

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FULTON COUNTY, GEORGIA

**FISCAL YEAR ENDED
DECEMBER 31, 2015**

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, 2015

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

7001 Fulton County Government Center

Atlanta, Georgia 30303

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FULTON COUNTY, GEORGIA

Comprehensive Annual Financial Report

Year ended December 31, 2015

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**FULTON COUNTY
GEORGIA
2015**

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

Jerolyn Ferrari, Interim

Director of Finance and Budget Officer

Hakeem Oshikoya

Purchasing Agent

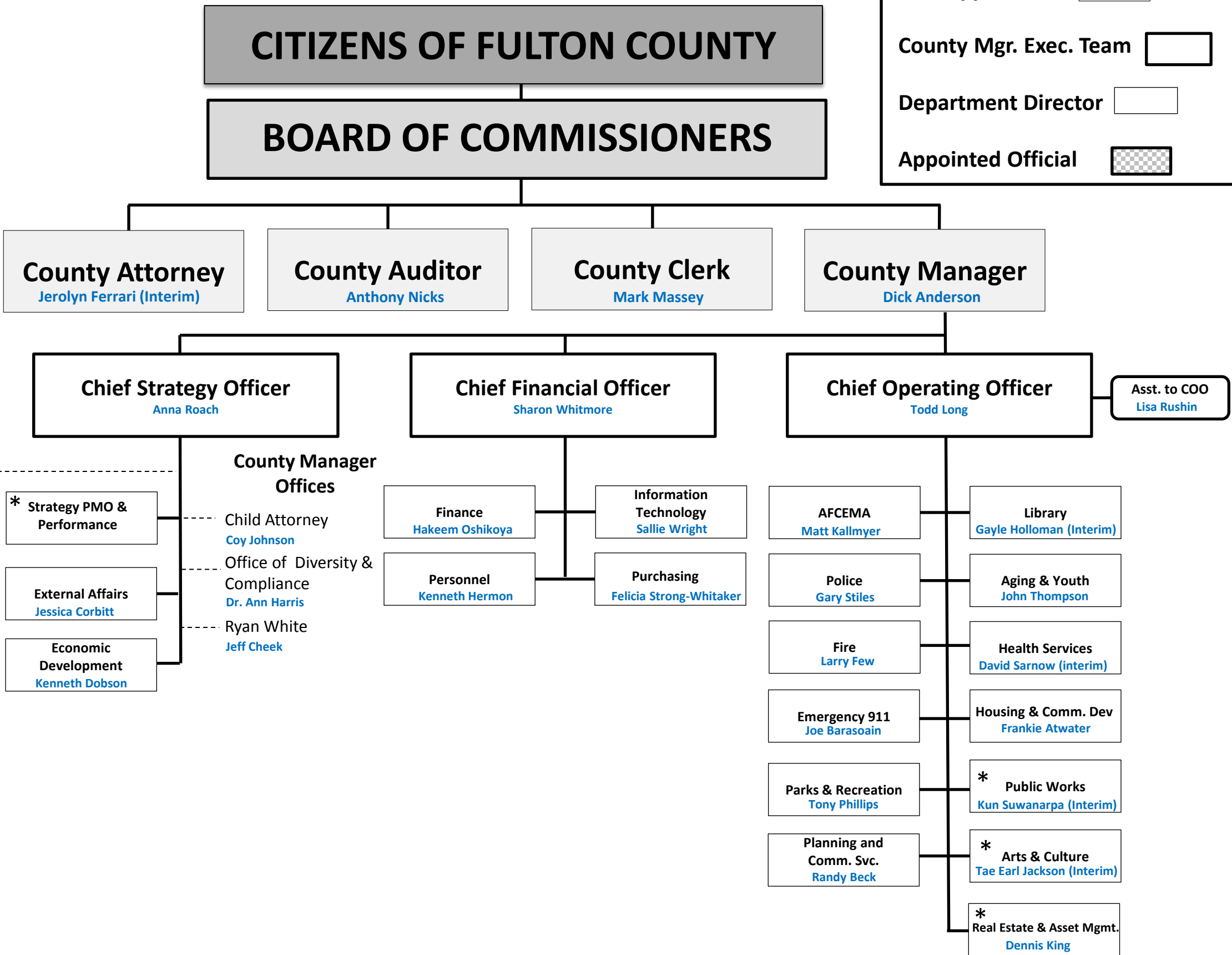
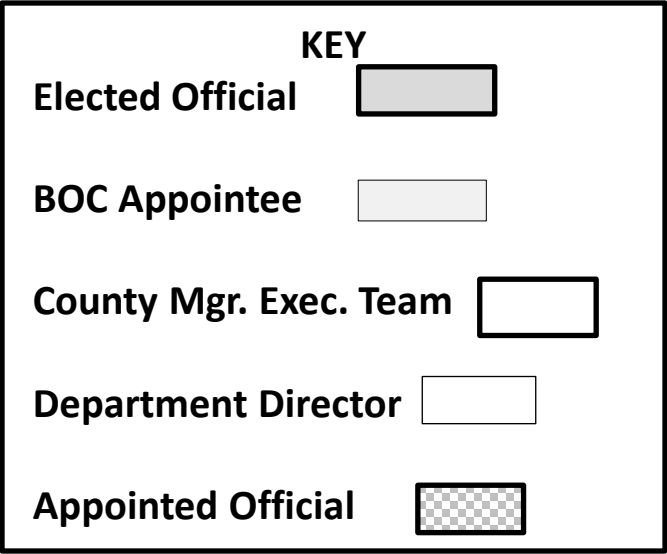
Felecia Strong-Whitaker

Tax Commissioner

Dr. Arthur Ferdinand

County Auditor

PJC Group, LLC



JUSTICE, ELECTED, & APPOINTED AGENCIES



* Effective upon adoption of the 2016 budget

LETTER OF TRANSMITTAL



June 3, 2016

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, 2015. 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, 2015 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, 2015, 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, 2015 mid-year U.S. Census Bureau estimate was 1,010,562. 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. 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, and agricultural areas remain in the extreme ends of the 75-mile distance from the northern to the southern boundaries.

The County provides a full range of services to these citizens including a comprehensive court system, a full range of public health and human services and facilities, and library services. The unincorporated section of Fulton County comprised a portion of the southern end of Fulton County, and is additionally provided police and fire protection, street and road construction and maintenance, parks and recreational facilities, building inspection and code enforcement services. 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 5,400 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 is developed around six strategic priority areas and outline the top-level outcomes the Board hopes to achieve. The six priority areas include:

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 oversees establishment 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 to allow a voter referendum to consider a Special Purpose Local Option Sales Tax for Transportation (T-Splost). Residents throughout Fulton County identified transportation as the single most important issue facing the metro Atlanta region in the 2015 Metro Atlanta speaks survey conducted by the Atlanta Regional Commission. 2016 saw unified vision among the County and its 14 municipalities to ask voters to approve increases in sales taxes to fund projects like roads, bridges, sidewalks, traffic signals, as well as improvements to the Metro Atlanta Rapid Transit System (MARTA). Voters within the County but outside Atlanta will vote on a .75 cent sales tax increase, whereas voters inside the City of Atlanta can decide a separate .5 cent sales tax hike for MARTA, and an additional .5 cent sales tax hike for transportation projects.

During the 2016 session of the Georgia General Assembly, House Bill 514 ("HB 514") was adopted and signed by the Governor of the State on April 26, 2016, and will call for a referendum ballot question on the incorporation of the City of South Fulton. A special referendum election to consider the incorporation will be conducted in November 2016. If approved by a majority of the qualified voters, it is estimated that the City of South Fulton would have a population in the range of approximately 80,000 – 100,000 residents and would be incorporated as of May 2017.

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 February 2016 "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 of 2.6%. Employment in the metro Atlanta area was also revised strongly upward, as local investment in facilities, such as stadiums, new corporate headquarters, as well as technology firms, helps local employment statistics. Overall though, 2016 is forecast to be a year of slightly slower growth than 2015.

Mr. Dhawan reports the Atlanta area saw job growth in 2015 of 96,300 jobs. 2016's forecasted job growth is 72,600, including 13,100 premium jobs and 2017 forecasts another 75,800 job gains, of which 13,100 would be premium jobs. While corporate firms in Georgia have been recording strong gains, additional jobs did increase at a slower pace in early 2016. Adding premium pay jobs is affected by global demand on products and services produced in the local market. Georgia's unemployment rate is forecast to drop from the 6.0% in 2015 to 5.7% in 2016 and decrease further to 5.1% in 2017. Mr. Dhawan forecasts Atlanta's unemployment rate to be 5.4% in 2016, and drop further in 2017 to 5.1% and lower to 4.8% for 2018 as job growth strengthens in the metro Atlanta area. The Georgia Department of Labor reported Fulton County's non-seasonally adjusted annual unemployment rate for 2015 of 4.8%, a decrease from the 2014 adjusted rate of 5.4%. 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 5.3% increase in 2015, and forecasts another 5.0% for 2016 and an even stronger 5.6% in 2017 and 2018.

Atlanta's housing permit activity increased by 12.5% in 2015, while early 2016 saw a smaller percentage increase in new units. This growth moderates in 2016 as total permits are expected to increase by 5.3% with a 10% increase in single family permits. 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 February 2016 distribution from the Economic Forecasting Center at Georgia State University.

Accrual basis sales tax collections increased to 2015 at \$35.6 million versus \$34.8 million in 2014, but new state law changes to collection of taxes on new sales of vehicles lowers general sales taxes. The State's total tax collections also increased for 2015 at 8.0% from 7% in 2014. 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.

Metro Atlanta governments like Fulton County continually evaluate factors such as economic trends, legislative changes, and new opportunities with technology to determine ways to continue to provide quality services. The County is primarily dependent on property tax and sales tax collections for over three fourths of total revenues, followed by license and fee revenues and grants. The assessment of real property in Fulton County, overseen by the Fulton County Board of Tax Assessors, continues to generate significant appeals although the number of appeals is on the decline. Recent tax digests; (page 100 in the statistical section) shows the increase in assessment growth in 2014 and 2015.

In 2015, improved real estate valuations allowed the Board of Commissioners to partially rollback the millage rate after an increase in the previous year and amend the County's fund balance policy to now require 1/6, or two months, of annual General fund appropriations remain on reserve. Wall Street rating agencies took note of these positive results and goals and promptly increased the outlook on existing County bonds, and one rating agency has subsequently upgraded the County's General Obligation rating from Aa2 to Aa1. The County is continually reevaluating our short and long term financial needs, priorities and service delivery strategies in light changing economic conditions.

FINANCIAL INFORMATION

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

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

- 1) The Governmental Accounting Standards Board (GASB);
- 2) The American Institute of Certified Public Accountants and its Committee on Governmental

Accounting and Auditing; and

- 3) The Government Finance Officers Association of the United States and Canada (GFOA).

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

RELEVANT FINANCIAL POLICIES

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

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

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

FIDUCIARY OPERATIONS

Effective September 1, 1991, the Fulton County Employees' Retirement System (the Plan) was established as successor to four separate pension plans previously maintained (the General Employees' Pension Plan, the Public Safety Pension Plan, the Judges and 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, 2014. This was the twenty-seventh 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,



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, 2014

Executive Director/CEO

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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, 2015, 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 \$781,055, total net position (in thousands) of \$368,998 and total revenues (in thousands) of \$928,833 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, 2015, 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 70-74 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 3, 2016 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.



Atlanta, Georgia
June 3, 2016

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**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, 2015. 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 (\$26,190) (*net position deficit*). Of this amount, unrestricted assets are now in a deficit position by (\$752,312), largely due to the liability for other post-employment benefits and the newly 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*. This new standard also required a restatement of the opening net position to record the January 1, 2015 net pension liability and related deferred outflows, which totaled \$270,940.

The County's total net position decreased by \$159,089 in 2015, as compared to \$9,159 in 2014. Business type activities decreased \$1,892 while the governmental activities experienced a decrease of \$157,197. Recognition of new pension expense requirements and the continuing increasing liability for other post-employment benefits are the primary components of this loss for 2015. 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 \$331,706, an increase of \$1,978 in comparison with the previous year. The County's General Fund fund balance increased by \$32,277, while the South Fulton Special District Fund also increased its fund balance by \$3,546; the 2010 Library bond capital projects fund decreased by \$55,069 with outlays for capital construction, while Other Governmental funds increased fund balance by \$21,224. 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 \$152,835, which is available to meet the government's other ongoing obligations to citizens and creditors. The South Fulton Special Tax District Fund's ending fund balance was \$8,082, and remains the last unincorporated area in Fulton County.

The County's total long term governmental liabilities as of January 1, 2015 were amended to include the change in accounting principle for the County's net pension liability of \$348,385, and were additionally increased by \$155,474 in 2015, largely due to annual recognition of the liability for post-employment health benefits offered to eligible retirees of \$55,108, and the 2015 increase of the net pension liability of \$110,661. The December 31, 2015 liability for GASB 45 reporting of other post-employment benefits is \$532,869, and the net pension liability of \$459,046, which represents the difference between market value of pension investments as compared to the actuarial determined total pension liability. These two liabilities represent 72%

of the County's total long term liabilities in the government-wide financial statements. This is disclosed in the footnotes along with other required provisions of the new implementation for recognition of the County's OPEB and net pension liability. All required payments of principal and interest were made timely throughout 2015.

The County's capital assets used for governmental activities increased to \$899,804, of which \$105,751 are under construction. The County no longer owns, serves, or maintains roadway networks in municipal sections of the County, but does record infrastructure for the remaining unincorporated section of Fulton County. Significant capital asset additions are expected to conclude in the next few years with ongoing capital projects funded by the 2010 Library bonds and the 2010 Fulton County Urban Redevelopment Agency Economic Recovery Zone bonds.

Business-type capital assets totaled \$1,149,620, of which \$46,357 is currently under construction relating to minor water and wastewater capital projects. No interest was required to be capitalized in 2015. 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 \$118,452, 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. 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 27-74 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 75-100 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		% Change
	2015	2014	2015	2014	2015	2014	
Current and other assets	\$ 418,998	482,600	321,578	342,329	740,576	824,929	(10)
Capital assets	899,804	837,492	1,149,620	1,151,238	2,049,424	1,988,730	3
Total Assets	<u>1,318,802</u>	<u>1,320,092</u>	<u>1,471,198</u>	<u>1,493,567</u>	<u>2,790,000</u>	<u>2,813,659</u>	(1)
Deferred Outflows of resources	<u>87,523</u>	<u>598</u>	<u>5,199</u>	<u>6,017</u>	<u>92,722</u>	<u>6,615</u>	1302
Current liabilities	57,180	47,267	4,867	6,402	62,047	53,669	16
Long-term liabilities	1,375,334	871,475	494,140	513,900	1,869,474	1,385,375	35
Total Liabilities	<u>1,432,514</u>	<u>918,742</u>	<u>499,007</u>	<u>520,302</u>	<u>1,931,521</u>	<u>1,439,044</u>	34
Net Position:							
Net investment in capital assets	642,456	631,780	676,910	684,168	1,319,366	1,315,948	-
Restricted	83,667	58,776	37,163	37,046	120,830	95,822	26
Unrestricted	<u>(752,312)</u>	<u>(288,608)</u>	<u>263,317</u>	<u>258,068</u>	<u>(488,995)</u>	<u>(30,540)</u>	1501
Total Net Position	\$ <u>(26,189)</u>	<u>401,948</u>	<u>977,390</u>	<u>979,282</u>	<u>951,201</u>	<u>1,381,230</u>	(31)

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 \$602 million in cash and investments, of which approximately \$57 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	
	2015	2014	2015	2014	2015	2014		
Revenues:								
Program revenues:								
Charges for services	\$ 49,958	49,949	123,285	121,111	173,243	171,060	1	%
Operating grants and contributions	63,638	63,655	-	-	63,638	63,655	(0)	
Capital grants and contributions	3,536	3,754	-	-	3,536	3,754	(6)	
General revenues:								
Taxes	599,765	604,176	-	-	599,765	604,176	(1)	
Intergovernmental	2,607	2,637	-	-	2,607	2,637	(1)	
Other charges for services	18,924	18,418	-	-	18,924	18,418	3	
Use of money and property	6,051	6,862	366	377	6,417	7,239	(11)	
Miscellaneous & all other	10,120	6,910	-	(187)	10,120	6,723	51	
Total revenues	<u>754,599</u>	<u>756,361</u>	<u>123,651</u>	<u>121,301</u>	<u>878,250</u>	<u>877,662</u>	0	
Expenses:								
Administration	141,749	105,273	-	-	141,749	105,273	35	
Public Safety	230,712	194,248	-	-	230,712	194,248	19	
Legal	189,080	140,617	-	-	189,080	140,617	34	
Infrastructure & facilities	52,715	87,667	-	-	52,715	87,667	(40)	
Social services	109,700	61,319	-	-	109,700	61,319	79	
Health services	174,413	163,383	-	-	174,413	163,383	7	
Interest and debt costs	13,427	14,492	-	-	13,427	14,492	(7)	
Water & Sewerage	-	-	124,351	118,392	124,351	118,392	5	
Airport services	-	-	1,192	1,430	1,192	1,430	(17)	
Total expenses	<u>911,796</u>	<u>766,999</u>	<u>125,543</u>	<u>119,822</u>	<u>1,037,339</u>	<u>886,821</u>	17	
Change in net position	(157,197)	(10,638)	(1,892)	1,479	(159,089)	(9,159)	1637	
Beginning net position, restated *	<u>131,008</u>	<u>412,586</u>	<u>979,282</u>	<u>977,803</u>	<u>* 1,110,290</u>	<u>1,390,389</u>	(20)	
Ending net position	<u>\$ (26,189)</u>	<u>401,948</u>	<u>977,390</u>	<u>979,282</u>	<u>951,201</u>	<u>1,381,230</u>	(31)	

*Beginning net position as of January 1, 2015 was restated and reduced for GASB 68 by \$270,940. See footnote 17.

