

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



## **FULTON COUNTY, GEORGIA**

**FISCAL YEAR ENDED  
DECEMBER 31, 2018**

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, 2018

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

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# FULTON COUNTY, GEORGIA

## Comprehensive Annual Financial Report

Year ended December 31, 2018

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**FULTON COUNTY  
GEORGIA  
2018**

**BOARD OF COMMISSIONERS OF FULTON COUNTY**

Robb Pitts, Chairman  
Bob Ellis, Vice-Chairman  
Marvin S. Arrington, Jr., Commissioner  
Emma I. Darnell, Commissioner  
Natalie Hall, Commissioner  
Liz Hausmann, Commissioner  
Lee Morris, Commissioner

**Clerk to the Commission**

Jesse A. Harris

**County Manager**

Dick Anderson

**County Attorney**

Patrise Perkins-Hooker

**Chief Operating Officer**

Anna Roach

**Chief Financial Officer**

Sharon Whitmore

**County Auditor**

PJC Group, LLC



# CITIZENS OF FULTON COUNTY

## BOARD OF COMMISSIONERS

**County Manager**  
Dick Anderson

**County Attorney**  
Patrise Perkins-Hooker, Esq.

**County Clerk**  
Dr. Jesse Harris

**County Auditor**  
Anthony Nicks

External Affairs  
Jessica Corbitt

**Chief Operating Officer**  
Anna Roach, Esq.

**Chief Financial Officer**  
Sharon Whitmore

**TAX AGENCIES**

Tax Commissioner

\*\*\*\*  
Tax Assessor

**JUSTICE AGENCIES**

District Attorney

Superior Court

Superior Court Clerk

Juvenile Court

Sheriff

State Court

Magistrate Court

Marshal

Solicitor General

Public Defender \*

Probate Court

**Deputy COO Public Safety**  
Alton Adams

AFCEMA/Animal Control  
Matthew Kallmyer

Emergency Services  
Joseph Barasoain

Police  
Chief Darryl Halbert

Medical Examiner  
Dr. Jan Gorniak

Child Attorney  
Coy Johnson, Esq.

**Deputy COO Health & Human Services**  
Dr. Pamela Roshell

Arts & Culture  
Lionell Thomas

Behavioral Health & Devel. Disabilities  
LaTrina Foster

Community Development  
Vacant

Library  
Dr. Gabriel Morley

Senior Services  
Ladisa Onyilogwu

Ryan White  
Jeff Cheek

Board of Health  
Dr. J. Patrick O'Neal

Customer Service  
Brigitte Bailey

**Deputy COO Infrastructure**  
Ellis Kirby

Real Estate & Asset Management  
Joseph Davis

Information Tech.  
Nicole Keaton-Hart

Public Works  
David E. Clark

Reg. & Elections \*\*  
Richard Barron

Finance  
Hakeem Oshikoya

Human Resources Management  
Kenneth Hermon

Purchasing & Contract Compliance  
Felicia Strong-Whitaker

Div. & Civil Rights Comp.  
Dr. Ann Harris

Strategy & Performance Mgmt. Office

Select Fulton/Workforce Development  
Al Nash

**KEY**

Elected Official Agency [Grey Box]

BOC Appointee [Light Grey Box]

County Mgr. Exec. Team [Black Box]

County Department [White Box]

Appointed Official Agency [Hatched Box]

County Manager Office [Dotted Box]

\* Indicates responsibility for strategic alignment [Dashed Line]

- \* Appointed by the GA Public Defender Council
- \*\* Appointed by the Board of Registration & Elections
- \*\*\* Appointed by the Board of Health
- \*\*\*\* Appointed by the Board of Assessors

# **LETTER OF TRANSMITTAL**



June 25, 2019

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 (CAFR) of Fulton County, Georgia (the “County”), for the fiscal year ended December 31, 2018. The CAFR is provided to give detailed information about the financial position and activities of the County to citizens, the Board of Commissioners, County staff and external users. 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, 2018 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, 2018, 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](http://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, 2018 mid-year U.S. Census Bureau estimate was 1,050,114. 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 fourteen 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, Union City, and the City of South Fulton, which incorporated as of May 1, 2017. Urban and suburban areas associated with Atlanta, Hapeville, East Point, Sandy Springs and College Park are located in the central section of the County; suburban areas associated with Alpharetta, Roswell, Johns Creek and Milton are located in the northern section of the County.

