banks, Inc. | 5,989 | 0.75% |
| Turner Broadcasting System Inc. | 5,421 | 0.68% |

* From the Atlanta Business Chronicle Book of Lists, within 29 Metro-Atlanta county area dated 12/23/2016; these statistics could include employees working in areas outside Fulton County.

** Georgia Department of Labor statistic for average employment-Fulton County 3rd qtr 2016 was 797,551.

| | <u>Employees*</u> | <u>Percentage of County employment**</u> |
|-----------------------------------|--------------------------|---|
| Ten major employers of 2007: | | |
| Delta Airlines | 19,235 | 4.28% |
| Publix Supermarkets | 16,855 | 3.75% |
| Kroger Company | 15,500 | 3.45% |
| Bellsouth Corp | 15,500 | 3.45% |
| United States Postal Service | 14,000 | 3.11% |
| Fulton County School system | 10,892 | 2.42% |
| United Parcel Service | 10,500 | 2.33% |
| Atlanta City Municipal Government | 7,934 | 1.76% |
| SunTrust Banks Inc. | 7,768 | 1.73% |
| IBM Corporation | 7,500 | 1.67% |

* From the Metro Atlanta Chamber of Commerce publication "Atlanta's Top Employers, 2006" these statistics could include employees working in other areas outside Fulton County.

Schedule 16

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

| <u>Fiscal Year</u> | <u>General Government</u> | <u>Police</u> | | <u>Fire</u> | | <u>Emergency Services (911)</u> | <u>Water & Sewerage</u> | <u>All Other</u> | <u>Total Government</u> |
|------------------------|-------------------------------|---------------|---|-------------|---|-------------------------------------|---------------------------------|----------------------|-----------------------------|
| 2007 | 4,356 | 230 | * | 223 | * | 109 | 344 | 811 | 6,073 |
| 2008 | 4,561 | 198 | * | 186 | * | 109 | 345 | 816 | 6,215 |
| 2009 | 4,475 | 160 | | 153 | | 97 | 322 | 625 | 5,832 |
| 2010 | 4,249 | 154 | | 142 | | 74 | 302 | 537 | 5,458 |
| 2011 | 4,245 | 153 | | 142 | | 73 | 302 | 556 | 5,471 |
| 2012 | 4,108 | 155 | | 136 | | 58 | 292 | 534 | 5,283 |
| 2013 | 3,986 | 162 | | 135 | | 59 | 291 | 460 | 5,093 |
| 2014 | 4,122 | 165 | | 135 | | 58 | 292 | 245 | 5,017 |
| 2015 | 4,320 | 169 | | 135 | | 64 | 278 | 262 | 5,228 |
| 2016 | 4,230 | 175 | | 166 | | 69 | 268 | 261 | 5,169 |

Sources: Fulton County Budget Book

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

FULTON COUNTY, GEORGIA

Operating Indicators by Function/Program
Last Ten Fiscal Years

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|
| Atlanta/Fulton County Library | | | | | | | | | | |
| Circulation-checked out | 3,306,002 | 3,793,020 | 4,204,478 | 4,007,431 | 4,167,728 | 3,644,362 | 3,430,367 | 2,758,653 | 3,002,518 | 3,080,554 |
| New library cards issued | 75,900 | 64,232 | 66,124 | 54,457 | 55,893 | 60,601 | 49,623 | 43,382 | 55,058 | 49,927 |
| Database inquiries (hits) | 475,237 | 1,075,941 | 1,659,067 | 1,071,297 | 1,661,802 | 1,296,398 | 1,552,743 | 1,016,484 | 8,178,590 | 8,697,718 |
| Human Services: | | | | | | | | | | |
| Meals - Older Americans Act | 444,435 | 406,051 | 1,027* | 1,451* | 1,451* | 2,198* | 2,290* | 2,486* | Unavailable | Unavailable |
| *No of people served | | | | | | | | | | |
| Health and Wellness: | | | | | | | | | | |
| Total Nursing services visits | 208,216 | 230,715 | 84,170(2) | 79,900(2) | 96,341 | Unavailable | Unavailable | Unavailable | Unavailable | Unavailable |
| Food service inspections | 7,318 | 7,703 | 5,572 | 5,380 | 6,500 | Unavailable | Unavailable | Unavailable | Unavailable | Unavailable |
| (2) clients receiving services | | | | | | | | | | |
| Transportation: Roadway miles paved | 0 | 36 | 8 | 3 | 6 | 12 | 8 | 8 | 8 | 0 |
| 911 Emergency Communications calls: | 649,890 | 481,916 | 782,896 | 546,518 | 425,742 | 417,562 | 408,656 | 433,398 | 668,379 | 657,973 |
| Water and Sewerage fund: | | | | | | | | | | |
| Wastewater average flows | | | | | | | | | | |
| in millions of gallons per day: | | | | | | | | | | |
| Camp Creek | 14.13 | 14.41 | 14.96 | 16.24 | 15.63 | 14.22 | 16.44 | 15.70 | 17.23 | 14.86 |
| John's Creek | 4.18 | 3.61 | 8.17 | 4.45 | 3.57 | 3.89 | 8.75 | 8.62 | 8.43 | 8.48 |
| Big Creek | 20.08 | 19.99 | 22.80 | 19.91 | 17.91 | 18.73 | 18.77 | 18.35 | 19.06 | 19.82 |
| Little River | 0.69 | 0.68 | 0.92 | 0.94 | 0.84 | 0.82 | 0.98 | 0.90 | 0.87 | 0.83 |

*not available

Source: Fulton County Budget book and County departments

FULTON COUNTY, GEORGIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Atlanta/Fulton County Library Branches, including main facility | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 36 | 36 | 34 |
| Health and Wellness: Health centers | 11 | 10 | 10 | 10 | 10 | 10 | 10 | 9 | 9 | 8 |
| Jail and detention centers | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Fire Stations | 15* | 15* | 15* | 15* | 15* | 15* | 15* | 15* | 13* | 13* |
| Water and Sewerage fund: Wastewater treatment plants | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Water treatment plant - (joint venture) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| County owned roadways (in miles) | 736 | 556 | 684 | 684 | 684 | 684 | 684 | 684 | 684 | 606** |

*Three stations leased by municipalities

**Primarily all roadways will be transferred to the new City of South Fulton on May 1, 2017

This page left intentionally blank.

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

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

To the Board of Commissioners
Fulton County, Georgia:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Fulton County, Georgia ("the County"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 9, 2017. Other auditors audited the financial statements of the Fulton-Dekalb Hospital Authority, as described in our report on the County's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PJC Group LLC

Atlanta, Georgia
June 9, 2017