Analysis of governmental activities

Net position of the governmental activities of the County decreased significantly by \$157,197 in 2015, as compared to a decrease of \$10,638 in 2014. The marked difference is due to three primary factors. Fiscal 2015 financial statements must recognize the change in the County’s net pension liability, which in 2015 was over \$110 million in the first year of this new governmental accounting standard implementation. Similar to 2014, the County also recognized approximately \$53 million of expense in 2015 related to amortization of other post-employment benefits. The local and state economies have significantly improved in the last year, and assessed values continue to recover from recent lows.

Overall, the expenses for governmental activities increased \$145 million due to the recognition and implementation of the net pension liability and related deferred outflows related to pensions. This is allocated across each categories of expense, so each area with significant payroll shows higher expenditures in 2015 as compared to the previous year. Other types of expenditures, salaries, contractual services fluctuated slightly from the previous year. The statement of activities includes depreciation on capital assets used by these governmental functions, including roadways, but does not include costs for capitalizable assets, which differs from the presentation on the statement of revenues and expenditures and changes in fund balances.

Analysis of business-type activities

Charges for water and sewerage services are the primary component of the County's business-type activities. Sewerage expenses are greater than water as more resources and efforts are required to treat wastewater than produce potable water. Revenues from operations continue to make small but steady gains since 2011.

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 remained consistent with 2014, as the 2015 property tax millage rate was slightly reduced below a revenue neutral amount as compared to 2014. The South Fulton Special District yielded slight higher tax revenues than 2014. Total governmental revenues increased by \$5 million in 2015 as compared to 2014. Governmental fund type expenditures increased \$18 million, due higher capital outlay for the library. The General fund reported an ending fund balance of \$152,835, an increase \$32,277 from 2014. 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 increased by \$3,546 in 2015 to \$8,082, as compared to an increase of \$1,306 in 2014.

Other non-major governmental funds include debt service, grants-in-aid, capital projects and other activities increased by \$21,224 from 2014 partly due to capital lease proceeds of \$14,874 that have yet to be expended. This brings the 2015 fund balance for other governmental funds to \$115,610 at year end. Of this amount, \$50,644 is restricted, \$592 is committed, and \$64,374 is categorized as assigned.

Budgetary Highlights and Control

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. Under Fulton County Budget Law, all expenditures are subject to an annual appropriation. Strict controls are in place to ensure that expenditures do not exceed these appropriations at either the departmental or the fund level. The 2015 General Fund budget was adopted at approximately \$628 million, a \$3 million increase from 2014.

Actual revenues slightly exceeded budgeted revenues due to the legal manner in which the General Fund can budget property tax revenues, which is based on the previous year actual collections rather than on anticipated assessment growth. 2015 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 \$1,319,366 (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 2015 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 %
	2015	2014	2015	2014	2015	2014	
Capital assets not being depreciated:							
Land & land improvements	\$ 55,959	50,768	38,110	38,102	94,069	88,870	6
Construction in progress	105,751	91,296	46,357	26,017	152,108	117,313	30
Capital assets, shown net of depreciation:							
Equipment	23,674	12,418	2,512	2,851	26,186	15,269	71
Buildings and improvements	387,571	344,410	234	345	387,805	344,755	12
Roadway network	326,849	338,600	-	-	326,849	338,600	(3)
Water System	-	-	189,577	192,611	189,577	192,611	-
Sewerage System	-	-	754,378	767,525	754,378	767,525	(2)
Intangible assets	-	-	118,452	123,787	118,452	123,787	(4)
Total net capital assets	\$ 899,804	837,492	1,149,620	1,151,238	2,049,424	1,988,730	3

Additional information relating to capital assets and infrastructure is presented in Note 7 of the financial statements beginning on page 46. 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, \$532,869, as well as the newly required recognition of the "net pension liability" of \$459,046 as of December 31, 2015. 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 71 following the footnotes. Governmental Accounting Standard No. 68 "Accounting and Financial Reporting for Pensions" now requires the primary government to report the difference 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, 2015, the County had a number of debt issues outstanding.

The 2010 Library general obligation bonds, \$148,548 as of December 31, 2015, 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, 2015 were \$23,243.

The 2009 Fulton County Facilities Corporation Certificates of Participation had an outstanding balance of \$75,508 as of December 31, 2015. All bonds issued by the Fulton County Building Authority have previously been fully matured.

Also at December 31, 2015, net of accreted discounts, \$492,765 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 current 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	Aa3	AA-	AA-

At December 31, 2015, total other capital leases was \$66,948, which increased for capital financing leases of \$5,510 and decreased with scheduled principal maturities of \$9,890. 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 50. Additional information required by GASB 67 and 68 for the County’s defined benefit plan is also included within required supplementary information on pages 70-72 and discussed in the separate footnotes to required supplementary information on pages 73 and 74.

State of Georgia Legislative Actions

On May 6, 2013, the Governor of Georgia signed House Bill 604 which passed during the 2013 Session of Georgia General Assembly (“HB 604”) and which prohibited the governing authority of the County from increasing county tax millage rates beyond the roll-back rate until January 1, 2015 and, effective January 1, 2015, imposed the condition that the governing authority of County is prohibited from increasing County millage rates above the roll-back rate unless approved by a vote of at least five (5) members of the governing authority. Pursuant to Article IX, Section II, Paragraph I(b) of the Georgia Constitution, on July 17, 2013, the Board of Commissioners adopted an ordinance to repeal HB 604 in its entirety. Notwithstanding its position that HB 604 (capping the millage rate at the rollback rate) was lawfully repealed by the County, the 2015 millage rate set by the Board of Commissioners was based on the rollback rate.

During the 2016 session of the Georgia General Assembly, House Bill 514 (“HB 514”) was adopted and signed by the Governor of the State on April 26, 2016, and will call for a referendum ballot question on the incorporation of the City of South Fulton. A special referendum election to consider the incorporation will be conducted in November 2016. If approved by a majority of the qualified voters, it is estimated that the City of South Fulton would have a population in the range of approximately 80,000 – 100,000 residents and would be incorporated as of May 2017.

Requests for Information

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

**BASIC
FINANCIAL
STATEMENTS**

FULTON COUNTY, GEORGIA

Statement of Net Position

December 31, 2015

(in thousands of dollars)

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Fulton-DeKalb Hospital Authority
Assets:				
Cash and cash equivalents	\$ 333,340	173,859	507,199	127,948
Investments	37,996	—	37,996	3,973
Receivables (net of allowances):				
Taxes	30,188	—	30,188	—
Interest	29	—	29	—
Accounts	—	9,622	9,622	115,558
Due from other governments, net	10,534	5,019	15,553	9,737
Other current assets	6,911	—	6,911	36,993
Restricted assets:				
Cash and cash equivalents	—	21,937	21,937	22,916
Investments	—	35,281	35,281	88,477
Interest receivable	—	28	28	—
Investment in joint venture	—	75,832	75,832	—
Capital assets (non-depreciable)	161,710	84,467	246,177	77,574
Capital assets (net of accumulated depreciation)	738,094	1,065,153	1,803,247	273,659
Other non-current assets	—	—	—	24,220
Total assets	1,318,802	1,471,198	2,790,000	781,055
Deferred Outflows of Resources:				
Pension related deferred outflows	87,033	—	87,033	10,307
Deferred charge on refunding of bonds	490	5,199	5,689	2,929
Total deferred outflow of resources	87,523	5,199	92,722	13,236
Liabilities:				
Accounts payable and accrued expenses	40,314	2,860	43,174	149,812
Accrued interest	1,016	—	1,016	—
Due to others	4,198	—	4,198	6,029
Claims payable	11,652	—	11,652	36,519
Liabilities (payable from restricted assets):				
Contracts and other payables	—	1,540	1,540	—
Unearned revenue	—	467	467	—
Non-current liabilities:				
Due within one year	48,366	15,325	63,691	51,032
Due in more than one year	1,326,968	478,815	1,805,783	181,901
Total liabilities	1,432,514	499,007	1,931,521	425,293
Net Position:				
Net investment in capital assets	642,456	676,910	1,319,366	155,104
Restricted for debt retirement	19,205	37,163	56,368	—
Restricted for construction	60,954	—	60,954	—
Restricted for other purposes	3,508	—	3,508	81,636
Unrestricted	(752,312)	263,317	(488,995)	132,258
Total net position (deficit)	\$ (26,189)	977,390	951,201	368,998

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Activities

For the year ended December 31, 2015

(In thousands of dollars)

	Program revenues				Net (Expense) Revenue and Changes in Net Position			Component
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Unit
					Governmental activities	Business-type activities	Total	Fulton-DeKalb Hospital Authority
Functions/Programs								
Primary Government								
Governmental activities:								
Administration	\$ 141,749	13,716	—	—	(128,033)	—	(128,033)	—
Public safety	230,712	3,864	—	—	(226,848)	—	(226,848)	—
Legal	189,080	23,169	147	—	(165,764)	—	(165,764)	—
Infrastructure and facilities	52,715	—	—	3,536	(49,179)	—	(49,179)	—
Social services	109,700	4,235	21,670	—	(83,795)	—	(83,795)	—
Health services	174,413	4,974	41,821	—	(127,618)	—	(127,618)	—
Interest and other debt related costs	13,427	—	—	—	(13,427)	—	(13,427)	—
Total governmental activities	911,796	49,958	63,638	3,536	(794,664)	—	(794,664)	—
Business-type activities:								
Water and sewerage services	124,351	121,756	—	—	—	(2,595)	(2,595)	—
Airport	1,192	1,529	—	—	—	337	337	—
Total business-type activities	125,543	123,285	—	—	—	(2,258)	(2,258)	—
Total primary government	1,037,339	173,243	63,638	3,536	(794,664)	(2,258)	(796,922)	—
Component unit								
Fulton-DeKalb Hospital Authority (Grady)	927,171	901,361	23,795	3,677	—	—	—	1,662
Total component unit	927,171	901,361	23,795	3,677	—	—	—	1,662
General revenues:								
Property taxes					544,654	—	544,654	—
Sales taxes					35,575	—	35,575	—
Other taxes					19,536	—	19,536	—
Intergovernmental not restricted for specific programs					2,607	—	2,607	57,416
Commission on tax collections					18,924	—	18,924	—
Use of money and property					6,051	366	6,417	375
Miscellaneous					10,120	—	10,120	973
Total general revenues					637,467	366	637,833	58,764
Change in net position					(157,197)	(1,892)	(159,089)	60,426
Net position - beginning, previously reported					401,948	979,282	1,381,230	331,660
Change in accounting principle-GASB 68 (Note 17)					(270,940)	—	(270,940)	(23,088)
Net position-beginning, as restated					131,008	979,282	1,110,290	308,572
Net position (deficit) - ending					\$ (26,189)	977,390	951,201	368,998

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Balance Sheet
Governmental Funds
December 31, 2015

(in thousands of dollars)

	General	South Fulton Special District	Library Bond	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 161,393	9,165	20,165	117,581	308,304
Investments	—	—	37,996	—	37,996
Receivables (net of allowances):					
Taxes	23,175	6,488	—	525	30,188
Interest	—	—	29	—	29
Due from other governments	1,342	—	—	9,192	10,534
Total assets	\$ 185,910	15,653	58,190	127,298	387,051
Liabilities:					
Accounts payable	\$ 17,922	1,972	3,011	7,119	30,024
Due to others	—	—	—	4,198	4,198
Total liabilities	17,922	1,972	3,011	11,317	34,222
Deferred Inflows of Resources:					
Unavailable revenue	15,153	5,599	—	371	21,123
Total deferred inflows or resources	15,153	5,599	—	371	21,123
Fund Balances:					
Nonspendable	—	—	—	—	—
Restricted	—	—	55,179	50,644	105,823
Committed	—	—	—	592	592
Assigned	—	8,082	—	64,374	72,456
Unassigned	152,835	—	—	—	152,835
Total fund balances	152,835	8,082	55,179	115,610	331,706
Total liabilities, deferred inflows of resources and fund balances	\$ 185,910	15,653	58,190	127,298	387,051

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, 2015

(in thousands of dollars)

Fund Balances - total governmental funds	\$	331,706
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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	55,959
Buildings	803,906
Equipment	143,436
Roadway network	573,911
Construction in progress	105,751
Less Accumulated Depreciation	<u>(783,159)</u>
Total capital assets, net of accumulated depreciation	899,804

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		87,033
--	--	--------

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

Certificates of participation	(72,035)
Library general obligation bonds payable	(146,770)
Urban Recovery Zone bonds payable	(23,243)
Unamortized bond premiums	(5,251)
Deferred charge on refunding of bonds	490
Intergovernmental agreement liability-AFCRA	(3,115)
Compensated absences	(41,178)
Net pension liability	(459,046)
Net other post employment benefits (OPEB)	(532,869)
Other long term capital leases	(66,948)
Claims and judgments	(13,035)
Landfill closure and postclosure costs	(11,844)
Accrued interest	(1,016)

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.

10,005

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

21,123

Net position - total governmental activities	\$	<u><u>(26,189)</u></u>
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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, 2015

(In thousands of dollars)

	General	South Fulton Special District	Library Bond	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 551,132	40,484	—	14,155	605,771
Intergovernmental	4,357	279	—	65,145	69,781
Charges for services	28,549	945	—	9,114	38,608
Courts and law enforcement	15,578	110	—	7,481	23,169
Use of money and property	3,015	1,235	193	1,566	6,009
Licenses and permits	—	7,105	—	—	7,105
Miscellaneous	9,512	91	—	517	10,120
Net (depreciation) appreciation in investments	—	—	42	—	42
Total revenues	612,143	50,249	235	97,978	760,605
Expenditures:					
Current:					
Administration	79,827	6,568	—	1,342	87,737
Public safety	98,894	28,872	—	14,640	142,406
Legal	115,786	—	—	—	115,786
Infrastructure and facilities	29,355	182	—	536	30,073
Social services	50,116	5,814	—	10,198	66,128
Health services	87,889	—	—	53,680	141,569
Other nonagency	66,620	857	—	241	67,718
Capital outlay	—	—	55,304	27,607	82,911
Debt service:					
Principal retirement	5,295	—	—	19,562	24,857
Interest	2,008	—	—	12,308	14,316
Total expenditures	535,790	42,293	55,304	140,114	773,501
Excess (deficiency) of revenues over (under) expenditures	76,353	7,956	(55,069)	(42,136)	(12,896)
Other financing sources (uses):					
Capital lease refunding obligations	—	—	—	14,874	14,874
Transfers in	695	—	—	50,647	51,342
Transfers out	(44,771)	(4,410)	—	(2,161)	(51,342)
Total other financing sources (uses)	(44,076)	(4,410)	—	63,360	14,874
Net change in fund balances	32,277	3,546	(55,069)	21,224	1,978
Fund balance at beginning of year	120,558	4,536	110,248	94,386	329,728
Fund balance at end of year	\$ 152,835	8,082	55,179	115,610	331,706

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, 2015

(in thousands of dollars)

Net change in fund balances - governmental funds	\$	1,978
<p>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:</p>		
<p>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:</p>		
Acquisition of capital assets		97,099
Depreciation expense		(34,787)
<p>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:</p>		
Capital lease proceeds		(14,874)
Tax Anticipation Note proceeds		(200,000)
Tax Anticipation Note payments		200,000
Principal repayments		24,857
Amortization of deferred charge on refunding of bonds		(108)
Amortization of bond premium and discount		893
Change in accrued interest		104
<p>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:</p>		
Net other postemployment benefits (OPEB) obligations		(55,108)
Compensated absences		(1,491)
Claims and judgments		(372)
Landfill closure costs		1,282
Pension expense		(154,171)
<p>Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.</p>		
		(6,006)
<p>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.</p>		
		<u>(16,493)</u>
Change in net position - governmental activities	\$	<u>(157,197)</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, 2015

(In thousands of dollars)

	<u>Non-GAAP budgetary basis</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Revenue Per Budget Law, less Rollback	\$ 576,585	576,585	583,195	6,610
Sales Tax	34,543	34,543	35,664	1,121
Appropriated Fund Balance	<u>17,563</u>	<u>17,563</u>	<u>(28,337)</u>	<u>(45,900)</u>
Total revenues and other sources, non-GAAP budget basis	<u>\$ 628,691</u>	<u>628,691</u>	<u>590,522</u>	<u>(38,169)</u>
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenue			764	
To record net change in intergovernmental receivables and depreciation of investments			783	
Indirect cost reimbursements recorded as revenues for budgetary purposes			(7,568)	
Appropriated Fund Balance			<u>28,337</u>	
Total adjustment to GAAP basis			<u>22,316</u>	
Total revenues and other sources, GAAP basis			<u>612,838</u>	
Expenditures:				
Board of Commissioners	\$ 3,481	3,481	2,898	583
Clerk to the Commission	916	842	814	28
County Manager	6,044	6,131	5,830	301
Internal Audit	810	810	723	87
Housing and Community Development	8,362	8,124	7,610	514
External Affairs	2,664	2,650	2,325	325
Aging & Youth	22,330	22,283	20,763	1,520
Health and Human Services	794	785	584	201
Finance	4,894	5,545	5,114	431
Personnel	2,823	3,586	3,552	34
Information Technology	25,734	25,736	22,780	2,956
Purchasing	2,636	2,776	2,524	252
County Attorney	3,103	3,071	2,560	511
Tax Assessor	13,161	13,106	11,753	1,353
Tax Commissioner	14,174	14,174	13,573	601
Registration and Elections	2,469	2,728	2,533	195
Police	3,395	3,395	3,049	346
Sheriff	95,123	95,524	95,136	388
Emergency - 911	2,178	2,250	1,999	251
Medical Examiner	4,063	4,063	4,023	40
State Court Solicitor	6,273	6,273	6,081	192