The County provides a full range of services to these citizens including a comprehensive court system, a full range of public health and human services and facilities, and library services. The remaining unincorporated section of Fulton County comprises an area known as the Fulton Industrial District. In this area the County is responsible for providing or overseeing the provision of municipal type services including police, fire protection, street and road construction and maintenance, building inspection, and code enforcement services.

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 4,800 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 and the Fulton County Board of Health, which are discretely presented.

## COUNTY HIGHLIGHTS

During 2018, the County continued to make significant progress towards creating lasting reforms and implementing new policies that will help achieve the set of outcomes the Board of Commissioners identified during the development of the County's strategic plan. This strategic plan continues to focus on the six strategic priority areas outlined below:

### All People are Safe



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

The County previously implemented a number of justice system reforms including improved case management, monitoring of inmates awaiting trial, competency restoration programs, and anti-recidivism efforts. In order to further address these challenges, leaders from the County government and justice system established the Justice Reinvestment Initiative (JRI), an effort to continue the County's progress on developing and implementing system-wide reforms with a particular focus on the criminal justice system. On an ongoing basis, the JRI Council is tracking and managing common performance metrics and performance data by producing a system-wide dashboard of progress against targets. The specifics and details behind the following metrics can be found on the Fulton County website at <http://fultoncountyga.gov/jri/>

### 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.

Pursuant to the passage of House Bill 885 by the Georgia State Legislature, the County Health Department was transitioned into the Fulton County Board of Health, including relocation of its services into a new facility. With the completion of this effort the goal of increasing cooperation between the County and the State to advance management and delivery of health related services to County residents continues. The new Board of Health provides health programs in the same manner as the other Counties in the State with the objective to optimize overall services and access delivery under the new administrative structure. This entity contracts with the County for employees, space, and support services. The intergovernmental agreement for provision of services can extend up to 50 years or until this entity assumes full functionality of internal services. The first full year of financial information for this entity is shown as a discretely presented component unit.

The County also continued to support the efforts to increase services and performance for behavioral health services and has engaged a network of providers through performance based contracts.

## 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.

In 2018, the County continued to provide multiple services to senior citizens and other members of the community. As part of the County's efforts to improve services to the seniors in our community, the Senior Services Department achieved a 50% reduction of seniors on the customer waitlist. The department has also implemented a pilot program with Lyft and Uber to improve services to the seniors that can utilize this type of services.

## 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

In 2018, the County continued to strengthen the consolidation of economic development resources with a specific focus on becoming an information engine to power economic development activities.

The County acts as administrative arm for the Special Purpose Local Option Sales Tax for Transportation (T-Splst). Municipalities other than Atlanta obtain revenues based on a pay a .75 cent sales tax rate to fund each municipalities desired transportation improvements, whereas consumers inside the City of Atlanta pay a .5 cent sales tax hike for MARTA, and an additional .5 cent sales tax hike for City transportation projects. It is estimated that over \$450 million will be provided to local governments within the next five years for local and regional transportation improvements.

## 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.

The Arts and Culture Department provides its own FGTV show, which demonstrates how local community organizations and individuals support the arts. The County has outsourced the management of the Wolf Creek Amphitheater. The County has engaged citizens groups in the process of updating and making improvements to our libraries in order to ensure community needs are addressed within allotted resources. Library services, provided on a County-wide basis, enjoy recent infrastructure and building improvements funded by voter approved previously issued general obligation bonds.

## 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.

In 2017, the County continued Customer Service improvements and implemented the Customer Service Policy, which was adopted by the Board of Commissioners in August of 2017. The County also adopted a Pay for Performance model in August of 2017, which will be implemented in later years and contingent to the availability of funds. Efforts continued regarding additional investments and improvements to the Information and Technology Department, which included the hiring of Deputy CIO positions and the Investment Council prioritization of IT infrastructure projects. Additional investments were made in the area of Performance Management with the introduction of an interactive website that provides greater transparency to citizens and employees. The County also continued with the implementation of the “Infrastructure for All” initiative, which included the issuance of the first tranche (\$45 million) of funding for the approximately \$100M in capital and facility improvements across the County.

The 2018 Budget process refined these strategic goals and relevant measures to help align resources to effort. Continued emphasis on outcome budgeting and reporting results drives Commissioner Board meeting agendas by each strategic area.

### **ECONOMIC CONDITIONS AND OUTLOOK**

Fulton County’s diverse economy, dynamic business community, and efficient transportation and logistical network provide a unique destination for companies across all major industries. These attributes contributed to several companies relocating or opening new facilities within the County since 2017. UPS opened their new regional package sorting hub, the third largest processing facility in the Company’s US network, providing roughly 2,000 jobs to the area. The \$1.6 billion Mercedes Benz Stadium, home to the Atlanta Falcons and Atlanta United, successfully hosted both the 2018 College Football Championship game as well the 2019 Super Bowl.