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, 2015

(In thousands of dollars)

	<u>Non-GAAP budgetary basis</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Juvenile Court	13,702	13,702	12,836	866
Probate Court	2,567	2,567	2,433	134
County Marshal	5,740	5,740	5,642	98
State Court-General	13,541	13,541	12,904	637
State Court Judges	4,188	4,188	4,079	109
Superior Court-General	21,098	20,607	20,171	436
Superior Court Judges	5,652	6,143	6,081	62
Superior Court Clerk	15,374	15,375	14,686	689
District Attorney	21,453	21,453	19,540	1,913
Public Defender	12,848	12,848	12,077	771
Public Works/General Services	34,664	33,939	32,923	1,016
Family and Children Services	3,628	3,628	2,485	1,143
Library, Arts & Cultural, Cooperative Extension	34,348	34,145	28,930	5,215
Health and Wellness	19,352	19,149	17,031	2,118
Fulton-DeKalb Hospital Authority (Grady Hospital)	61,806	61,806	61,805	1
Behavioral Health	10,555	10,467	8,832	1,635
Non-Agency	122,748	122,060	111,843	10,217
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 628,691</u>	<u>628,691</u>	590,522	<u>38,169</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			(2,393)	
Expenditures incurred on behalf of reimbursing funds for indirect costs			<u>(7,568)</u>	
Total expenditures and other uses, GAAP basis			<u>\$ 580,561</u>	

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, 2015
 (In thousands of dollars)

	<u>Non-GAAP budget basis</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Revenue per Budget Law	\$ 39,929	39,929	42,982	3,053
License and Permits	5,867	5,867	6,739	872
Appropriated Fund Balance	4,987	4,987	(3,234)	(8,221)
Total revenues and other sources, non-GAAP budget basis	<u>\$ 50,783</u>	<u>50,783</u>	46,487	<u>(4,296)</u>
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			528	
Appropriated fund balance			3,234	
Total adjustment to GAAP basis			<u>3,762</u>	
Total revenues and other sources, GAAP basis			<u>\$ 50,249</u>	
 Expenditures and other uses:				
Fire Rescue	\$ 12,847	12,847	12,603	244
Police	14,836	14,747	13,334	1,413
Planning and Community Services	2,753	2,753	2,095	658
Parks and Recreation	3,379	3,335	3,200	135
Personnel	—	71	51	20
Public Works/General Services	187	187	181	6
Information Technology	—	37	29	8
Finance	288	312	226	86
Non-Agency	16,493	16,494	14,768	1,726
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 50,783</u>	<u>50,783</u>	46,487	<u>4,296</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>216</u>	
			<u>\$ 46,703</u>	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Position
Proprietary Funds

December 31, 2015

(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	\$ 171,525	2,334	173,859	25,036
Accounts receivable, net	9,622	—	9,622	—
Due from other governments, net	5,019	—	5,019	—
Other current assets	—	—	—	6,911
Restricted assets:				
Cash and cash equivalents	21,937	—	21,937	—
Investments	35,281	—	35,281	—
Interest receivable	28	—	28	—
Total current assets	<u>243,412</u>	<u>2,334</u>	<u>245,746</u>	<u>31,947</u>
Noncurrent assets:				
Investment in joint venture	75,832	—	75,832	—
Nondepreciable capital assets	56,558	27,909	84,467	—
Depreciable capital assets (net of accumulated depreciation)	<u>1,064,877</u>	<u>276</u>	<u>1,065,153</u>	<u>—</u>
Total noncurrent assets	<u>1,197,267</u>	<u>28,185</u>	<u>1,225,452</u>	<u>—</u>
Total assets	<u>1,440,679</u>	<u>30,519</u>	<u>1,471,198</u>	<u>31,947</u>
Deferred Outflows of Resources				
Deferred charge on refunding of bonds	<u>5,199</u>	<u>—</u>	<u>5,199</u>	<u>—</u>
Total deferred outflows of resources	<u>5,199</u>	<u>—</u>	<u>5,199</u>	<u>—</u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Position (continued)
Proprietary Funds

December 31, 2015

(In thousands of dollars)

Liabilities and Net Position	Business Type Activities - Enterprise Funds			Governmental
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	Activities- Internal Service Funds
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable & accrued expenses	\$ 1,942	70	2,012	10,290
Accrued liabilities	848	—	848	—
Claims payable	—	—	—	11,652
	2,790	70	2,860	21,942
Current liabilities (payable from restricted assets):				
Contracts and other payables	1,540	—	1,540	—
Revenue bonds payable - current	15,325	—	15,325	—
Unearned revenue	467	—	467	—
	17,332	—	17,332	—
Total current liabilities	20,122	70	20,192	21,942
Non-current liabilities:				
Revenue bonds payable - noncurrent	477,440	—	477,440	—
Other long-term liabilities	1,375	—	1,375	—
Total non-current liabilities	478,815	—	478,815	—
Total liabilities	498,937	70	499,007	21,942
Net Position:				
Net investment in capital assets	648,725	28,185	676,910	—
Restricted for debt retirement	37,163	—	37,163	—
Unrestricted	261,053	2,264	263,317	10,005
Total net position	\$ 946,941	30,449	977,390	10,005

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, 2015

(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	\$ —	1,529	1,529	120,007
Water and sewerage charges	121,756	—	121,756	—
Total operating revenues	121,756	1,529	123,285	120,007
Operating expenses:				
Administrative and general	4,012	476	4,488	32,964
Depreciation and amortization	33,898	142	34,040	—
Personal services	21,482	574	22,056	—
Contractual services	29,445	—	29,445	103,536
Operating services	15,848	—	15,848	—
Total operating expenses	104,685	1,192	105,877	136,500
Operating income (loss)	17,071	337	17,408	(16,493)
Non-operating revenues (expenses):				
Loss on investment in joint venture	(2,661)	—	(2,661)	—
Interest income	366	—	366	—
Interest expense	(17,005)	—	(17,005)	—
Total non-operating revenues (expenses)	(19,300)	—	(19,300)	—
Change in net position	(2,229)	337	(1,892)	(16,493)
Net position at beginning of year	949,170	30,112	979,282	26,498
Net position at end of year	\$ 946,941	30,449	977,390	10,005

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Cash Flows
Proprietary Funds

For the year ended December 31, 2015

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Governmental
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	Activities- Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 121,310	1,529	122,839	123,077
Payments to suppliers	(50,748)	(568)	(51,316)	(126,788)
Payments to employees	(21,471)	(574)	(22,045)	—
Net cash provided by operating activities	<u>49,091</u>	<u>387</u>	<u>49,478</u>	<u>(3,711)</u>
Cash flows from capital and related financing activities:				
Principal and interest payments on revenue bonds	(36,776)	—	(36,776)	—
Payments for joint venture	(601)	—	(601)	—
Additions to property, plant, and equipment	(31,622)	—	(31,622)	—
Net cash used by capital and related financing activities	<u>(68,999)</u>	<u>—</u>	<u>(68,999)</u>	<u>—</u>
Cash flows from investing activities:				
Purchase of investments	(35,281)	—	(35,281)	—
Proceeds from sale of investments	65,263	—	65,263	—
Interest received on investments	378	—	378	—
Net cash provided by investing activities	<u>30,360</u>	<u>—</u>	<u>30,360</u>	<u>—</u>
(Decrease) increase in cash and cash equivalents	10,452	387	10,839	(3,711)
Cash and cash equivalents at beginning of year	<u>183,010</u>	<u>1,947</u>	<u>184,957</u>	<u>28,747</u>
Cash and cash equivalents at end of year	<u>\$ 193,462</u>	<u>2,334</u>	<u>195,796</u>	<u>25,036</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 17,071	337	17,408	(16,493)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:				
Depreciation and amortization	33,898	142	34,040	—
Changes in assets and liabilities:				
Changes in customer receivables - net	185	—	185	—
Other assets	—	—	—	3,070
Change in due from other governments - net	(631)	—	(631)	—
Accounts and claims payable and accrued liabilities	750	(92)	658	9,712
Accrued liabilities	11	—	11	—
Contractual and other payables	(2,193)	—	(2,193)	—
Net cash provided by (used in) operating activities	<u>\$ 49,091</u>	<u>387</u>	<u>49,478</u>	<u>(3,711)</u>
Non-cash transactions:				
Unrealized gain (loss) on investments	\$ (18)	—	—	—
Gain (loss) on investment in joint venture	(2,661)	—	—	—

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Fiduciary Net Position
Fiduciary Funds

December 31, 2015

(In thousands of dollars)

	Pension Trust Fund	OPEB Trust Fund	Agency Funds
Assets:			
Cash and cash equivalents	\$ 45,552	1	108,574
Due from Brokers for Securities Sold	2,031	—	—
Investments, at fair value:			
US Treasury Obligations	60,064	4,029	—
US Agency Obligations	75,414	—	—
Corporate asset & mortgage backed securities	19,658	—	—
Corporate debt	68,322	—	—
Corporate equities	573,332	—	—
Government Guaranteed Corporate Debt	4,029	—	—
Municipal General Obligation bond	4,327	—	—
International mutual funds	180,770	—	—
Commingled equity funds	102,525	—	—
CMBS	13,783	—	—
Global fixed income mutual funds	57,326	—	—
Real estate investment contracts	8,556	—	—
Taxes receivable (net of allowance)	—	—	56,060
Interest and dividends receivable	1,893	—	—
Accounts receivable	128	—	—
Prepaid pension benefits	10,658	—	—
Funds held in escrow	13	—	—
	<u>1,228,381</u>	<u>4,030</u>	<u>164,634</u>
Liabilities:			
Due to Brokers for Securities Purchased	7,815	—	—
Due to other taxing districts	—	—	80,548
Due to others	2,138	—	84,086
	<u>9,953</u>	<u>—</u>	<u>164,634</u>
Net Position:			
Net Position restricted for pension benefits	1,218,428	—	—
Net Position restricted for OPEB	—	4,030	—
	<u>1,218,428</u>	<u>4,030</u>	<u>—</u>

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, 2015

(In thousands of dollars)

	Pension Trust Fund	OPEB Trust Fund
	<u> </u>	<u> </u>
Additions:		
Investment income:		
Net depreciation in fair value of investments	\$ (79,637)	\$ 18
Interest and dividends	73,597	—
Less: investment expenses	<u>(5,212)</u>	<u>—</u>
Net investment gain	(11,252)	18
Employee contributions	1,868	—
Employer contributions	47,324	—
Contributions from other participating governments	27	—
Other income	<u>73</u>	<u>—</u>
Total additions	<u>38,040</u>	<u>18</u>
Deductions:		
Benefit payments	122,629	—
Transfer of plan assets to 401(A) plan or other plans	693	—
Refunds of contributions	75	—
Administrative fees and other expenses	<u>581</u>	<u>—</u>
Total deductions	<u>126,074</u>	<u>—</u>
Change in net position	(88,034)	18
Net position restricted for benefits:		
Beginning of year	<u>1,306,462</u>	<u>4,012</u>
End of year	<u>\$ 1,218,428</u>	<u>\$ 4,030</u>

See accompanying notes to the financial statements.

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**NOTES TO
THE
FINANCIAL
STATEMENTS**

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(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, 2015

(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 \$61.8 million in funding to the Hospital Authority during 2015, of which \$16.8 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, 2015

(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 50 as an intergovernmental liability of \$3,115 as of December 31, 2015.

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 \$721 to the ARC for the year ended December 31, 2015. 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, 2015

(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 2015 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, 2015, 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, 2015

(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, 2015

(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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(1) Summary of Significant Accounting Policies (continued)

Library Bond Fund

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

The County reports the following major proprietary fund:

Water and Sewerage System Fund

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

The County reports one non-major proprietary fund:

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.

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, 2015

(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 2015.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(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 2015 is classified as an operating cost on the Statement of Revenues, Expenses and Changes in Net Position-Proprietary funds. The amount remaining as of December 31, 2015 is approximately \$118.4 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, 2015

(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
<u>Unavailable revenues</u>				
Property taxes	\$ 15,153	1,012	371	16,536
Insurance premium taxes	-	4,587		4,587
Totals	\$ 15,153	5,599	371	21,123

(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, 2015

(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, 2015

(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, 2016 are recorded as expenditures in 2015 (budget) as opposed to 2016 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):

	<u>Net changes in fund balance</u>	
	<u>General Fund</u>	<u>South Fulton Special Tax District Fund</u>
GAAP basis	\$ 32,277	3,546
Adjustments to accruals:		
Tax revenues and receivables	(1,547)	(528)
Liabilities	(2,393)	216
Fund balance utilized	<u>(28,337)</u>	<u>(3,234)</u>
Budget basis	<u>\$ —</u>	<u>—</u>

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

- (1) Prior to November 15 of the preceding budget year, the Budget Commission, consisting of the Chairman of the Board of Commissioners, the County Manager, and the Director of Finance, receives budget requests from County departments.
- (2) Hearings may be held by the Budget Commission to review budget requests, justifications, and recommendations.
- (3) By November 15, the Budget Commission presents a recommended budget for the fiscal year beginning the following January 1 to the Board of Commissioners. This budget includes recommended expenditures and estimated revenues to finance them.
- (4) In December, the Board of Commissioners adopts a tentative budget which is published by the last Wednesday in December.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(2) Budgetary Accounting and Compliance (continued)

- (5) A public hearing is held and the budget is legally adopted by the Board of Commissioners at the regular January meeting of the current budget year. A balanced budget is required by law.
- (6) The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the department level with the following provisions:
 - (i) Departments, with the approval of the Director of Finance, are authorized, with certain exceptions, to transfer amounts within departmental budgets.
 - (ii) Amounts which would increase total department appropriations, salary appropriations, or travel appropriations require Board of Commissioner approval.
- (7) Budgets are legally adopted for the two major funds, the General Fund and 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, 2015, with the exception of the Hotel/Motel tax fund. Project-length budgets are adopted upon approval for the capital project, including the major capital project fund for bond funded Library improvements and construction. Generally, annual adopted appropriations, both encumbered and unencumbered, lapse at December 31.
- (8) Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the County in excess of original anticipations, and these amounts are anticipated by the Budget Commission and subsequently appropriated by the Board of Commissioners. No supplemental appropriations were made during 2015. The law enforcement special revenue fund had \$604 in expenditures over budgetary appropriations for constitutional officer activity classified as a special revenue fund.

(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, 2015

(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, 2015, the County’s primary governmental and business type funds had the following investments:

		December 31, 2015		
	<u>Fair value</u>	<u>< 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>
Fixed Income:				
US Agency Obligations	\$ 73,277	21,993	51,284	-
Fixed Income subtotal	<u>73,277</u>	<u>21,993</u>	<u>51,284</u>	<u>-</u>
Certificate of Deposits	500			
Mutual Funds	19,148			
Georgia Fund 1	408,777			
Insured Money Market funds	<u>848</u>			
Total cash equivalents and investments	<u>\$ 502,550</u>			

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.

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 \$73,277 shown above are rated AAA/AA+, while mutual funds of \$19,148 and \$858 in money market funds possess the highest quality short term ratings. Georgia Fund 1 is rated AA+ and managed by the State of Georgia. 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, 2015 (in thousands of dollars):

Balances by category:		2015
Cash and deposits	\$	<u>99,863</u>
Cash equivalents		429,273
Investments		<u>73,277</u>
	\$	<u><u>602,413</u></u>
Balances as presented in the Statement of Net Position:		
Unrestricted activities:		
Cash and cash equivalents	\$	507,199
Investments		37,996
Restricted activities:		
Cash and cash equivalents		21,937
Investments		<u>35,281</u>
	\$	<u><u>602,413</u></u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(3) Cash and Investments – Fiduciary Funds

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

Custodial Credit Risk

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

- (a) Domestic stocks, including small, mid, and large market capitalization ranges;
- (b) International stocks including emerging markets;
- (c) U.S. Treasury Notes and Bonds, U.S. Government Agency Securities, Mortgage-Backed Securities such as 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, 2015 (in thousands of dollars):

	2015		
	Pension Trust Fund	OPEB Trust Fund	Agency Funds
Balances by category:			
Cash and cash equivalents	\$ 45,552	1	108,574
Investments	1,168,106	4,029	-
Due from Brokers for Securities Sold	2,031	-	-
Due to Brokers for Securities Purchased	(7,815)	-	-
	<u>\$ 1,207,874</u>	<u>4,030</u>	<u>108,574</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 \$1,348.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(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, 2015.

	December 31, 2015				
	Fair Value	3-12mos	1-5yrs	6-10yrs	>10yrs
Fixed Income:					
US Treasury Obligations	\$ 60,064	5,902	37,428	6,198	10,536
US Agency Obligations	75,414	479	10,136	8,559	56,240
Municipal General Obligations	4,327	-	214	274	3,839
Government Guaranteed Corporate	4,029	-	-	-	4,029
Corporate Debt	68,322	3,579	28,642	23,299	12,802
Corporate Asset Backed Securities	19,658	222	6,692	6,433	6,311
Global Fixed Income Mutual Fund	57,326	57,326	-	-	-
CMBS	13,783	-	-	-	13,783
Fixed Income subtotal	<u>302,923</u>	<u>67,508</u>	<u>83,112</u>	<u>44,763</u>	<u>107,540</u>
Equity securities	573,332				
Real Estate Investment Trusts (REITs)	8,556				
Commingled equity funds	102,525				
International equity mutual funds	180,770				
Cash and Cash Equivalents	45,552				
Due to/from Brokers for Securities Purchased	(5,784)				
Total cash equivalents and investments	<u>\$ 1,207,874</u>				

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, 2015.