Fulton County’s population continues to grow. Between July of 2016 and July of 2017, the County’s population increase by approximately 17,000 residents or 1.7%. The County’s population growth accounted for approximately 15% of the State’s population growth between 2016 and 2017.

The Georgia State University Economic Forecasting Center publishes data relevant to the Metro Atlanta area, which indicates that the economy in Georgia and the Atlanta metro area has shown signs of improvement. In a summary from the February 2019 “Forecast of Georgia and Atlanta”, Dr. Rajeev Dhawan, Director of the Georgia State University’s Economic Forecasting Center, Georgia’s job growth was lackluster in the first half of 2018 but picked up in the second half, resulting in a gain of 103,500 new jobs in the full calendar year of 2018. In 2018, Georgia saw a 1.7% first-half growth rate and ramped up to a 2.2% increase in the second half. The pickup was also reflected in national figures but not quite as strongly with a 1.6% job growth in the first half of 2018 with a slightly better second half at 1.8%.

Dr. Dhawan reports the metro Atlanta area followed a trend similar to the state. Following an increase of 79,300 new jobs in 2016, the metro area slowed, adding fewer jobs with 50,900 new jobs in 2017. The metro area posted an increase of 26,300 of new jobs in the first six months of 2018 before adding a sturdier 36,100 new jobs in the final six months of the year. The metro area, like the state, showed strong gains in 2018 after posting a moderating trend since 2016. Dhawan suggests that the strong gains in the second half of 2018 are mainly due to a resurgence of job growth in the corporate sector - professional business sector. Benchmarking revealed that Georgia's corporate employment grew by only 11,600 new jobs in 2017, down from a previously healthy gain of 22,800. The Atlanta metro region posted an even sharper moderation, showing corporate employment increased by a lukewarm 3,500 jobs in 2017 compared to a previously reported 20,000 job additions, with the trend continuing into the new year. In 2018, the employment picture completely turned around when corporate gains began to rise to great numbers – 26,900 new jobs in the second half in Georgia, including 16,100 new jobs in the metro Atlanta area. Georgia's future job growth in domestically demand-driven sectors such as construction, retail trade, and hospitality is aided due in part to the job growth trend similar to that of the corporate sector, seen in globally connected sectors such as information and manufacturing. The reports suggest these jobs tend to produce stronger spending power. The numbers show a seesaw pattern for those industries in Georgia. The information sector grew by 1,000 jobs in the final half of 2017, then fell to a loss of 5,500 jobs in the first six months of 2018 before having a good comeback of 4,600 jobs in the last half of 2018. Simultaneously, the manufacturing sector posted gains of 7,500 jobs in 2017 and increasing jobs by only 1,200 in the first half of 2018. The final half of 2018 showed a better gain of 2,200 additions.

The jobs that are created, in part, by the globally connected industries whose job growth slowed in 2017 and failed to pick up past moderation in 2018, posted strong job gains in 2018. Healthcare, construction, hospitality, retail trade, financial activities, education, and government – domestically demand-driven sectors and globally connected sectors offset to give Georgia and metro Atlanta moderate job growth thus far.

Dhawan reported nominal personal income in the state fell slightly to 4.7% in 2017 from 4.8% in 2016 while landing at 4.0% in 2018. Expectations have an additional fall forecasted in 2019 at 3.8% with an incremental rise up to 4.1% in 2020 and 4.2% in 2021.

Atlanta's housing permit activity is expected to grow by 17.3% in 2018, as multifamily permits rebound by 54.5% and single-family permits post gains of 4.8%. The report forecasts that total permit numbers will fall by 14.4% in 2019 as demand will be tempered by steadily rising interest rates that could impede sales, especially as lot prices rise. Single-family permits are to fall by 2.0% in 2019, while multifamily permits drop by 38.5%. The forecast calls for total permits to decline further by 8.6% in 2020, followed by another decrease of 3.4% in 2021.

Employment indicators in the County continue to improve with the overall unemployment rate reaching 3.2% by the first quarter of 2019, slightly below the State's unemployment rate of 3.3%. The number of unemployed individuals reached approximately 17,700 or a decline of almost 4,000 from the number of unemployed individuals in the same period in 2018. Based on the latest statistics from the Bureau of Economic Analysis, during 2019, the construction industry in the metro Atlanta area showed the most growth out of any industry represented with approximately 5.7% or 7,000 new jobs, when compared to 2018. Other industries also enjoying important growth in jobs during 2019 included the education and health services industry and the leisure and hospitality industry. Some of the industries losing jobs during 2019 included the information, financial, and other services sectors. Average weekly wages for the metro area are coming in at \$1,172 for the first quarter of 2019, slightly above the national average at \$1,144.

Per the most recent results from the S&P CoreLogic Case-Shiller Atlanta Home Price NSA Index, which measures the average change in the value of the residential real estate in Atlanta given a constant level of quality, the values of real estate property in the Atlanta metropolitan area continued to increase during 2019. The CoreLogic index reflects a change of approximately 4.67% from 2018. While real estate remains strong, the expectation of increasing interest rates is likely to taper growth in the medium term. According to Forbes Magazine, the Atlanta metro is among the 20 “best bets” housing markets to invest in 2019.

Accrual basis sales tax collections decreased by approximately 4.3% in 2018, to almost \$31 million. This includes the County’s pro-rata share of the 1% sales tax, along with the new County wide Transportation Special Purpose Local Option Sales Tax that was approved in 2017. The County is providing an administrative role which garners a fractional percentage of these T-Splost collections, and is also providing contractually the City of South Fulton T-Splost allocation, shown as a capital fund in the 2017 presentation. A small allocation was earmarked for the last unincorporated area known as Fulton Industrial District. These allocations and cumulative spending are shown as the last schedule before the statistical section in this financial statement.

GASB 77 requires analysis and disclosure of the annual effect of providing tax abatements throughout the County. Development Authority of Fulton County (DAFC) leads economic development across Fulton County by facilitating projects which result in new and retained jobs, new capital investment that grows the economy (direct, indirect and induced benefits) and expansion of the Fulton County tax base. In 2018, the Development Authority reports that 72 projects received a property tax benefit through the revenue bond program. Planned new capital investments in Fulton County by these projects are estimated to total \$6.1 billion. These projects are also designed to retaining or adding a total of 28,952 full and part time jobs in the county over the long term. Detailed 2018 required disclosures are contained in the footnotes.

While 2017 saw unusual circumstances regarding the County’s property tax digest, 2018’s assessment, billing and collection cycle for property taxes saw normal activity. Given 2018’s healthy taxable property assessment growth, the County was able to slightly decrease the millage rate, and still adequately fund strategic priority investments throughout the County.

The Fulton County Tax Assessor’s department, Chief Appraiser, as well as key County executives continue to review assessment methodologies as well as communicate results to citizens throughout the County. These efforts are designed to properly evaluate market values, communicate expectations throughout local communities, and document process improvements that are transparent and embraced by all benefiting parties.

## **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.

### **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 Standard 75 in 2018 to provide recognition of the actuarially determined OPEB liabilities and annual expense in the annual financial statements along with all required footnote disclosures.

### **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, 2017. This was the thirtieth 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, 2017**

*Christopher P. Morrill*

Executive Director/CEO

# **FINANCIAL SECTION**

**INDEPENDENT  
AUDITOR'S 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 units, each major fund, and the aggregate remaining fund information of Fulton County, Georgia (the County), as of and for the year ended December 31, 2018, 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 and the Fulton County Board of Health, which collectively represent the County's aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports 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 report and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fulton County, Georgia as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 17 of the financial statements, in fiscal year 2018, the County adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinions are not modified with respect to this matter.

## **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 12 and Required Supplementary Information on pages 82-85 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, the Summary of Debt Service Requirements to Maturity, the Debt Service Requirements to Maturity –Bonds, Hotel/Motel Collections and Expenditures and the Schedule of Projects Funded with Transportation Special Purpose Local Option Sales Tax Proceeds 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 and individual non-major fund financial statements, the Summary of Debt Service Requirements to Maturity Schedule, the Debt Service Requirements to Maturity – Bonds Schedule, Hotel/Motel Collections and Expenditures Schedule and the Schedule of Projects Funded with Transportation Special Purpose Local Option Sales Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information

has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules, the Summary of Debt Service Requirements to Maturity Schedule, the Debt Service Requirements to Maturity – Bonds Schedule, Hotel/Motel Collections and Expenditures Schedule and the Schedule of Projects Funded with Transportation Special Purpose Local Option Sales Tax Proceeds 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 25, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*PJC Group, LLC*

Atlanta, Georgia  
June 25, 2019

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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, 2018. 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 (\$806,821) (*net position deficit*). Of this amount, unrestricted assets are now in a deficit position by (\$1,269,267), due to the liability for other post-employment benefits, as required by Government Accounting Standards No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and net pension liability of the County's defined benefit pension plan, as required by Government Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions*.