	Fair Value	December 31, 2015 ratings				
		AAA	AA	A	BBB	BB & N/R
Fixed Income:						
US Treasury Obligations	\$ 60,064	-	60,064	-	-	-
US Agency Obligations	75,414	1,185	74,229	-	-	-
Municipal General Obligations	4,327	2,309	1,840	-	178	-
Government Guaranteed Corporate	4,029	-	4,029	-	-	-
Corporate Debt	68,322	909	2,897	18,996	45,520	-
Corporate Asset Backed Securities	19,658	6,859	2,505	6,230	4,064	-
CMBS	13,783	7,351	5,262	1,170	-	-
Global Fixed Income Mutual fund	57,326	-	-	57,326	-	-
Fixed Income totals	<u>\$ 302,923</u>	<u>18,613</u>	<u>150,826</u>	<u>83,722</u>	<u>49,762</u>	<u>-</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(3) Cash and Investments – Component unit

Hospital Authority

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Hospital Authority’s deposits may not be returned to it. As of December 31, 2015, 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. The Grady Foundation, a combined fund within the Authority’s statements, had cash balances in excess of federal insured limits in the amount of \$1,402.

Investment Type	Average rating	Fair Value	Maturities (in years)			
			<1	1-5	6-10	>10
Mixed funds	Aaa	\$ 3,973	3,973	-	-	-
Total investments		\$ 3,973	3,973	-	-	-

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, 2015.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

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

Hospital Authority

Basic combined discretely presented component unit financial statements:

Unrestricted:		2015
Cash and cash equivalents	\$	127,948
Investments		3,973
Restricted		
Cash and cash equivalents (deposits and trusts)		22,916
Investments		67,164
Total	\$	<u>222,001</u>
Cash	\$	127,948
Investments		3,973
Restricted cash held by trustee for debt service		22,916
Nonpublic funds		67,164
Total cash, cash equivalents and investments	\$	<u>222,001</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.

(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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(5) Allowances for Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2015 are as follows (in thousands of dollars):

	<u>2015</u>
Taxes Receivable:	
General Fund	\$ 6,442
Debt Service Fund	75
South Fulton Special Taxing District	759
Agency Funds	<u>21,877</u>
	<u>\$ 29,153</u>
Accounts Receivable – Water and Sewerage System Fund	\$ <u>881</u>

(6) Due from Other Governments

Governmental type funds include receivables from other governments for various activities. The General fund is owed \$1,305 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 \$5,940 for federal and state financial assistance related to various grantor receivables in grants-in aid while \$3,153 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 \$9,724 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, 2015. An allowance for uncollectible receivables from one municipality is \$4,705, yielding a net receivable recorded by the County of \$5,019.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(7) Capital Assets and Infrastructure

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

	<u>January 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31, 2015</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 50,768	5,191	—	55,959
Construction in progress	91,296	49,319	(34,864)	105,751
Total capital assets not being depreciated	<u>142,064</u>	<u>54,510</u>	<u>(34,864)</u>	<u>161,710</u>
Capital assets being depreciated:				
Equipment	127,459	16,337	(360)	143,436
Buildings and other improvements	742,946	60,960	—	803,906
Roadway network	573,755	156	—	573,911
Total capital assets being depreciated	<u>1,444,160</u>	<u>77,453</u>	<u>(360)</u>	<u>1,521,253</u>
Less accumulated depreciation for:				
Equipment	(115,041)	(5,081)	360	(119,762)
Buildings and other improvements	(398,536)	(17,799)	—	(416,335)
Roadway network	(235,155)	(11,907)	—	(247,062)
Total accumulated depreciation	<u>(748,732)</u>	<u>(34,787)</u>	<u>360</u>	<u>(783,159)</u>
Net capital assets being depreciated	<u>695,428</u>	<u>42,666</u>	<u>—</u>	<u>738,094</u>
Net capital assets- governmental activities	<u>\$ 837,492</u>	<u>97,176</u>	<u>(34,864)</u>	<u>899,804</u>

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.

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

Governmental activities:	
Administration	\$ 2,288
Public Safety	4,805
Legal	5,034
Infrastructure and facilities	17,627
Social services	4,576
Health services	457
Total depreciation expense, governmental activities	<u>\$ 34,787</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(7) Capital Assets and Infrastructure (continued)

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

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

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

	January 1, 2015	Increases	Decreases	December 31, 2015
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	(1,365)	(31)	—	(1,396)
Buildings and other improvements	(5,112)	(111)	—	(5,223)
Total accumulated depreciation	(6,477)	(142)	—	(6,619)
Net capital assets being depreciated	418	(142)	—	276
Net capital assets-Airport fund	\$ 28,327	(142)	—	28,185

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(7) Capital Assets and Infrastructure (continued)

	January 1, 2015	Increases	Decreases	December 31, 2015
Water and Sewerage System fund:				
Capital assets not being depreciated:				
Land improvements	\$ 10,193	8	—	10,201
Construction in progress	26,017	20,340	—	46,357
Total capital assets not being depreciated	36,210	20,348	—	56,558
Capital assets being depreciated:				
Equipment	16,887	341	—	17,228
Water system	281,219	2,094	—	283,313
Sewerage system	1,122,629	8,821	—	1,131,450
Intangible assets	169,006	—	—	169,006
Total capital assets being depreciated	1,589,741	11,256	—	1,600,997
Less accumulated depreciation for:				
Equipment	(14,109)	(649)	—	(14,758)
Water system	(88,608)	(5,128)	—	(93,736)
Sewerage system	(355,104)	(21,968)	—	(377,072)
Intangible assets	(45,219)	(5,335)	—	(50,554)
Total accumulated depreciation	(503,040)	(33,080)	—	(536,120)
Net capital assets being depreciated	1,086,701	(21,824)	—	1,064,877
Net capital assets-Water and Sewerage System fund	\$ 1,122,911	(1,476)	—	1,121,435

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

Business-type activities:	
Water and Sewerage	\$ 33,080
Airport	142
Total depreciation expense, business-type activities	\$ 33,222

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(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, 2015</u>	<u>Increases</u>	<u>Decreases/ Other Changes</u>	<u>December 31, 2015</u>
Capital assets not being depreciated:				
Land	\$ 2,765	—	—	2,765
Construction in progress	27,310	58,534	(11,035)	74,809
Total capital assets not being depreciated	<u>30,075</u>	<u>58,534</u>	<u>(11,035)</u>	<u>77,574</u>
Capital assets being depreciated:				
Equipment	272,481	22,056	2,210	296,747
Buildings	261,532	9,368	1,148	272,048
Total capital assets being depreciated	<u>534,013</u>	<u>31,424</u>	<u>3,358</u>	<u>568,795</u>
Less accumulated depreciation for:				
Equipment	(161,573)	(26,147)	—	(187,720)
Buildings and other improvements	(90,651)	(16,765)	—	(107,416)
Total accumulated depreciation	<u>(252,224)</u>	<u>(42,912)</u>	<u>—</u>	<u>(295,136)</u>
Net capital assets being depreciated	<u>281,789</u>	<u>(11,488)</u>	<u>3,358</u>	<u>273,659</u>
Net capital assets- governmental activities	\$ <u>311,864</u>	<u>47,046</u>	<u>(7,677)</u>	<u>351,233</u>

Total depreciation expense for the Hospital Authority was \$42,912. All depreciation was incurred on assets acquired to provide health services.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(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, 2015 (in thousands of dollars):

	January 1,				December 31,	Due within
	2015	Additions	Retirements	Other	2015	one year
Governmental activities:						
Certificates of participation	\$ 80,440	-	(8,405)	-	72,035	16,760
Less deferred charges, net*	4,240	-	-	(767)	3,473	
Total Certificates of Participation	84,680	-	(8,405)	(767)	75,508	
Library General Obligation Bonds	151,140	-	(4,370)	-	146,770	4,545
Less deferred charges, net	1,904	-	-	(126)	1,778	
Total Library General Obligation Bonds	153,044	-	(4,370)	(126)	148,548	
Economic Recovery Zone Bonds	25,136	-	(1,893)	-	23,243	1,952
Intergovernmental agreement-AFCRA	3,482	-	(367)	-	3,115	383
Compensated absences	39,687	13,153	(11,662)	-	41,178	13,153
Other long term capital lease obligations	61,896	14,874	(9,822)	-	66,948	10,040
Net other post employment benefits	477,761	87,825	(32,717)	-	532,869	-
Net pension liability*	348,385	-	-	110,661	459,046	-
Claims and judgments	12,663	-	-	372	13,035	211
Post-closure care	13,126	-	(1,282)	-	11,844	1,322
Total Governmental activities	\$ 1,219,860	115,852	(70,518)	110,140	1,375,334	48,366
Business-type activities:						
Water & Sewerage Revenue Bonds	\$ 459,515	-	(14,650)	-	444,865	15,325
Less deferred charges, net	53,021	-	-	(5,121)	47,900	
Total Water & Sewerage Revenue Bonds	512,536	-	(14,650)	(5,121)	492,765	
Other long-term liabilities	1,364	760	(749)	-	1,375	
Total business-type activities	\$ 513,900	760	(15,399)	(5,121)	494,140	15,325

*Change in accounting principle for GASB 68- *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No.27*. See Note 17.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(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. No other general obligation bonds are outstanding. In 2008, Fulton County voters did approve the issuance of up to \$275,000 in General Obligation bonds for library construction and expansion, of which \$104 million remains as authorized.

Revenue Bonds Payable - The County also issues bonds where the County pledges income derived from the acquired constructed assets to pay debt service. The County has issued revenue bonds for the general government and for proprietary activities. The Building Authority bonds 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):

Issue year	Interest rate range	Final Maturity Date	Outstanding balance	Annual principal installments	Purpose
Business-type activities:					
2011 Water and Sewerage	2.00-5.00	2027	221,600	15,325-20,270	Water/Sewer facilities
2013 Water and Sewerage	4.80-5.25	2034	223,265	5,080-36,935	Water/Sewer facilities
			\$ <u>444,865</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 \$5,458,818. As of December 31, 2015, the County had \$148,548 of direct general obligation debt less \$18,291 of funds to service this debt. Therefore, the County's unused debt margin was \$5,328,561 as of December 31, 2015.

Covenants - The various bond indentures contain a number of limitations and restrictions. On December 1, 2014, the County voluntarily submitted a questionnaire pursuant to the Security Exchange Commission's Municipalities Continuing Disclosure Cooperation, or "MCDC" Initiative with municipal issuers throughout the country, in which prior submissions, as issuer and obligor, were discussed and self-evaluated. The County subsequent to December 31, 2015 authorized execution of a settlement agreement with the Securities and Exchange Commission for an instance the County self-reported, which is further discussed in footnote 16.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

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

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 \$66,995 remains outstanding as of December 31, 2015.

The annual requirements to amortize bonds payable as of December 31, 2015, 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
2016	\$ 4,545	6,723	15,325	21,453	19,870	28,176
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
2021-2025	25,945	27,618	104,705	76,138	130,650	103,756
2026-2030	29,945	21,246	128,345	47,946	158,290	69,192
2031-2035	35,170	13,040	127,200	13,842	162,370	26,882
2036-2039	32,615	3,427	-	-	32,615	3,427
Total	146,770	97,440	444,865	237,195	591,635	334,635
Deferred charges/ premiums	1,778	(1,778)	47,900	(47,900)	49,678	(49,678)
Total	\$ 148,548	95,662	492,765	189,295	641,313	284,957

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 \$72,035 remains outstanding as of December 31, 2015 with an interest rate at 5.00%.

Economic Recovery Zone bonds

The County in 2010 entered into a capital lease obligation with the Fulton County Urban Redevelopment Authority, an entity that finances the costs of acquiring, constructing, renovating and equipping various public purpose projects within declared economic recovery zones within Fulton County. In 2011, the Authority also issued \$5,372 in Qualified Energy Conservation bonds under the American Recovery and Reinvestment Act for improvements to reduce utility costs in qualified areas. The County entered into Public-Purpose Master Lease agreements for both these bond issues, in which the County agreed to make annual lease payments, subject to

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

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

annual appropriation that are sufficient to pay principal and interest to the Authority. The total lease obligation as of December 31, 2015 is \$23,243 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, 2015, including interest payments of \$9,101 and \$6,003 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>
2016	\$ 20,286	2,979
2017	20,284	2,957
2018	20,286	2,938
2019	20,280	2,912
2020	-	2,888
2021-2025	-	14,064
2026	-	508
Total minimum lease payments	\$ 81,136	29,246
Less: Amount representing interest	(9,101)	(6,003)
Present value of minimum lease payments	<u>\$ 72,035</u>	<u>23,243</u>

(f) Other Long-term Obligations - Capital Leases

The County has entered into other various capital lease obligations totaling \$66,948 with interest rates ranging from 3.95% to 7.66%. The capital leases require the County to make lease payments equal to the debt payments made by the owner of the facility or holder of the lease. The County can exercise its option to purchase each facility upon prepayment of the respective lease. Assets acquired through capital leases are \$139,587 as of December 31, 2015, of which \$38,910 is recorded as buildings, \$43,224 is equipment and \$57,453 recorded for mechanical, electrical and plumbing improvements to the County's jail and capitalized as construction in progress. The annual requirements to amortize these other capital lease obligations as of December 31, 2015, including interest payments of \$10,987 are as follows (in thousands):

<u>Year ended December 31,</u>	<u>Capital lease obligation</u>
2016	\$ 12,046
2017	9,653
2018	8,503
2019	7,071
2020	6,972
2021-2025	33,690
Total minimum lease payments	\$ 77,935
Less: Amounts representing interest	(10,987)
Present value of minimum lease payments	<u>\$ 66,948</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(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, 2015 are noted below: (in thousands)

	January 1, 2015	Additions	Retirements	December 31, 2015	Due within one year
Long-term debt:					
Revenue Certificates	\$ 178,370	-	(14,550)	163,820	20,625
Notes payable	8,187	29,725	(8,188)	29,724	-
Capital lease obligations	2,887	840	(622)	3,105	683
Total long-term debt	189,444	30,565	(23,360)	196,649	21,308
Other long-term liabilities:					
Deferred revenue	5,996	1,313	(3,540)	3,769	-
Workers Compensation	913	-	(579)	334	1,461
General Professional	44,934	-	(8,749)	36,185	10,436
Accrued OPEB	4,910	-	(388)	4,522	-
Other	3,674	3,568	(488)	6,754	-
Total	\$ 60,427	4,881	(13,744)	51,564	11,897

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		Authority Capital Lease Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 20,625	3,489	683	148	21,308	3,637
2017	21,995	3,029	721	110	22,716	3,139
2018	22,405	2,549	761	69	23,166	2,618
2019	22,820	2,059	694	26	23,514	2,085
2020	23,240	1,560	124	6	23,364	1,566
2021-2024	52,735	2,037	122	2	52,857	2,039
Total	\$ 163,820	14,723	3,105	361	166,925	15,084

On December 19, 2013, the Hospital Authority issued revenue refunding certificates in the amount of \$41,380 secured by pledged revenues derived under a contract with DeKalb County. The proceeds were used to provide funds to redeem DeKalb County's remaining unfunded portion of the Series 2003 Certificates, which are considered to be paid and the liability removed from the Hospital Authority's financial statements. The Hospital Authority incurred an accounting loss of \$1,477 on the 2013 Certificates and is classified as a deferred outflow of resources.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

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

(h) Hospital Authority Capital Lease Obligations

The Hospital Authority has entered into various capital lease agreements for office equipment. At December 31, 2015, the gross amount of capital assets under capital leases is \$9 million and the related accumulated depreciation is \$5.9 million.

Tax Anticipation Notes

The County issued \$200 million in Tax Anticipation Notes on May 20, 2015 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 \$173 thousand. This note matured on December 31, 2015, with a net yield of .12%.

Liability for Tax Anticipation Notes, January 1, 2015	\$	-
Notes Issued		200,000,000
Notes Matured and paid		<u>200,000,000</u>
Liability for Tax Anticipation Notes, December 31, 2015	\$	-

(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 \$1,282 in 2015, 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. On November 20, 2015, the Hospital obtained a renewal of this facility which expired on February 20, 2016. The working capital component provides \$20 million of non-IGT funding capacity, while the ICTF program component provides \$25 million of IGT funding. In total, the facility is currently estimated at \$45 million.

The ICTF program component is repaid with the receipt of related program funds by the Hospital and reduces to zero as the Hospital’s IGT funding requirements for the current program year are met. Amounts outstanding under the working capital and ICTF program components accrue interest at LIBOR plus 170 basis points and 145 basis points, respectively. The working capital component carries a 20 basis point commitment fee on the unused line, while the ICTF program component carries a commitment fee of 10 basis points against each associated draw. No amounts were outstanding under the facility at December 31, 2015.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(10) Interfund Assets/Liabilities and Transfers

No Interfund receivable and payable balances exist as of December 31, 2015. 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		
	General fund	Non-Major Govern- mental funds	Total
General fund	\$ -	44,771	44,771
South Fulton Special District fund	695	3,715	4,410
Non-Major Governmental funds	-	2,161	2,161
	\$ 695	50,647	51,342

(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, 2015, which is expected to be paid after one year, is \$13,035. 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 2015. 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, 2015, the present value of the estimated future liability for outstanding claims, including estimated incurred, but not reported claims, is \$10,031. At December 31, 2015, the County held \$7,752 in cash and cash equivalents and \$6,410 in other current assets that are available for payment of these claims.

The County has also recorded a liability within the Risk Management Fund of \$11,410 to provide for resources to insure for general, employee and vehicle liability and automobile physical damage. This also includes a \$9,100 for a pay parity lawsuit due in early 2016. At December 31, 2015, the County held \$16,782 in cash and cash equivalents available for payment of these claims.