The County's total net position for both governmental and business activities decreased by \$272,328 in 2018, of which \$281,255 pertains to the implementation of GASB 75 which requires recognition of the full liability of OPEB benefits to be paid in the future, and \$8,999 of capital assets transferred to a newly incorporated municipality. Net position increased outside of these items by \$17,926 in 2018, as compared to a decrease of \$91,526 in 2017. Business type activities increased \$7,765 while the governmental activities experienced an increase of \$10,161 before the above mentioned extraordinary item and accounting change. The County's total net position increase is due to increased property tax revenues and lower required adjustments for recognition of pension and OPEB expense in 2018 as compared to 2017. 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 \$513,202, an increase of \$70,232 in comparison with the previous year. The fund balance for the County's General Fund increased by \$75,814, while the South Fulton Special District Fund increased its fund balance by \$8,000; the Library bond capital projects fund decreased by \$15,853 with expenditures of capital resources, while Other Governmental funds increased fund balance by \$2,271. 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 \$182,081, which is available to meet the government's other ongoing obligations to citizens and creditors. The South Fulton Special Service District Fund's ending fund balance was \$23,739. This amount will be used for the remaining Fulton Industrial District area, the last remaining unincorporated area in the County.

The County's total long term governmental liabilities as of December 31, 2018 totaled \$2,042,160, of which \$1,595,698, or 78%, relates to recognition of the County's net pension liability of \$629,331, and post-employment health benefits offered to eligible retirees of \$966,367. These liabilities are further disclosed in

the footnotes with their required provisions for recognition of the County's OPEB and net pension liability.

The County implemented GASB Statement No. 75 during fiscal year 2018, which addresses accounting and financial reporting for Other Postemployment Benefits provided to County employees upon eligibility. This statement establishes standards for recognition and measurement of liabilities, deferred outflows of resources, deferring inflows of resources and related expenditures. The implementation of this new standard resulted in a restatement of total beginning net position of \$281,255 as shown on the Statement of Activities, page 14. The net OPEB liability is 966,367 as of December 31, 2018.

All required payments of principal and interest were made timely throughout 2018. A new intergovernmental agreement was entered into during 2018 for \$12,825 for the South Fulton Regional Jail facility, which was previously rented to house female inmates. Business type liabilities decreased with normal principal payments on the County's 2011 Water and Sewer Revenue bonds. Another Water and Sewerage System bond issuance is contemplated for late 2019 to expand sewer treatment capacity in the Big Creek basin area. In April 2019 the Fulton County Urban Redevelopment Agency issued the 2<sup>nd</sup> phase of facility improvement bonds in the amount of \$39 million to complete necessary improvements and upgrades to existing buildings. Also in May 2019 the County issued \$200 million in Tax Anticipation Notes to provide short term cash resources to General fund operations until 2019 tax receipts materialize in the later part of 2019.

The County's capital assets used for governmental activities remained relatively constant to 2017's values. \$8,999 of capital assets, primarily buildings, were transferred to the new City of South Fulton during 2018 and are shown as an Extraordinary item on the Statement of Activities for 2018. This is also noted on the capital asset footnote. As of December 31, 2018, governmental capital assets, net of depreciation are \$578,262, of which \$81,965 are under construction. New capitalizations consist primarily for library and other facility improvements, funded primarily with the 2017 Library General Obligation bonds and the ongoing facility improvement plan funded partially with the County's Urban Redevelopment Agency.

Business-type capital assets totaled \$1,164,968, of which \$66,742 is currently under construction relating to water and wastewater capital projects. 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 \$107,908, are included within the capital asset footnote.

## **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 for the Fulton-DeKalb Hospital Authority and the Fulton County Board of Health, both presented as discretely presented component units. Financial information for these component units are reported separately from the financial information presented for the primary government itself. Combining schedules of these component units is shown on pages 28-29 of this report, while the government-wide financial statements are on pages 13-14 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 15-21 of this report.

### **Proprietary fund statements**

The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses

enterprise funds to account for its water and sewerage system fund, and the Fulton County Airport-Brown Field, and the Wolf Creek Amphitheater fund as well as temporary contractual service funds for both the newly incorporated City of South Fulton and the Fulton County Board of Health. 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, the two new contractual service funds mentioned above are all 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 22-25 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 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 26-27 of this report.

### **Component unit financial statements**

The two discretely presented component unit combining statements of net position and statement of changes of net position are presented on page 28-29 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 can be found on pages 30-87.

### **Required Supplementary Information**

Governmental accounting standards require certain information to be presented regarding pension and other post-employment benefits. Multiyear information pertaining to actuarially determined employer contributions, net pension liability and each years changes in pension liability, investment returns on pension assets, as well as assumptions thereon are all contained within this section shown on pages 82-85.

### **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 88-116 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
	2018	2017	2018	2017	2018	2017	
Current and other assets	\$ 632,616	590,477	292,193	304,560	924,809	895,037	3
Capital assets	578,262	579,116	1,164,968	1,161,151	1,743,230	1,740,267	-
Total Assets	1,210,878	1,169,593	1,457,161	1,465,711	2,668,039	2,635,304	1
Deferred Outflows of resources	176,781	52,294	3,048	3,710	179,829	56,004	221
Current liabilities	59,839	48,912	17,783	13,401	77,622	62,313	25
Long-term liabilities	2,042,160	1,575,729	431,787	453,146	2,473,947	2,028,875	22
Total Liabilities	2,101,999	1,624,641	449,570	466,547	2,551,569	2,091,188	22
Deferred Inflows of resources	92,481	123,974	-	-	92,481	123,974	
Net Position:							
Net investment in capital assets	346,781	343,622	734,511	709,360	1,081,292	1,052,982	3
Restricted	115,665	112,664	38,204	37,405	153,869	150,069	3
Unrestricted	(1,269,267)	(983,014)	237,924	256,109	(1,031,343)	(726,905)	42
Total Net Position	\$ (806,821)	(526,728)	1,010,639	1,002,874	203,818	476,146	(57)

Net capital assets comprised the bulk of the assets of the County. This includes land, buildings, equipment, 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 \$784 million in cash and investments, of which approximately \$38 million is restricted for enterprise fund debt. Governmental activities also have approximately \$115 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".

### Tax Digest Process for 2018

During 2017, the Tax Assessor's department reassessed values for many parcels for real estate throughout the County. Initial assessment notices for residential properties received substantial increases, given the growing economic statistics for property. Given this substantial increase, the Board of Commissioners opted to temporarily reduce that increase to the previous year's tax assessment, and initiate an enhanced process for 2018 of memorializing methods and processes for valuing, communicating, and summarizing the valuations of properties within the County. The 2017 Digest has yet to be approved by the Georgia Department of Revenue, therefore the County obtained a temporary collection order to issue tax bills for 2018. County executive leadership, the Board of Tax Assessors, Chief Appraiser, the Tax Commissioner have all participated in this enhanced level of oversight into the 2018 and 2019 valuation process, which was demonstrated with a relatively normal 2018 assessing, billing and collection cycle.

At the end of the current fiscal year, the County reports positive balances in all three categories of net position,

for the government as a whole, while unrestricted net position for governmental activities remains 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
	2018	2017	2018	2017	2018	2017	
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 43,185	41,319	175,533	158,722	218,718	200,041	9 %
Operating grants and contributions	46,150	66,710	-	-	46,150	66,710	(31)
Capital grants and contributions	5,904	7,485	4,316	9,669	10,220	17,154	(40)
General revenues:							
Taxes	650,304	618,585	423	435	650,727	619,020	5
Intergovernmental	3,254	2,540	-	-	3,254	2,540	28
Other charges for services	25,223	15,011	-	-	25,223	15,011	68
Use of money and property	14,341	8,687	3,700	1,426	18,041	10,113	78
Miscellaneous & all other	9,039	22,800	-	-	9,039	22,800	(60)
Total revenues	<u>797,400</u>	<u>783,137</u>	<u>183,972</u>	<u>170,252</u>	<u>981,372</u>	<u>953,389</u>	3
<b>Expenses:</b>							
Administration	141,514	141,830	-	-	141,514	141,830	(0)
Public Safety	179,644	204,524	-	-	179,644	204,524	(12)
Legal	167,891	184,615	-	-	167,891	184,615	(9)
Infrastructure & facilities	67,288	82,996	-	-	67,288	82,996	(19)
Social services	93,607	106,875	-	-	93,607	106,875	(12)
Health services	120,542	151,784	-	-	120,542	151,784	(21)
Interest and debt costs	17,689	16,374	-	-	17,689	16,374	8
Water & Sewerage	-	-	133,183	118,902	133,183	118,902	12
Wolf Creek Amphitheater	-	-	255	253	255	253	1
City of South Fulton contractual	-	-	17,000	25,342	17,000	25,342	(33)
Board of Health contractual	-	-	22,853	9,418	22,853	9,418	143
Airport services	-	-	1,980	2,002	1,980	2,002	(1)
Total expenses	<u>788,175</u>	<u>888,998</u>	<u>175,271</u>	<u>155,917</u>	<u>963,446</u>	<u>1,044,915</u>	(8)
Transfers	936	1,737	(936)	(1,737)	-	-	-
Excess (deficiency) of revenues over (under) expenditures	10,161	(104,124)	7,765	12,598	17,926	(91,526)	(120)
Extraordinary item	(8,999)	(298,190)	-	-	(8,999)	(298,190)	(97)
Change in net position	1,162	(402,314)	7,765	12,598	8,927	(389,716)	(102)
Change in accounting principle	(281,255)	-	-	-	(281,255)	-	-
Beginning net position	(526,728)	(124,414)	1,002,874	990,276	476,146	865,862	(45)
Ending net position	<u>\$ (806,821)</u>	<u>(526,728)</u>	<u>1,010,639</u>	<u>1,002,874</u>	<u>203,818</u>	<u>476,146</u>	(57)