Outstanding liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported. Actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards; therefore, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(11) Risk Management (continued)

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, 2015 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
2015	\$	24,351	141,464	(131,339)	34,476
2014		25,201	108,596	(109,446)	24,351
2013		26,868	101,362	(103,029)	25,201

(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.

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

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

The funding method and determination of benefits payable are provided in or authorized by various acts of the Georgia Legislature and statutes enacted by the County under home rule powers granted by the State. The Plan generally provides that funds to provide retirement benefits are to be

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(12) Retirement Plans (continued)

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.

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 2015 are as follows (in thousands of dollars):

	<u>2015</u>
Total required employer contributions:	
Dollar amount	\$ 48,586
Percent of covered payroll	174.64%
Actual employer contributions:	
Dollar amount	\$ 47,230
Percent of covered payroll	169.77%

Employee contribution rates are established in accordance with pension law. During 2015 actual countywide employee contributions were \$1,868 which represented 6.71% 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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(12) Retirement Plans (continued)

Membership

Current membership in the Plan and current year payrolls for 2015 are as follows:

Members:		
Retired and receiving benefits	\$	3,210
Terminated with vested benefits		27
Active employees:		
Vested		478
Total members		<u>3,715</u>
Total current year payroll for employees covered by the Plan (in thousands)	\$	<u>27,820</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. 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, 2016 valuation, the Fulton County Employees Retirement System Board approved a lower assumed rate of return from 7.70% to 7.60%, which affected the actuarial liability by \$15.5 million, and also changed the administrative expense assumption from \$700,000 down to \$600,000.

Effective as of the January 1, 2015 valuation, the Fulton County Employees Retirement System Board approved changes to the amortization period to a “fresh start” amortization period over a single 15-year closed level-dollar amortization base. This lowered the 2015 required contribution to \$48.5 million as compared to the \$55.2 million required contribution for 2014, which is also affected by actuarial values and other assumption changes. This also affected the credit balance, previously \$9.1 million to a “fresh start” balance of \$5 million which is available to meet future pension required contributions.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(12) Retirement Plans (continued)

New bases will be established in future years, to account for future gains and losses and changes in assumptions, methods or plan provisions. The Board also lowered the assumed investment rate of return from 7.8% to 7.7% with this January 1, 2015 valuation, increasing the actuarial liability \$15.4 million, as well as a \$100 increase from \$600 to \$700 annually for the administrative expense assumption. 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, 2015 and 2014 are as follows:

<u>Fiscal year ended</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Fiduciary net position as a percentage of Total Pension Liability</u>
December 31, 2015	\$ 1,677,001	1,217,955	\$ 459,046	72.63%
December 31, 2014	1,654,412	1,306,027	348,385	78.94%

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%	6.75%
International Equity	20.00%	7.45%
Emerging International Equity	5.00%	9.85%
Core Bonds	17.00%	1.75%
Global Bonds	5.00%	4.95%
Global Asset Allocation	<u>5.00%</u>	3.75%
	100.00%	

*Expected real rate of return is net of inflation

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(12) Retirement Plans (continued)

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 7.60%, and the System's net pension liability would be if it were calculated using a discount rate this is one-percentage-point lower (6.60%) or one-percentage-point higher (8.60%) than the current rate.

	1% Decrease	Current Discount	1% Increase
	(6.60%)	(7.60%)	(8.60%)
System's net pension liability	\$630,018	\$459,046	\$314,103

Pension Expense and Deferred Outflows of Resources Related to Pensions

The County recognized total pension expense of \$70,859 for the year ended December 31, 2015, 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, 2015 balance of \$87,033 will be recognized ratably at \$21,758 each year for the next four years. This is the net difference between projected and actual earnings on pension plan investments.

January 1, 2015 Deferred outflows related to pensions	\$ 130,543
Difference between projected and actual earnings Recognized in 2015	(21,758)
Recognition of liability loss	(6,263)
Assumptions changes	<u>(15,489)</u>
December 31, 2015 Deferred outflows related to pensions	<u>\$ 87,033</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 remains at approximately \$1.1 million as of January 1, 2016 and is being amortized on an 8 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. The Supplemental plan obtained a biannual actuarial valuation as of January 1, 2015.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(12) Retirement Plans (continued)

(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, 2015, the plan had 4,498 active participants who contributed 6% of their pensionable earnings, approximately \$12,743 during 2015. The County also contributed \$17,702 which was 8% of their pensionable earnings throughout the year. The County also contributed an additional \$1,525 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.

(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 receipt of up to 25% of gross compensation, not to exceed \$18,000. The Plan assets are held in custodial accounts for the exclusive benefit of the Plan participants and their beneficiaries and, therefore, the plan assets and liabilities are not recorded on the financial statements of the County. Valic, MetLife and TIAA-CREF independently managed assets throughout 2015.

(d) Hospital Authority Pension Plan

The Hospital Authority has a single-employer trustee noncontributory defined benefit pension plan in which substantially all regular employees are eligible to participate. The Hospital Authority contributes an amount sufficient to meet the actuarially determined pension expense for that year. The Hospital Authority began a 401(k) plan in which employee contributions are matched 100% up to 4% of eligible compensation after one year of eligible service. Contributions to the plan for the year ended December 31, 2015 approximated \$6.2 million.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(13) Other Post-Employment Benefits (continued)

life insurance benefits, in the Health Insurance Stabilization fund, an internal service fund, is recognized as paid; such costs approximated \$42,873 in 2015, as compared to \$38,994 in 2014. 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 3,300 and all also had life insurance coverage in effect. Approximately 4,800 active employees with coverage are subject to this plan.

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

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 \$1,226,465. This is presented in the Statement of Fiduciary Assets on page 24. No contribution has been made subsequently, but interest earnings of \$1,845 have accumulated in this trust fund as of December 31, 2015, of which \$18 was earned in 2015.

As of the most recent valuation date of January 1, 2015, 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
\$4,012	\$1,230,477	\$1,226,465	0.003%	\$207,692	590.5%

The county's annual OPEB cost and net OPEB liability for the year ended December 31, 2015:

Annual required contribution (ARC) for other postemployment benefits (OPEB)	\$ 86,971
Interest on annual required contribution	19,110
Adjustment to the ARC	<u>(18,256)</u>
Annual OPEB cost/Annual required contribution	87,825
Annual employer contributions made on claims	<u>(32,717)</u>
Change in net OPEB obligation	55,108
Net OPEB obligation - January 1	<u>477,761</u>
Net OPEB obligation - December 31	<u><u>\$ 532,869</u></u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(13) Other Post-Employment Benefits (continued)

**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, 2013	\$ 90,817	32.1%	\$ 398,441
December 31, 2014	107,851	26.9	477,761
December 31, 2015	86,971	37.6	532,869

Actuarial Assumptions for the Other Postemployment Benefit plan as of January 1, 2015:

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	7.0% in 2015 to 5.0% in 2020 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	3.0%
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 fiscal year 2013 HRA allocation for each retiree was six hundred fifty dollars, which was reduced to three hundred and twenty five dollars for fiscal year 2014. The financial impact of the plan amendments was recognized in the Authority's fiscal year 2014 combined financial statements, resulting in a \$4 million decrease in the accrued postretirement benefit cost and a \$12.1 million increase in operating income through a reduction in the net periodic benefit cost. The plan amendments had no significant impact on cash flows from operations for the year ended December 31, 2015. A discount rate of 3.35% was used to remeasure obligations at the amendment date.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(13) Other Post-Employment Benefits (continued)

The changes in the accumulated postretirement benefit obligation (APBO) during 2015 follow:

	2015
APBO, Beginning	\$ 5,615
Service cost	175
Interest cost	118
Plan participant contributions	207
Benefits paid	(685)
Actuarial gain	(134)
APBO, Ending	\$ <u>5,296</u>

\$774 of the above liability is classified as current

Expected future payments for other post-employment benefits range from \$774 to \$1,043 for the next five years and \$1,333 for combined years 2021 through 2025. As of December 31, 2015, the amounts accumulated in unrestricted net assets were \$ (20,427) for prior service cost (credit) and a net gain of \$(2,019), for a total of \$(22,446). The amount of prior service credit and actuarial net loss expected to be amortized into net periodic postretirement benefit cost in 2015 is a net credit of \$13.8 million. 2.58% was used for weighted average assumptions to determine benefit obligations.

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

	2015
Service Cost	\$ 175
Interest Cost	118
Amortization of prior service cost (credit)	(13,322)
Amortization of net gains	(480)
Net period postretirement benefit cost (credit)	\$ <u>(13,509)</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 \$187 thousand and increase interest and service cost by approximately \$11 thousand. A 1% decrease in the healthcare cost trend rate would decrease the APBO by approximately \$180 thousand and reduce interest and service cost by approximately \$11 thousand. Assumed trend rates utilized in this estimate range from 6.2% in 2016 reduced each year by .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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(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 \$26 million is believed to be reasonably possible, of which approximately \$20.6 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 \$24 million for these cases, \$13 million within the long term debt section and approximately \$11 million as payables in the Risk Management Fund on page 84.
- (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 \$27,863, and \$32,691 for library system capital improvements as of December 31, 2015.

(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, 2015, 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 \$46.6 million at December 31, 2015. 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, 2015, in the accompanying combined 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, 2015, is \$1.8 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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(14) Commitments and Contingencies (continued)

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 2025. Rental costs for the year ended December 31, 2015 were approximately \$8.4 million. The future minimum lease payments under noncancelable operating leases as of December 31, 2015 are as follows (in thousands):

	<u>Operating leases</u>
2016	\$ 4,042
2017	3,851
2018	3,444
2019	3,374
2020	2,904
Thereafter	11,512
	<u>\$ 29,127</u>

(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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(15) Fund Balance (continued)

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.

The specific purposes of the governmental funds fund balances, classified as other than unassigned, at December 31, 2015 are as follows (in thousands):

Fund Balances:	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Library capital projects	\$ 61,929		
Debt service	19,205		
Grants in Aid	1,630		
Emergency Communications	1,878		
Public Health Services	9,651		
Law Enforcement and Justice services	9,810		
Public Education Government Television		592	
South Fulton Special District			8,082
Special Service District			4,062
Stormwater Management			177
General Government services			339
Social and Cultural services			2,880
Other special revenue			2,709
Tax Allocation district			3
Other Capital and Transportation projects	1,720		54,204
Totals	<u>\$ 105,823</u>	<u>592</u>	<u>72,456</u>

(16) Subsequent Events

The County on May 18, 2016 issued \$150 million in Tax Anticipation Notes to provide operating capital until property tax collections are received by the County.

During February 2016, the Hospital negotiated a new line of credit for \$30,000 as a revolving working capital facility only, which expires on February 27, 2017. Amounts outstanding under the facility accrue interest on one-month LIBOR plus 125 basis points. The facility carries a 10-basis point commitment fee on the unused line.

On May 19, 2016, the Board of Commissioners of Fulton County authorized execution of a settlement agreement with the Security and Exchange Commission relating to one instance in the past 5 years in which a continuing disclosure notification within a 2011 Water and Sewerage bond issuance was not properly identified. No monetary damages were sought. The County had earlier self-reported the violation to the SEC on December 1, 2014 under the SEC's "MCDC" initiative, in which Issuers would obtain favorable outcomes with the SEC and cure any requirements of continuing disclosure information on outstanding and issued bonds.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2015

(17) Restatement due to Change in Accounting Principle

The County implemented GASB No. 68, *Accounting and Financial Reporting for Pensions-an amendment to GASB Statement No. 27*, in the calendar year ending December 31, 2015. The primary objective of this statement is to improve accounting and financial reporting by local governments for defined benefit pension plans. It requires employers to report their plan's net pension liability, pension expense, and deferred inflows and outflows of resources as well as additional note disclosures. The County has restated its opening governmental activities net position due to this new accounting standard by \$401,483, which consists of the January 1, 2015 net pension liability of \$348,385, and \$53,098 for the pension asset recorded under previous pension accounting standards that are now superseded. The January 1, 2015 deferred outflows related to pensions are another component to the change in accounting principle as shown below. The total of these items has been adjusted to the beginning net position on Statement of Activities on page 13.

January 1, 2015 Net pension liability	\$ (348,385)
January 1, 2015 Deferred outflow of resources related to pensions	130,543
January 1, 2015 Net pension asset	<u>(53,098)</u>
Total change in accounting principle related to pensions and deferred outflows	<u>\$ (270,940)</u>

The Fulton DeKalb Hospital Authority made a similar adjustment:

January 1, 2015 Net pension liability	\$ (24,572)
January 1, 2015 Deferred outflow of resources related to pensions	<u>1,484</u>
Total change in accounting principle related to pensions and deferred outflows	<u>\$ (23,088)</u>

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**REQUIRED
SUPPLEMENTARY
INFORMATION**
(Unaudited)

FULTON COUNTY, GEORGIA

Required Supplementary Information
Unaudited, and in thousands

December 31, 2015

Schedule of Contributions from the Employer and Other Contributing Entities

Year Ended	Contributions in Relation to The Actuarially Determined Contribution						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)	Covered Employee Payroll	
December 31, 2006	\$ 37,081	35,453	658	36,111	970	98,882	36.52%
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

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, 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, 2015

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%)

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, 2010	\$ 2,492	941,944	939,719	0.26%	214,743	437%
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

FULTON COUNTY, GEORGIA

Required Supplementary Information
Unaudited, and in thousands

December 31, 2015

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

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service cost	\$ 3,678	4,291
Interest	122,562	120,935
Change of benefit terms	-	-
Differences between expected and actual experience	6,262	21,902
Change of assumptions	15,489	15,352
Benefit payments, including refunds of employee contributions	<u>(125,402)</u>	<u>(117,044)</u>
Net change in total pension liability	22,589	45,436
Total pension liability - beginning	\$ <u>1,654,412</u>	<u>1,608,976</u>
Total pension liability - ending (a)	\$ <u><u>1,677,001</u></u>	<u><u>1,654,412</u></u>
Plan fiduciary net position		
Contributions-employer	\$ 47,230	57,529
Contributions-employee	1,868	2,129
Net investment income	(11,187)	64,143
Benefit payments, including refunds of employee contributions	<u>(125,402)</u>	<u>(117,044)</u>
Administrative expense	(581)	(705)
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	\$ <u>(88,072)</u>	<u>6,052</u>
Plan fiduciary net position - beginning	\$ <u>1,306,027</u>	<u>1,299,975</u>
Plan fiduciary net position - ending (b)	\$ <u><u>1,217,955</u></u>	<u><u>1,306,027</u></u>
System's net pension liability - ending (a) - (b)	<u><u>459,046</u></u>	<u><u>348,385</u></u>
Plan fiduciary net position as a percentage of the total pension liability	72.63%	78.94%
Covered employee payroll	\$ 27,820	32,828
System's net pension liability as a percentage of covered employee payroll	1650.06%	1061.23%

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 7.70% to 7.60% at 1/1/2016.

FULTON COUNTY, GEORGIA

Notes to Required Supplementary Information
Unaudited, and in thousands

December 31, 2015

(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, 2016 valuation, the Fulton County Employees Retirement System Board approved a lower assumed rate of return from 7.70% to 7.60%, which affected the actuarial liability by \$15.5 million, and also changed the administrative expense assumption from \$700,000 down to \$600,000.

Effective as of the January 1, 2015 valuation, the Fulton County Employees Retirement System Board approved changes to the amortization period to a “fresh start” amortization period over a single 15-year closed level-dollar amortization base. The Board also lowered the assumed investment rate of return from 7.8% to 7.7% with this January 1, 2015 valuation and increased the annual administrative expense assumption from \$600 thousand to \$700 thousand.

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, 2016
Actuarial cost method	Entry Age normal
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	15 years remaining as of January 1, 2016
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	7.60%. 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, 2015

(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

RP-2000 mortality tables, projected to the 2016 valuation date reasonably reflect the projected mortality experience of the Plan as of the measurement date. The additional projection of four years is a provision made for future mortality improvement.

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.