### **Analysis of governmental activities**

Net position of the governmental activities of the County increased from a deficit \$(526,728) to a deficit \$(806,821) during 2018, due to the new implementation of OPEB accounting standards which require full recognition of the actuarial liability. Without regard to this adjustment, the total governmental activities did not significantly change in 2018 from 2017 values and in 2018 demonstrated relatively balanced revenue to expenditure outcome. This is primarily due to a lower 2018 charge for recording pension adjustments into the government-wide financial statements as compared to 2017's required adjustment. 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 are on an increasing trend given the County's October 1, 2017 rate increase of 5%, followed by another 5% increase that was effective January 1, 2018. These increases are to fund planned wastewater treatment plant expansions in the near future. Newly created entities have contracted with the County to provide services in the short term. These revenues and offsetting expenditures are included as enterprise funds for 2018. The last in a series of 5% rate increases was implemented on January 1, 2019. A proposed 2019 bond issuance for sewer system capacity treatment is being considered.

### **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 property taxes increased \$121 million from 2017 values, due to a slight millage rate increase and higher assessments on taxable properties. Other revenues remained relatively consistent when compared to property tax increases.

Total governmental expenditures on page 17 of \$787 million increased by approximately \$36 million from 2017 due to additional capital outlays for facility improvements. Salary and benefit costs in 2018 remained relatively consistent with 2017 values. The General fund reported an ending fund balance of \$182,081, a increase of \$75,814 from 2017 due to property tax revenues. 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 \$8,000 in 2018 to \$23,739, largely due to lower costs throughout the year with the advent of the new City of South Fulton as of May 1, 2017.

Other non-major governmental funds include debt service, grants-in-aid, capital projects and other activities which remained consistent with 2017's totals, increasing \$2,271 for 2018. This brings the 2018 fund balance for other governmental funds to \$191,863 at year end. Of this amount, \$98,221 is restricted, \$698 is committed, and \$92,944 is categorized as assigned.

### **Budgetary Highlights and Control**

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. Fulton County Budget Law requires expenditures be subject to an annual appropriation. Strict controls are in place to ensure that expenditures do not exceed these appropriations at either the departmental or the fund level. The 2018 General Fund budget was adopted at approximately \$805 million, and while a significant increase from 2017 budgeted revenues, it was due to the timing of expected collections on property taxes as noted in the Tax Digest discussion of this section. Continued funding was maintained for 2018 capital funding for facilities, Information Technology infrastructure. Sales tax revenues were anticipated to flat to 2017's values. Actual revenues on a budgetary basis were higher than budgeted revenues due to the stronger property tax collections than originally anticipated for 2018.

2018 expenditures were short of budgetary appropriations due to 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 19-21 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 \$1,081,292 (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. The significant activities for 2018 include continued work on library and facility improvements throughout the County.

	Governmental Activities		Business-type Activities		Total		Percent Change	%
	2018	2017	2018	2017	2018	2017		
Capital assets not being depreciated:								
Land & land improvements	\$ 56,114	54,387	38,110	38,110	94,224	92,497	2	
Construction in progress	81,965	66,796	66,742	93,165	148,707	159,961	(7)	
Capital assets, shown net of depreciation:								
Equipment	20,998	26,028	3,275	3,562	24,273	29,590	(18)	
Buildings and improvements	385,729	396,884	5,932	6,119	391,661	403,003	(3)	
Roadway network	33,456	35,021	-	-	33,456	35,021	(4)	
Water System	-	-	211,320	184,380	211,320	184,380	15	
Sewerage System	-	-	731,681	722,819	731,681	722,819	1	
Intangible assets	-	-	107,908	112,996	107,908	112,996	(5)	
Total net capital assets	\$ <u>578,262</u>	<u>579,116</u>	<u>1,164,968</u>	<u>1,161,151</u>	<u>1,743,230</u>	<u>1,740,267</u>	-	