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**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, 2015

(in thousands of dollars)

	Debt Service fund	Special Revenue Funds				General Government Services
		Special Service District	Grants in Aid	Emergency Communications	Stormwater Management	
Assets:						
Cash and cash equivalents	\$ 19,051	4,772	275	2,205	177	339
Receivables (net of allowances):						
Taxes	525	—	—	—	—	—
Due from other governments	—	—	5,940	99	—	—
Total assets	<u>\$ 19,576</u>	<u>4,772</u>	<u>6,215</u>	<u>2,304</u>	<u>177</u>	<u>339</u>
Liabilities:						
Accounts payable	\$ —	710	4,585	362	—	—
Due to others	—	—	—	64	—	—
Total liabilities	<u>—</u>	<u>710</u>	<u>4,585</u>	<u>426</u>	<u>—</u>	<u>—</u>
Deferred Inflows of Resources:						
Unavailable revenue	371	—	—	—	—	—
Total deferred inflows of resources	<u>371</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances (deficit):						
Nonspendable	—	—	—	—	—	—
Restricted	19,205	—	1,630	1,878	—	—
Committed	—	—	—	—	—	—
Assigned	—	4,062	—	—	177	339
Unassigned	—	—	—	—	—	—
Total fund balances (deficit)	<u>19,205</u>	<u>4,062</u>	<u>1,630</u>	<u>1,878</u>	<u>177</u>	<u>339</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,576</u>	<u>4,772</u>	<u>6,215</u>	<u>2,304</u>	<u>177</u>	<u>339</u>

(continued)

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2015

(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	\$ 6,498	592	11,348	—	5,476	2,711	3
Receivables (net of allowances):							
Taxes	—	—	—	—	—	—	—
Due from other governments	3,153	—	—	—	—	—	—
Total assets	\$ 9,651	592	11,348	—	5,476	2,711	3
Liabilities:							
Accounts payable	\$ —	—	—	—	—	2	—
Due to others	—	—	1,538	—	2,596	—	—
Total liabilities	—	—	1,538	—	2,596	2	—
Deferred Inflows of Resources:							
Unavailable revenue	—	—	—	—	—	—	—
Total deferred inflows of revenues	—	—	—	—	—	—	—
Fund balances (deficit):							
Nonspendable	—	—	—	—	—	—	—
Restricted	9,651	—	9,810	—	—	—	—
Committed	—	592	—	—	—	—	—
Assigned	—	—	—	—	2,880	2,709	3
Unassigned	—	—	—	—	—	—	—
Total fund balances (deficit)	9,651	592	9,810	—	2,880	2,709	3
Total liabilities, deferred inflows of resources and fund balances	\$ 9,651	592	11,348	—	5,476	2,711	3

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2015

Capital Projects 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	Total Non-major Governmental Funds
6,750	1,297	36,182	423	3,686	2,773	13,023	117,581
—	—	—	—	—	—	—	525
—	—	—	—	—	—	—	9,192
<u>6,750</u>	<u>1,297</u>	<u>36,182</u>	<u>423</u>	<u>3,686</u>	<u>2,773</u>	<u>13,023</u>	<u>127,298</u>
—	—	1,243	—	—	209	8	7,119
—	—	—	—	—	—	—	4,198
—	—	1,243	—	—	209	8	11,317
—	—	—	—	—	—	—	371
—	—	—	—	—	—	—	371
—	—	—	—	—	—	—	—
6,750	1,297	—	423	—	—	—	50,644
—	—	—	—	—	—	—	592
—	—	34,939	—	3,686	2,564	13,015	64,374
—	—	—	—	—	—	—	—
<u>6,750</u>	<u>1,297</u>	<u>34,939</u>	<u>423</u>	<u>3,686</u>	<u>2,564</u>	<u>13,015</u>	<u>115,610</u>
<u>6,750</u>	<u>1,297</u>	<u>36,182</u>	<u>423</u>	<u>3,686</u>	<u>2,773</u>	<u>13,023</u>	<u>127,298</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2015

(in thousands of dollars)

	Special Revenue Funds					General Government Services
	Debt Service fund	Special Service District	Grants in Aid	Emergency Telephone	Stormwater Management	
Revenues:						
Taxes	\$ 13,914	—	—	—	—	—
Intergovernmental	2,070	—	50,203	—	—	—
Charges for services	—	—	276	3,864	—	—
Courts and law enforcement	—	—	—	—	—	—
Use of money and property	8	—	—	—	—	—
Miscellaneous	—	—	—	—	—	105
Total revenues	15,992	—	50,479	3,864	—	105
Expenditures:						
Current:						
Administration	—	—	171	—	—	106
Public safety	—	177	3,397	4,671	—	—
Infrastructure and facilities	—	—	87	—	53	—
Social services	—	—	10,164	—	—	—
Health services	—	—	41,552	—	—	—
Other nonagency	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	—
Debt service:						
Principal retirement	19,562	—	—	—	—	—
Interest	12,308	—	—	—	—	—
Total expenditures	31,870	177	55,371	4,671	53	106
Excess (deficiency) of revenues over (under) expenditures	(15,878)	(177)	(4,892)	(807)	(53)	(1)
Other financing sources (uses):						
Capital lease refunding obligations	—	—	—	—	—	—
Transfers in	20,374	—	1,533	1,875	—	—
Transfers out	—	—	—	—	—	—
Total other financing sources (uses)	20,374	—	1,533	1,875	—	—
Net change in fund balances	4,496	(177)	(3,359)	1,068	(53)	(1)
Fund balance at beginning of year	14,709	4,239	4,989	810	230	340
Fund balance (deficit) at end of year	\$ 19,205	4,062	1,630	1,878	177	339

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2015

(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
\$ —	—	—	241	—	—	—
9,189	—	147	—	—	1,417	—
4,974	—	—	—	—	—	—
—	—	7,481	—	—	—	—
—	—	—	—	26	—	—
—	412	—	—	—	—	—
<u>14,163</u>	<u>412</u>	<u>7,628</u>	<u>241</u>	<u>26</u>	<u>1,417</u>	<u>—</u>
—	—	—	—	—	1,065	—
—	—	6,395	—	—	—	—
—	396	—	—	—	—	—
—	—	—	—	34	—	—
12,128	—	—	—	—	—	—
—	—	—	241	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<u>12,128</u>	<u>396</u>	<u>6,395</u>	<u>241</u>	<u>34</u>	<u>1,065</u>	<u>—</u>
2,035	16	1,233	—	(8)	352	—
—	—	—	—	—	—	—
—	—	—	—	12	—	—
—	—	—	—	—	—	—
—	—	—	—	12	—	—
2,035	16	1,233	—	4	352	—
<u>7,616</u>	<u>576</u>	<u>8,577</u>	<u>—</u>	<u>2,876</u>	<u>2,357</u>	<u>3</u>
\$ <u>9,651</u>	<u>592</u>	<u>9,810</u>	<u>—</u>	<u>2,880</u>	<u>2,709</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, 2015

(in thousands of dollars)

	Capital Projects Funds						Total Nonmajor Governmental Funds
	Library Capital	Fulton County Urban Rede- velopment Agency	Capital Improvements	Fulton County Building Authority	Other Capital Projects	Special Service District Projects	
Revenues:							
Taxes	—	—	—	—	—	—	14,155
Intergovernmental	1,350	—	—	—	—	769	65,145
Charges for services	—	—	—	—	—	—	9,114
Courts and law enforcement	—	—	—	—	—	—	7,481
Use of money and property	—	8	1,346	—	178	—	1,566
Miscellaneous	—	—	—	—	—	—	517
Total revenues	<u>1,350</u>	<u>8</u>	<u>1,346</u>	<u>—</u>	<u>178</u>	<u>769</u>	<u>97,978</u>
Expenditures:							
Current:							
Administration	—	—	—	—	—	—	1,342
Public safety	—	—	—	—	—	—	14,640
Infrastructure and facilities	—	—	—	—	—	—	536
Social services	—	—	—	—	—	—	10,198
Health services	—	—	—	—	—	—	53,680
Other nonagency	—	—	—	—	—	—	241
Capital outlay	—	7,084	2,846	—	13,951	940	27,607
Debt service:							
Principal retirement	—	—	—	—	—	—	19,562
Interest	—	—	—	—	—	—	12,308
Total expenditures	<u>—</u>	<u>7,084</u>	<u>2,846</u>	<u>—</u>	<u>13,951</u>	<u>940</u>	<u>140,114</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,350</u>	<u>(7,076)</u>	<u>(1,500)</u>	<u>—</u>	<u>(13,773)</u>	<u>(940)</u>	<u>(42,136)</u>
Other financing sources (uses):							
Capital lease refunding obligations	—	—	—	—	14,874	—	14,874
Transfers in	—	—	18,632	—	—	630	50,647
Transfers out	—	—	(2,161)	—	—	—	(2,161)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>16,471</u>	<u>—</u>	<u>14,874</u>	<u>630</u>	<u>63,360</u>
Net change in fund balances	1,350	(7,076)	14,971	—	1,101	(310)	21,224
Fund balance at beginning of year	5,400	8,373	19,968	423	2,585	2,874	94,386
Fund balance at end of year	<u>6,750</u>	<u>1,297</u>	<u>34,939</u>	<u>423</u>	<u>3,686</u>	<u>2,564</u>	<u>115,610</u>

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, 2015

(In thousands of dollars)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Debt Service funds:				
Revenues				
Taxes	\$ 11,271	11,271	13,939	2,668
Other revenues per Budget law	—	—	2,078	2,078
Transfers	20,374	20,374	20,374	—
Appropriated Fund Balance	225	225	(4,521)	(4,746)
Total revenues	\$ 31,870	31,870	31,870	—
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenues			(25)	
Appropriated Fund Balance			4,521	
Total adjustment to GAAP basis			4,496	
Total revenues and other sources, GAAP basis			36,366	
Expenditures				
Principal	\$ 19,562	19,562	19,562	—
Interest	12,308	12,308	12,308	—
Total expenditures	\$ 31,870	31,870	31,870	—
Total expenditures and other uses, GAAP basis			31,870	
Special Service District fund:				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Revenues per Budget Law	\$ —	—	—	—
Appropriated Fund Balance	3,955	3,955	177	(3,778)
	\$ 3,955	3,955	177	(3,778)
Reconciliation to GAAP basis:				
Appropriated fund balance			(177)	
			(177)	
			\$ —	
Expenditures and other uses:				
Non agency	\$ 3,955	3,955	177	3,778
	\$ 3,955	3,955	177	3,778
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
			—	
			\$ 177	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2015

(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	56,605	56,605	52,059	(4,546)
Other general revenues	\$ 955	955	276	(679)
Transfers	1,533	1,533	1,533	—
Appropriated Fund Balance	—	—	(835)	(835)
Total revenues	\$ <u>59,093</u>	<u>59,093</u>	53,033	<u>(6,060)</u>
Reconciliation to GAAP basis:				
To record effect of receivables			(1,856)	
Appropriated Fund Balance			835	
Total revenues and other sources, GAAP basis			<u>52,012</u>	
Expenditures				
Administration	210	210	173	37
Public Safety	3,415	3,415	3,397	18
Infrastructure and Facilities	414	414	382	32
Social services	10,856	10,856	10,652	204
Health services	44,198	44,198	38,429	5,769
Total expenditures	\$ <u>59,093</u>	<u>59,093</u>	53,033	<u>6,060</u>
Reconciliation to GAAP basis - to record net effect				
of unrecorded liabilities			2,338	
Total expenditures and other uses, GAAP basis			<u>55,371</u>	
Emergency Communications - 911				
Revenues				
Charges for Services	\$ 3,528	3,528	3,864	336
Transfers	1,875	1,875	1,875	—
Appropriated fund balance	262	262	(1,095)	1,357
Total revenues	<u>5,665</u>	<u>5,665</u>	4,644	<u>1,693</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			1,095	
Total revenues and other sources, GAAP basis			<u>5,739</u>	
Expenditures				
Total expenditures	\$ <u>5,665</u>	<u>5,665</u>	4,644	<u>1,021</u>
Reconciliation to GAAP basis - to record net effect				
of unrecorded liabilities			27	
Total expenditures and other uses, GAAP basis			<u>4,671</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, 2015

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Stormwater Management:				
Revenues				
Appropriated fund balance	\$ 230	230	—	230
Total revenues	<u>230</u>	<u>230</u>	—	<u>230</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			—	
Total revenues and other sources, GAAP basis			<u>—</u>	
Expenditures				
Total expenditures	\$ <u>230</u>	<u>230</u>	53	<u>177</u>
Total expenditures and other uses, GAAP basis			<u>53</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	262	262	1	(261)
Total revenues	\$ <u>262</u>	<u>262</u>	106	<u>(156)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			(1)	
Total revenues and other sources, GAAP basis			<u>105</u>	
Expenditures				
Total administrative expenditures	\$ <u>262</u>	<u>262</u>	106	<u>156</u>
Total expenditures and other uses, GAAP basis			<u>106</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, 2015

(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	\$ 10,809	10,809	9,456	(1,353)
Other general revenues	4,691	4,691	5,005	314
Appropriated Fund Balance	—	—	(2,284)	(2,284)
Total revenues	<u>\$ 15,500</u>	<u>15,500</u>	12,177	<u>(3,323)</u>
Reconciliation to GAAP basis:				
To record effect of receivables			(298)	
Appropriated Fund Balance			<u>2,284</u>	
Total revenues and other sources, GAAP basis			<u>14,163</u>	
Expenditures				
Total expenditures	<u>\$ 15,500</u>	<u>15,500</u>	12,177	<u>3,323</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>(49)</u>	
			<u>12,128</u>	

Public Education Government Television

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Miscellaneous	\$ —	—	412	412
Appropriated Fund Balance	<u>576</u>	<u>576</u>	(16)	(592)
Total revenues	<u>\$ 576</u>	<u>576</u>	396	<u>(180)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			16	
Total revenues and other sources, GAAP basis			<u>412</u>	
Expenditures				
Total expenditures	<u>\$ 576</u>	<u>576</u>	396	<u>180</u>
Total expenditures and other uses, GAAP basis			<u>396</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, 2015

(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	\$ —	—	7,628	7,628
Appropriated Fund Balance	5,791	5,791	(1,233)	(7,024)
Total revenues	<u>\$ 5,791</u>	<u>5,791</u>	6,395	<u>604</u>
Reconciliation to GAAP basis:				
To record net change in interest receivable and depreciation of investments			—	
Appropriated Fund Balance			<u>1,233</u>	
Total revenues and other sources, GAAP basis			<u>7,628</u>	
Expenditures				
Total expenditures	\$ <u>5,791</u>	<u>5,791</u>	6,395	<u>(604)</u>
Total expenditures and other uses, GAAP basis			<u>6,395</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Hotel Motel:				
Revenues				
Anticipated revenues	\$ —	—	241	241
Total revenues	<u>\$ —</u>	<u>—</u>	241	<u>241</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			—	
Total revenues and other sources, GAAP basis			<u>241</u>	
Expenditures				
Total Non-agency expenditures	\$ <u>—</u>	<u>—</u>	241	<u>(241)</u>
Total expenditures and other uses, GAAP basis			<u>241</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, 2015

(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	\$ —	—	38	38
Appropriated Fund Balance	<u>584</u>	<u>584</u>	<u>(4)</u>	<u>(588)</u>
Total revenues	<u>\$ 584</u>	<u>584</u>	34	<u>(550)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>4</u>	
Total revenues and other sources, GAAP basis			<u>38</u>	
Expenditures				
Total expenditures	<u>\$ 584</u>	<u>584</u>	34	<u>550</u>
Total expenditures and other uses, GAAP basis			<u>34</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Special revenue funds:				
Revenues				
Anticipated revenues	\$ 1,350	1,350	1,417	67
Appropriated Fund Balance	<u>—</u>	<u>—</u>	<u>(352)</u>	<u>(352)</u>
Total revenues	<u>\$ 1,350</u>	<u>1,350</u>	1,065	<u>(285)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>352</u>	
Total revenues and other sources, GAAP basis			<u>1,417</u>	
Expenditures				
Total expenditures	<u>\$ 1,350</u>	<u>1,350</u>	1,065	<u>285</u>
Total expenditures and other uses, GAAP basis			<u>1,065</u>	

DESCRIPTION OF NON-MAJOR ENTERPRISE FUND

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.

FULTON COUNTY, GEORGIA

Combining Statement of Net Position
Non-major Enterprise Fund

December 31, 2015

(In thousands of dollars)

Assets	Business Type Activities-	
	<u>Enterprise Fund</u>	<u>Total</u>
	<u>Airport</u>	<u>Non-major</u>
	<u>Fund</u>	<u>Enterprise</u>
	<u>Fund</u>	<u>Fund</u>
Current assets:		
Cash and cash equivalents	\$ 2,334	2,334
Total current assets	<u>2,334</u>	<u>2,334</u>
Noncurrent assets:		
Nondepreciable capital assets	27,909	27,909
Depreciable capital assets (net of accumulated depreciation)	<u>276</u>	<u>276</u>
Total noncurrent assets	<u>28,185</u>	<u>28,185</u>
Total assets	<u>30,519</u>	<u>30,519</u>
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable & accrued expenses	\$ 70	70
Total liabilities	<u>70</u>	<u>70</u>
Net Position:		
Net investment in capital assets	28,185	28,185
Unrestricted	2,264	2,264
Total net position	<u>\$ 30,449</u>	<u>30,449</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2015

(In thousands of dollars)

	Business Type Activities-	
	<u>Enterprise Fund</u>	Total
	Airport	Non-major
	Fund	Enterprise
	<u>Fund</u>	Fund
Operating revenues:		
Charges for services	\$ 1,529	1,529
Total operating revenues	<u>1,529</u>	<u>1,529</u>
Operating expenses:		
Administrative and general	476	476
Depreciation and amortization	142	142
Personal services	<u>574</u>	<u>574</u>
Total operating expenses	<u>1,192</u>	<u>1,192</u>
Operating income (loss)	<u>337</u>	<u>337</u>
Income (loss) before contributions	<u>337</u>	<u>337</u>
Transfer out	<u>—</u>	<u>—</u>
Change in net position	337	337
Net position at beginning of year	<u>30,112</u>	<u>30,112</u>
Net position at end of year	\$ <u><u>30,449</u></u>	<u><u>30,449</u></u>

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Non-major Enterprise Fund

For the year ended December 31, 2015

(In thousands of dollars)

	Business Type Activities-	
	<u>Enterprise Fund</u>	Total
	Airport	Non-major
	<u>Fund</u>	<u>Enterprise</u>
	<u>Fund</u>	<u>Fund</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,529	1,529
Payments to suppliers	(568)	(568)
Payments to employees	(574)	(574)
Net cash provided by (used in) operating activities	<u>387</u>	<u>387</u>
(Decrease) increase in cash and cash equivalents	387	387
Cash and cash equivalents at beginning of year	<u>1,947</u>	<u>1,947</u>
Cash and cash equivalents at end of year	<u>\$ 2,334</u>	<u>2,334</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 337	337
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	142	142
Changes in assets and liabilities:		
Accounts and claims payable	<u>(92)</u>	<u>(92)</u>
Net cash provided by (used in) operating activities	<u>\$ 387</u>	<u>387</u>

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DESCRIPTION OF INTERNAL SERVICE FUNDS

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

The Internal Service funds include the following:

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Statement of Net Position
Internal Service Funds

December 31, 2015

(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	\$ —	7,752	16,782	502	25,036
Other current assets	501	6,410	—	—	6,911
Total assets	<u>501</u>	<u>14,162</u>	<u>16,782</u>	<u>502</u>	<u>31,947</u>
 Liabilities and Net Position					
Current liabilities:					
Accounts payable	501	379	9,410	—	10,290
Claims payable	—	9,652	2,000	—	11,652
Total liabilities	<u>501</u>	<u>10,031</u>	<u>11,410</u>	<u>—</u>	<u>21,942</u>
Net position:					
Unrestricted	—	4,131	5,372	502	10,005
Total net position	<u>\$ —</u>	<u>4,131</u>	<u>5,372</u>	<u>502</u>	<u>10,005</u>

FULTON COUNTY, GEORGIA

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

Internal Service Funds

For the year ended December 31, 2015

(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	\$ 5,129	96,371	18,507	—	120,007
Operating expenses:					
Contractual services	—	103,504	—	32	103,536
Administrative and general	5,129	—	27,835	—	32,964
Total operating expenses	5,129	103,504	27,835	32	136,500
Operating income (loss)	—	(7,133)	(9,328)	(32)	(16,493)
Net position at beginning of year	—	11,264	14,700	534	26,498
Net position at end of year	\$ —	4,131	5,372	502	10,005

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Internal Service Funds

For the year ended December 31, 2015

(In thousands of dollars)

	<u>Facilities Services fund</u>	<u>Insurance Stabilization fund</u>	<u>Risk Management fund</u>	<u>Owner Controlled Insurance fund</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from customers and users	\$ 5,171	99,399	18,507	—	123,077
Payments to suppliers	<u>(5,171)</u>	<u>(102,721)</u>	<u>(18,864)</u>	<u>(32)</u>	<u>(126,788)</u>
Net cash provided by (used in) operating activities	—	(3,322)	(357)	(32)	(3,711)
 Increase (decrease) in cash and cash equivalents	—	(3,322)	(357)	(32)	(3,711)
 Cash and cash equivalents at beginning of year	<u>—</u>	<u>11,074</u>	<u>17,139</u>	<u>534</u>	<u>28,747</u>
 Cash and cash equivalents at end of year	<u>\$ —</u>	<u>7,752</u>	<u>16,782</u>	<u>502</u>	<u>25,036</u>
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ —	(7,133)	(9,328)	(32)	(16,493)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Other current assets	42	3,028	—	—	3,070
Accounts and claims payable	<u>(42)</u>	<u>783</u>	<u>8,971</u>	<u>—</u>	<u>9,712</u>
Net cash provided by (used in) operating activities	<u>\$ —</u>	<u>(3,322)</u>	<u>(357)</u>	<u>(32)</u>	<u>(3,711)</u>

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DESCRIPTION OF AGENCY FUNDS

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
Agency Funds

December 31, 2015

(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	\$ 24,488	18,521	16,196	96	361	47,087	1,825	108,574
Taxes receivable	56,060	—	—	—	—	—	—	56,060
Total assets	<u>\$ 80,548</u>	<u>18,521</u>	<u>16,196</u>	<u>96</u>	<u>361</u>	<u>47,087</u>	<u>1,825</u>	<u>164,634</u>
Liabilities								
Due to other taxing districts	\$ 80,548	—	—	—	—	—	—	80,548
Due to others	—	18,521	16,196	96	361	47,087	1,825	84,086
Total liabilities	<u>\$ 80,548</u>	<u>18,521</u>	<u>16,196</u>	<u>96</u>	<u>361</u>	<u>47,087</u>	<u>1,825</u>	<u>164,634</u>

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2015

(In thousands of dollars)

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2015</u>
Tax Commissioner:				
Assets				
Cash and cash equivalents	\$ 32,832	2,353,376	2,361,720	24,488
Taxes receivable	<u>55,850</u>	<u>1,361,005</u>	<u>1,360,795</u>	<u>56,060</u>
	<u>\$ 88,682</u>	<u>3,714,381</u>	<u>3,722,515</u>	<u>80,548</u>
Liabilities				
Due to other taxing districts	\$ <u>88,682</u>	<u>3,714,381</u>	<u>3,722,515</u>	<u>80,548</u>
 Superior Court:				
Assets				
Cash and cash equivalents	\$ <u>18,731</u>	<u>113,214</u>	<u>113,424</u>	<u>18,521</u>
Liabilities				
Due to others	\$ <u>18,731</u>	<u>113,214</u>	<u>113,424</u>	<u>18,521</u>
 State Court:				
Assets				
Cash and cash equivalents	\$ <u>17,511</u>	<u>36,933</u>	<u>38,248</u>	<u>16,196</u>
Liabilities				
Due to others	\$ <u>17,511</u>	<u>36,933</u>	<u>38,248</u>	<u>16,196</u>

(Continued)

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds
Agency Funds

For the year ended December 31, 2015

(In thousands of dollars)

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2015</u>
Juvenile Court:				
Assets				
Cash and cash equivalents	\$ 88	106	98	96
Liabilities				
Due to others	\$ 88	106	98	96
Probate Court:				
Assets				
Cash and cash equivalents	\$ 317	1,814	1,770	361
Liabilities				
Due to others	\$ 317	1,814	1,770	361
Sheriff and Criminal Court:				
Assets				
Cash and cash equivalents	\$ 50,297	51,226	54,436	47,087
Liabilities				
Due to others	\$ 50,297	51,226	54,436	47,087
District Attorney:				
Assets				
Cash and cash equivalents	\$ 1,954	389	518	1,825
Liabilities				
Due to others	\$ 1,954	389	518	1,825

*January 1, 2015 balance for Probate Court amended to include amounts omitted in previous year presentation.

(Continued)

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2015

(In thousands of dollars)

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2015</u>
Total - All Agency Funds:				
Assets				
Cash and cash equivalents	\$ 121,730	2,557,058	2,570,214	108,574
Taxes receivable	55,850	1,361,005	1,360,795	56,060
	<u>\$ 177,580</u>	<u>3,918,063</u>	<u>3,931,009</u>	<u>164,634</u>
Liabilities				
Due to other taxing districts	\$ 88,682	3,714,381	3,722,515	80,548
Due to others	88,898	203,682	208,494	84,086
	<u>\$ 177,580</u>	<u>3,918,063</u>	<u>3,931,009</u>	<u>164,634</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, 2015

(In thousands of dollars)

<u>Calendar year</u>	<u>Annual principal and interest requirements</u>		<u>Totals</u>
	<u>General obligation bonds</u>	<u>Fulton County water and sewerage revenue bonds</u>	
2016	\$ 11,268	36,778	48,046
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>\$ 244,210</u>	<u>682,060</u>	<u>926,270</u>

FULTON COUNTY, GEORGIA

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

December 31, 2015

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 4,545	6,723	11,268
2017	4,440	6,565	11,005
2018	4,575	6,430	11,005
2019	4,715	6,280	10,995
2020	4,820	6,111	10,931
2021	4,930	5,933	10,863
2022	5,050	5,741	10,791
2023	5,180	5,535	10,715
2024	5,320	5,319	10,639
2025	5,465	5,090	10,555
2026	5,615	4,832	10,447
2027	5,795	4,550	10,345
2028	5,985	4,259	10,244
2029	6,175	3,958	10,133
2030	6,375	3,647	10,022
2031	6,580	3,320	9,900
2032	6,800	2,976	9,776
2033	7,025	2,620	9,645
2034	7,260	2,252	9,512
2035	7,505	1,872	9,377
2036	7,755	1,479	9,234
2037	8,015	1,074	9,089
2038	8,285	654	8,939
2039	8,560	220	8,780
	<u>\$ 146,770</u>	<u>97,440</u>	<u>244,210</u>
Unamortized premium at December 31, 2015	<u>1,778</u>	<u>(1,778)</u>	<u>—</u>
	<u><u>\$ 148,548</u></u>	<u><u>95,662</u></u>	<u><u>244,210</u></u>

FULTON COUNTY, GEORGIA

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

December 31, 2015

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 15,325	21,453	36,778
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
	<u>444,865</u>	<u>237,195</u>	<u>682,060</u>
Unamortized premium at December 31, 2015	<u>47,900</u>	<u>(47,900)</u>	<u>—</u>
	<u>\$ 492,765</u>	<u>189,295</u>	<u>682,060</u>

FULTON COUNTY, GEORGIA
 Other Schedules
 Hotel/Motel Tax Collections and Expenditures
 Year ended December 31, 2015

Collection Rate	Collection Period from January 1st to December 31st					Expended or Obligated as a Percentage of Collected
	Hotel/Motel Tax Collected	Expenditures and Obligations			Hotel/Motel Tax Expended or Obligated	
		Hotel/Motel Tax Expended	Hotel/Motel Tax Obligated	Hotel/Motel Tax Expended or Obligated		
7%	\$241,233	241,233	—	241,233	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.

101-104

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.

105-110

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.

111-115

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.

116-117

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

118-120

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									
	2015	2014	2013	2012	2011*	2010	2009	2008	2007	2006
Governmental activities										
Net investment in capital assets	\$ 642,456	631,780	629,943	634,016	631,476	633,358	645,956	647,458	656,111	652,890
Restricted	83,667	58,776	50,442	42,280	50,807	33,487	20,165	21,774	23,378	33,581
Unrestricted	(752,312)	(288,608)	(263,967)	(201,606)	(92,710)	35,366	82,669	139,273	225,015	341,604
Total governmental activities net position	\$ (26,189)	401,948	416,418	474,690	589,573	702,211	748,790	808,505	904,504	1,028,075
Business-type activities										
Net investment in capital assets	\$ 676,910	684,168	692,910	706,517	729,671	778,505	799,958	667,975	576,528	687,192
Restricted	37,163	37,046	36,924	39,482	39,316	39,078	46,015	45,833	43,973	42,899
Unrestricted	263,317	258,068	247,969	240,012	246,619	232,070	216,790	369,659	380,390	292,828
Total business-type activities net position	\$ 977,390	979,282	977,803	986,011	1,015,606	1,049,653	1,062,763	1,083,467	1,000,891	1,022,919
Primary government										
Net investment in capital assets	\$ 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	1,340,082
Restricted	120,830	95,822	87,366	81,762	90,123	72,565	66,180	67,607	67,351	76,480
Unrestricted	(488,995)	(30,540)	(19,830)	38,406	153,909	267,436	299,459	508,932	605,405	634,432
Total primary government net position	\$ 951,201	1,381,230	1,390,389	1,460,701	1,605,179	1,751,864	1,811,553	1,891,972	1,905,395	2,050,994

*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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities										
Administration	\$ 141,749	105,273	97,238	107,704	109,122	103,734	105,089	115,606	107,926	102,619
Public Safety	230,712	194,248	183,440	181,224	184,163	172,972	179,965	182,435	179,690	183,189
Legal	189,080	140,617	130,556	131,545	148,350	135,775	146,809	139,901	141,646	12,643
Infrastructure and facilities	52,715	87,667	70,073	74,308	52,499	56,037	71,554	74,237	49,225	73,431
Social services	109,700	61,319	73,737	80,999	119,044	116,913	116,906	125,031	127,604	113,521
Health services	174,413	163,383	155,508	181,674	149,504	129,931	163,408	168,845	184,066	160,904
Interest and other debt related costs	13,427	14,492	15,324	16,204	18,364	10,980	12,756	16,561	17,450	17,767
Total governmental activities expenses	911,796	766,999	725,876	773,658	781,046	726,342	796,487	822,616	807,607	664,074
Business-type activities										
Water and sewerage services	124,351	118,392	115,655	135,118	148,303	132,711	128,430	123,175	170,210	116,826
Contractual services	—	—	—	—	—	—	—	6,901	6,944	14,430
Airport services	1,192	1,227	1,227	1,471	1,218	1,097	1,040	1,098	1,008	1,187
Total business-type activities expenses	125,543	119,619	116,882	136,589	149,521	133,808	129,470	131,174	178,162	132,443
Total primary government expenses	\$ 1,037,339	886,618	842,758	910,247	930,567	860,150	925,957	953,790	985,769	796,517
Program Revenues										
Governmental activities										
Charges for services										
Public and Mental health fees	\$ 4,974	5,261	7,397	7,734	7,661	8,225	8,130	6,258	8,030	8,094
Emergency communication fees	3,864	2,936	2,553	2,873	3,810	3,891	6,941	8,033	7,572	6,978
Legal and adjudication	25,203	27,275	26,903	31,079	28,988	39,597	38,425	33,541	31,535	33,803
License and permits	7,105	6,241	6,056	6,521	5,456	5,707	6,134	7,850	7,850	16,286
Other	8,812	8,236	12,075	9,312	10,113	8,882	8,590	7,703	4,726	9,362
Total Charges for Services	49,958	49,949	54,984	57,519	56,028	66,302	68,220	63,385	59,713	74,523
Operating grants and contributions	63,638	63,655	57,221	60,499	65,356	66,991	57,184	54,152	46,460	55,454
Capital grants and contributions	3,536	3,754	2,902	2,312	3,762	983	5,879	7,842	6,225	21,056
Total governmental activities program revenues	117,132	117,358	115,107	120,330	125,146	134,276	131,283	125,379	112,398	151,033
Business-type activities										
Charges for services	123,285	121,111	119,442	121,506	120,276	121,506	108,472	114,501	102,918	138,491
Capital grants and contributions	—	—	—	(13,249)	—	—	438	19,475	—	6,211
Total business-type activities program revenues	123,285	121,111	119,442	108,257	120,276	121,506	108,910	133,976	102,918	144,702
Total primary government program revenues	\$ 240,417	238,469	234,549	228,587	245,422	255,782	240,193	259,355	215,316	295,735
Net (Expense) Revenue										
Governmental activities	\$ (794,664)	(649,641)	(610,769)	(653,328)	(655,900)	(592,066)	(665,204)	(697,237)	(695,209)	(626,831)
Business-type activities	(2,258)	1,289	2,560	(28,332)	(29,245)	(12,302)	(20,560)	2,802	(75,244)	12,259
Total primary government net expense	\$ (796,922)	(648,352)	(608,209)	(681,660)	(685,145)	(604,368)	(685,764)	(694,435)	(770,453)	(614,572)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 544,654	549,782	474,198	467,779	477,259	482,346	527,018	525,265	486,521	523,418
Sales taxes	35,575	34,858	35,136	36,184	33,991	30,543	32,382	35,374	39,761	60,671
Other taxes	19,536	19,536	11,401	5,454	5,165	4,430	4,466	4,393	8,046	13,299
Intergovernmental unrestricted revenues	2,607	2,637	2,644	2,898	—	—	11,469	—	12,948	15,105
Commissions on tax collections	18,924	18,418	16,379	14,628	15,377	17,181	16,588	15,131	15,043	14,471
Use of money and property	6,051	6,862	6,320	6,517	7,091	5,779	9,348	17,098	23,654	27,488
Miscellaneous	10,120	6,861	6,419	4,985	6,582	5,207	4,219	8,688	4,953	2,810
Transfer in	—	49	—	—	—	—	—	—	—	—
Special and extraordinary items	—	—	—	—	—	—	—	(22,788)	(16,422)	1,418
Total governmental activities	637,467	639,003	552,497	538,445	545,465	545,486	605,490	583,161	574,504	658,680
Business-type activities										
Use of money and property	366	377	225	666	610	1,277	1,651	13,971	9,693	26,223
Miscellaneous and transfer out	—	(1,687)	(2,559)	(1,929)	(1,626)	(2,085)	(1,795)	467	—	(1,546)
Transfers out	—	(49)	—	—	—	—	—	—	—	—
Extraordinary items	—	1,549	(8,434)	—	—	—	—	—	—	—
Total business-type activities	366	190	(10,768)	(1,263)	(1,016)	(808)	(144)	14,438	9,693	24,677
Total primary government	\$ 637,833	639,193	541,729	537,182	544,449	544,678	605,346	597,599	584,197	683,357
Change in Net Position										
Governmental activities	\$ (157,197)	(10,638)	(58,272)	(114,883)	(110,435)	(46,580)	(59,714)	(114,076)	(128,390)	31,849
Business-type activities	(1,892)	1,479	(8,208)	(29,595)	(30,261)	(13,110)	(20,704)	17,240	(65,508)	36,936
Total primary government	\$ (159,089)	(9,159)	(66,480)	(144,478)	(140,696)	(59,690)	(80,418)	(96,836)	(193,898)	68,785

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General fund										
Unassigned	152,835	120,558	83,758	88,985	128,561					
Unreserved	—	—	—	—	—	150,230	95,041	76,233	97,362	136,195
Total general fund	\$ 152,835	120,558	83,758	88,985	128,561	150,230	95,041	76,233	97,362	136,195
Special Service District Fund										
Assigned	8,082	4,536	5,842	6,714	5,123					
Unreserved	—	—	—	—	—	3,596	1,924	16,033	16,015	38,171
Total Special District fund	\$ 8,082	4,536	5,842	6,714	5,123	3,596	1,924	16,033	16,015	38,171
Library Bond fund										
Restricted	\$ 55,179	110,248	149,471	159,268	166,813					
Designated for capital projects	—	—	—	—	—	168,445				
Total Library bond fund	\$ 55,179	110,248	149,471	159,268	166,813	168,445				
All Other Governmental Funds										
Nonspendable	\$ —	—	—	—	—					
Restricted	50,644	50,897	40,987	39,065	42,691					
Committed	592	576	651	678	596					
Assigned	64,374	42,913	43,479	41,264	57,780					
Unassigned	—	—	—	—	(2,085)					
Reserved	—	—	—	—	—	7,129	18,917	21,347	24,997	47,198
Unreserved, reported in:										
Special revenue funds	—	—	—	—	—	25,613	33,931	24,752	27,072	31,160
Capital projects funds	—	—	—	—	—	66,876	50,357	57,546	76,157	76,818
Total all other governmental funds	\$ 115,610	94,386	85,117	81,007	98,982	99,618	103,205	103,645	128,226	155,176
Total governmental funds	\$ 331,706	329,728	324,188	335,974	399,479	421,889	200,170	195,911	241,603	329,542

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	\$ 605,771	602,967	520,687	513,212	515,240	541,331	567,601	544,346	531,613	592,175
Intergovernmental	69,781	70,046	62,767	65,709	69,118	67,974	74,124	55,178	64,867	70,739
Charges for services	38,608	39,424	40,487	43,675	41,400	52,532	53,283	45,688	43,256	48,001
Courts and law enforcement	23,169	22,703	24,820	21,951	24,549	25,244	25,391	24,978	23,650	24,707
Use of money and property	6,009	6,931	6,326	6,333	7,101	5,704	9,213	16,994	23,821	27,430
Licenses and permits	7,105	6,241	6,056	6,521	5,456	5,707	6,134	7,850	7,850	16,286
Miscellaneous	10,120	6,861	6,019	4,985	6,582	5,207	4,219	8,688	4,953	2,810
Net (depreciation) appreciation in investments	42	(69)	(6)	184	(10)	75	135	104	(167)	58
Total revenues	760,605	755,104	667,156	662,570	669,436	703,774	740,100	703,826	699,843	782,206
Expenditures										
Current:										
Administration	87,737	87,453	81,956	88,826	85,494	89,169	87,074	95,103	88,427	91,616
Public safety	142,406	161,388	154,879	149,401	145,552	146,236	147,228	149,384	144,237	162,390
Legal	115,786	115,418	108,685	106,993	115,204	113,323	111,785	113,551	112,361	107,920
Infrastructure and facilities	30,073	65,539	54,792	54,397	36,196	36,044	45,284	52,339	34,823	48,413
Social services	66,128	48,700	60,518	65,055	92,979	98,800	95,152	101,907	100,303	97,951
Health services	141,569	155,008	145,998	169,789	135,567	119,825	151,312	156,443	170,972	155,351
Other nonagency	67,718	28,907	25,948	30,946	32,941	35,671	54,713	52,458	50,781	48,287
Capital outlay	82,911	45,406	17,881	20,293	13,030	13,984	10,679	17,685	41,643	61,583
Debt service:										
Principal retirement	24,857	31,839	27,156	26,186	24,755	17,864	22,629	27,965	29,861	29,457
Interest	14,316	15,466	16,378	17,327	20,353	9,113	10,006	14,143	15,222	15,704
Total expenditures	773,501	755,124	694,191	729,213	702,071	680,029	735,862	780,978	788,630	818,672
Excess of revenues over (under) expenditures	(12,896)	(20)	(27,035)	(66,643)	(32,635)	23,745	4,238	(77,152)	(88,787)	(36,466)
Other Financing Sources (Uses)										
Capital lease refunding obligations	14,874	5,510	14,849	3,138	10,224	49,544	—	4,883	—	54,712
Proceeds from sale of bonds	—	—	—	—	—	193,441	110,885	—	—	—
Premium received on bonds	—	—	—	—	—	2,469	9,298	—	—	—
Payments to escrow agent	—	49	400	—	—	(47,480)	(120,162)	—	—	—
Transfers in	51,342	40,989	53,842	62,149	60,120	79,271	73,614	73,614	99,815	102,723
Transfers out	(51,342)	(40,989)	(53,842)	(62,149)	(60,120)	(79,271)	(73,614)	(73,614)	(100,272)	(102,724)
Total other financing sources (uses)	14,874	5,559	15,249	3,138	10,224	197,974	21	4,883	(457)	54,711
Special item: Proceeds from sale of capital assets	—	—	—	—	—	—	—	—	3,762	18,810
Net changes in fund balances	\$ 1,978	5,539	(11,786)	(63,505)	(22,411)	221,719	4,259	(72,269)	(85,482)	37,055
Debt service as a percentage of noncapital expenditures	5.8	6.7	6.5	6.2	6.6	4.0	4.5	5.5	5.9	6.0

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
2006	\$ 40,777,348	1,091,205	6,716,879	48,585,432	11.47	40%	121,463,580
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

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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Fulton County direct:										
General & bond	10.75	12.05	10.48	10.55	10.55	10.28	10.28	10.28	10.28	11.47
School	18.50	18.50	18.50	18.50	18.50	18.50	17.50	17.50	18.09	18.11
Special Services district	—	—	—	—	—	—	—	3.87	3.87	4.61
South Fulton tax district	11.58	12.47	12.47	10.47	8.97	8.16	8.16	5.66	5.66	5.73
Total direct	<u>40.83</u>	<u>43.02</u>	<u>41.45</u>	<u>39.52</u>	<u>38.02</u>	<u>36.94</u>	<u>35.94</u>	<u>37.31</u>	<u>37.90</u>	<u>39.92</u>
State of Georgia	0.05	0.10	0.15	0.20	0.25	0.25	0.25	0.25	0.25	0.25
Municipalities:										
City of Atlanta	10.87	11.45	11.75	11.94	11.94	11.94	11.94	8.80	8.92	9.44
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	21.69	21.69	21.69	21.69	22.69	22.70
City of Alpharetta	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	6.25	6.60
City of College Park	12.62	12.62	12.62	12.62	11.56	11.56	9.56	9.56	9.56	9.56
City of East Point	15.00	15.00	15.00	15.00	13.75	14.75	14.75	14.75	14.75	12.37
City of Fairburn	9.73	9.82	9.70	9.98	9.93	7.50	5.00	5.00	5.00	5.45
City of Hapeville	16.61	16.61	16.61	16.61	16.61	16.61	16.61	16.61	16.61	12.61
City of Mountain Park	13.22	13.33	10.78	10.78	10.78	11.78	11.78	11.78	11.78	9.89
City of Palmetto	8.50	8.50	8.50	8.50	8.45	8.45	8.45	8.50	4.50	4.50
City of Roswell	5.46	5.46	5.46	5.46	5.46	5.46	5.46	5.46	5.66	6.09
City of Union city	15.69	15.69	15.60	10.60	10.24	9.50	9.50	9.50	9.50	7.50
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	—
City of John's Creek	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	—	—	—

Source: Fulton County Tax Commissioner.

FULTON COUNTY, GEORGIA
Principal Taxpayers
Current Year and Nine Years Ago

	<u>Assessment</u>	<u>Percentage of total assessed value</u>	<u>Taxes</u>
Ten major taxpayers of 2015*:			
Development Authority of Fulton County	\$ 1,441,636,867	2.49%	\$ 15,137,187
Georgia Power	452,132,486	0.78%	4,747,391
AT&T	285,422,056	0.49%	2,996,932
Coca Cola Company	240,954,440	0.42%	2,530,022
Post Apartment Homes	196,956,612	0.34%	2,068,044
Corporate Property Investors	165,645,920	0.29%	1,739,282
BellSouth Telecommunications	143,271,728	0.25%	1,504,353
SunTrust Plaza Associates LLC	143,060,670	0.25%	1,502,137
Delta Airlines	124,509,357	0.22%	1,307,348
Selig Enterprises, Inc.	100,477,433	0.17%	1,055,013
Total ten major taxpayers	<u>\$ 3,294,067,569</u>	<u>5.69%</u>	<u>\$ 34,587,709</u>
(1) Total County gross assessed value	<u>\$ 57,860,916,743</u>		

*Taxes and assessments based on values at time of presentment

	<u>Assessment</u>	<u>Percentage of total assessed value</u>	<u>Taxes</u>
Ten major taxpayers of 2006:			
BellSouth Telecommunications	\$ 582,877,295	1.20%	\$ 12,619,728.45
Development Authority of Fulton County	286,118,774	0.59%	5,090,275.64
Georgia Power	185,880,681	0.38%	5,000,124.69
Cingular Wireless	149,680,950	0.31%	4,438,273.73
Coca Cola	208,779,872	0.43%	4,059,212.94
Cousins Properties	95,724,181	0.20%	3,162,743.35
Delta Airlines	48,887,628	0.10%	2,674,338.08
Concourse Associates	84,530,940	0.17%	2,116,127.61
Ford Motor Company	144,600,870	0.30%	1,980,459.89
Weeks Realty	53,522,329	0.11%	1,950,525.10
Total ten major taxpayers	<u>\$ 1,840,603,520</u>	<u>3.79%</u>	<u>\$ 43,091,809.48</u>
Total County gross assessed value	<u>\$ 48,585,432,000</u>		

Source: Fulton County Tax Commissioner.

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
2006	\$ 414,871	391,563	94.4 %	\$ 19,183	\$ 410,746	99.0 %	\$ 8,290	2.0%
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

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	Total collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2006	\$ 2,663	\$ 2,497	93.8 %	\$ 155	\$ 2,652	99.6 %	\$ 118	4.4%
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

Source: Fulton County Tax Commissioner's office

(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

Amounts represented for Real Estate & Personal Property Taxes

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
2006	\$ — *	—	— %	\$ 2,200	\$ 2,200	— %	\$ 1,302	—
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	— *	—	—	—	—	—	—	—

* 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

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
2006	\$ 14,198	\$ 13,601	95.8 %	\$ N/A	\$ 13,601	95.8 %	\$ N/A	N/A
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	—	—	—

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
2006	\$ 7,077	\$ 6,723	95.0 %	\$ N/A	\$ 6,723	95.0 %	\$ N/A	N/A
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	—	—	—	—	—	—	—	—

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
2006	\$ 18,141	\$ 16,659	91.8 %	\$ N/A	\$ 16,659	91.8 %	\$ N/A	N/A
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

Source: Fulton County Tax Commissioner's office

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

FULTON COUNTY, GEORGIA
 Computation of Direct and Overlapping Debt
 as of December 31, 2015

Name of governmental unit	Amount outstanding	Percentage applicable	Amount applicable
Direct debt:			
Fulton County Library bonds	\$ 148,548,368	100	148,548,368
Fulton County School District	71,840,000	100	71,840,000
Municipalities:			
Alpharetta	45,600,000	100	45,600,000
Atlanta (including School District)	422,927,000	94.56 *	399,919,771
Hapeville	14,520,000	100	14,520,000
Union City	10,755,000	100	10,755,000
Roswell	7,885,000	100	7,885,000
Total direct debt	722,075,368		699,068,139
Contractual obligations and overlapping contractual obligations:			
Fulton County Urban Redevelopment Agency	23,243,000	100	23,243,000
College Park Business and Industrial Development Authority	410,000	100	410,000
The Fulton-DeKalb Hospital Authority:			
Revenue Refunding Certificates Series 2012	114,240,000	100	114,240,000
City of Atlanta and Fulton County Recreation Authority:			
Arena Series 2010 (1)	102,535,000	96.79 *	99,243,626
Zoo Series 2007 (1)	12,460,000	96.39 *	12,010,194
East Point Building Authority	59,577,262	100	59,577,262
Total overlapping debt	\$ 312,465,262		308,724,082
Total direct and overlapping debt and contractual obligations and overlapping contractual obligations (2)	\$ 1,034,540,630		1,007,792,221

* 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 \$72,035,000.

Schedule 10

FULTON COUNTY, GEORGIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Governmental Activities						Business-type activities						Total Debt Primary Government	Total Per Capita debt (not in thousands)	
	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
2005	\$ 14,381	84,644	126,688	—	31,648	257,361	1.80%	907.94	589,949	923	590,872	101,001	5,850	848,233	907.94
2006	9,428	72,545	121,597	—	80,895	284,465	1.69%	897.98	581,003	771	581,774	101,840	5,713	866,239	897.98
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	1.23%	798.58	492,765	—	492,765	167,299	2,945	807,010	809.99

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)
2006	\$ 9,428	11,045	—	46,570,435	— %	\$ —
2007	4,581	6,600	—	51,893,006	—	—
2008	1,760	3,429	—	55,482,952	—	—
2009	—	—	—	55,717,671	—	—
2010	169,469	—	169,469	53,981,561	0.31	184.09
2011	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

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)

<u>Fiscal Year</u>	<u>Operating revenues*</u>	<u>Operating expenses*</u>	<u>Net earnings</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2006	\$ 122,378	63,288	59,090	9,740	29,077	38,817	1.52
2007	(1) 167,245	70,221	97,024	10,335	29,077	39,412	2.46
2008	(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

* 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		\$	57,860,917
Less:			
Applicable property tax exemptions			(3,272,733)
Assessed value for bond purposes			<u>54,588,184</u>
Debt limit 10% of assessed value			5,458,818
Less amounts of debt applicable to the limit:			
General Obligation debt outstanding			148,548
less available debt service funds			(18,291)
Total amount applicable to debt limit			<u>130,257</u>
Legal Debt Margin		\$	<u>5,328,561</u>

		Total net bonded debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a % of debt limit
	Debt Limit	—	—	
2006	\$ 4,657,046	—	4,657,046	0.00%
2007	5,189,301	—	5,189,301	0.00%
2008	5,548,295	—	5,548,295	0.00%
2009	5,571,767	—	5,571,767	0.00%
2010	5,398,156	169,469	5,228,687	0.32%
2011	5,076,221	164,324	4,911,897	0.33%
2012	4,925,028	157,064	4,767,964	0.33%
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%

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	
2006	964,649	\$ 60,736	\$ 51,333,202	5.1	%
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	58,123	57,210,067	7.8	
2014	996,319	64,174	63,937,957	6.3	(2)
2015	1,010,562	66,099	65,856,096 (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 2014. 2015 data not available but estimated with a 3% increase from 2014 per capita personal income data applied to U.S Census 2014 mid year population estimate.

(2) Annual unemployment rates from the Georgia Department of Labor; 2015 from the Revised January 2016 Local Unemployment Rate (not seasonally adjusted) the 2014 data above is the revised February 2015 data.

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 - 2015		
Delta Airlines	29,970	4.18%
Emory University	24,090	3.36%
AT&T Inc.	16,794	2.34%
WellStar Health system	14,000	1.95%
Publix Super Markets, Inc.	9,819	1.37%
Georgia Institute of Technology	9,564	1.33%
Northside Hospital	9,467	1.32%
The Home Depot	9,000	1.25%
United Parcel Service	7,447	1.04%
SunTrust	5,583	0.78%

* From the Atlanta Business Chronicle Book of Lists, within 29 Metro-Atlanta county area dated 12/25/2015; these statistics could include employees working in areas outside Fulton County.

** Georgia Department of Labor statistic for average employment-Fulton County 3rd qtr 2015 was 717,577.

	<u>Employees*</u>	<u>Percentage of County employment**</u>
Major employers of 2007		
Delta Airlines	19,235	4.28%
Publix Super Markets, Inc.	16,855	3.75%
Kroger Co.	15,500	3.45%
BellSouth	15,500	3.45%
United States Postal Service-Atlanta district	14,000	3.11%
Fulton County School System	10,892	2.42%
United Parcel Service	10,500	2.33%
Atlanta 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 areas outside Fulton County.

** August 2006 Fulton County employment was reported as 449,855 per Georgia Dept. of Labor.

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>
2005	4,281	367	447	115	315	985	6,510
2006	4,368	298	345	114	326	931	6,382
2007	4,356	230 *	223 *	109	344	811	6,073
2008	4,561	198 *	186 *	109	345	816	6,215
2009	4,475	160	153	97	322	625	5,832
2010	4,249	154	142	74	302	537	5,458
2011	4,245	153	142	73	302	556	5,471
2012	4,108	155	136	58	292	534	5,283
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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Atlanta/Fulton County Library										
Circulation-checked out	3,234,537	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
New library cards issued	68,975	75,900	64,232	66,124	54,457	55,893	60,601	49,623	43,382	55,058
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
Human Services:										
Meals - Older Americans Act	603,222	444,435	406,051	1,027*	1,451*	1,451*	2,198*	2,290*	2,486*	Unavailable
*No of people served										
Health and Wellness:										
Total Nursing services visits	105,308	208,216	230,715	84,170(2)	79,900(2)	96,341	Unavailable	Unavailable	Unavailable	Unavailable
Food service inspections	6,653	7,318	7,703	5,572	5,380	6,500	Unavailable	Unavailable	Unavailable	Unavailable
(2) clients receiving services										
Transportation: Roadway miles paved	30	0	36	8	3	6	12	8	8	8
911 Emergency Communications calls:	562,338	649,890	481,916	782,896	546,518	425,742	417,562	408,656	433,398	668,379
Water and Sewerage fund:										
Wastewater average flows										
in millions of gallons per day:										
Camp Creek	15.25	14.13	14.41	14.96	16.24	15.63	14.22	16.44	15.70	17.23
John's Creek	5.80	4.18	3.61	8.17	4.45	3.57	3.89	8.75	8.62	8.43
Big Creek	23.98	20.08	19.99	22.80	19.91	17.91	18.73	18.77	18.35	19.06
Little River	1.09	0.69	0.68	0.92	0.94	0.84	0.82	0.98	0.90	0.87

*not available

Source: Fulton County Budget book and County departments

FULTON COUNTY, GEORGIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	<u>2006</u>	<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>
Atlanta/Fulton County Library Branches, including main facility	34	34	34	34	34	34	34	34	36	36
Health and Wellness: Health centers	12	12	12	12	12	12	12	12	12	13
Jail and detention centers	3	3	3	3	3	3	3	3	3	3
Fire Stations	19	15*	15*	15*	15*	15*	15*	15*	15*	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)	1,386	736	556	684	684	684	684	684	684	684

*Three stations leased by municipalities

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

**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, 2015, 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 3, 2016. 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.

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.

A handwritten signature in black ink that reads "PJC Group LLC". The letters are cursive and somewhat stylized.

Atlanta, Georgia
June 3, 2016