Additional information relating to capital assets and infrastructure is presented in Note 7 of the financial statements footnotes on pages 54-56. 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 governmental activities recorded liabilities of \$2,042,160 are primarily comprised of the required accruals for net other post-employment benefit liability of \$966,367, as well as the recognition of the County's net pension liability of \$629,331 as of December 31, 2018. Required pension disclosures are shown on pages 66-73, and in the required supplementary information on pages 82-84. Other post-employment benefit information required by GASB 75 is shown on pages 74-78 in the footnotes to the financial statements as well as within required supplementary information on page 85 following the footnotes. Governmental Accounting Standard No. 68 "Accounting and Financial Reporting for Pensions" now requires the primary government to report the different between the actuarially determined liability and the net position of the defined benefit pension plan, based on market values, as a liability. GASB 75 now required full recognition of the actuarially determined Net OPEB liability as of year-end. As previously noted, a \$281,255 adjustment to the County's net position was recorded in 2018 to implement this standard.

At December 31, 2018, the County had a number of debt issues outstanding.

The 2017 Library General Obligation bonds along with the 2010 Library general obligation bonds totaled \$245,227 as of December 31, 2018. These resources are dedicated to County library facilities as well as renovations of existing libraries, authorized and now all issued under the 2008 referendum.

The County previously issued Recovery Zone bonds, Qualified Energy bonds, and Facility Improvement bonds through the Fulton County Urban Redevelopment Agency (FCURA) for capital facilities and energy efficiency improvements. The FCURA bonds outstanding at December 31, 2018 were \$59,651. \$39 million was issued in April 2019 for the 2<sup>nd</sup> phase of scheduled facility upgrades and improvements.

The 2009 Fulton County Facilities Corporation Certificates of Participation had an outstanding balance of \$21,199 as of December 31, 2018. These bonds are scheduled to mature during 2019.

Also at December 31, 2018, net of accreted discounts, \$430,397 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 currently possess the following ratings:

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

At December 31, 2018, total other capital leases was \$47,559, which decreased with scheduled principal maturities of \$9,382. 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 58. Additional information required by GASB 67 and 68 for the County's defined benefit plan is also included within required supplementary information on pages 82-85 and discussed in the separate footnotes to required supplementary information on pages 86 and 87.

## **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](http://www.fultoncountyga.gov/transparency), as this report and other reports are available for download.

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**BASIC  
FINANCIAL  
STATEMENTS**

**FULTON COUNTY, GEORGIA**

Statement of Net Position

December 31, 2018

(in thousands of dollars)

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 456,743	171,218	627,961	185,412
Investments	117,901	—	117,901	—
Receivables (net of allowances):				
Taxes	47,779	—	47,779	—
Interest	194	—	194	—
Accounts	152	8,832	8,984	187,082
Due from other governments, net	4,251	4,443	8,694	23,337
Other current assets	5,596	—	5,596	94,738
Restricted assets:				
Cash and cash equivalents	—	182	182	17,405
Investments	—	37,962	37,962	81,997
Interest receivable	—	60	60	—
Investment in joint venture	—	69,496	69,496	—
Capital assets (non-depreciable)	138,079	104,852	242,931	43,440
Capital assets (net of accumulated depreciation)	440,183	1,060,116	1,500,299	370,474
Other non-current assets	—	—	—	4,582
<b>Total assets</b>	<b>1,210,878</b>	<b>1,457,161</b>	<b>2,668,039</b>	<b>1,008,467</b>
<b>Deferred Outflows of Resources:</b>				
Pension related deferred outflows	170,847	—	170,847	4,744
OPEB related deferred outflows	5,668	—	5,668	—
Deferred charge on refunding of bonds	266	3,048	3,314	658
<b>Total deferred outflow of resources</b>	<b>176,781</b>	<b>3,048</b>	<b>179,829</b>	<b>5,402</b>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	45,316	6,079	51,395	157,262
Accrued interest	882	—	882	—
Due to others	4,994	—	4,994	3,721
Due to other funds	—	1,810	1,810	—
Claims payable	8,647	—	8,647	49,326
Liabilities (payable from restricted assets):				
Contracts and other payables	—	9,427	9,427	—
Unearned revenue	—	467	467	—
Non-current liabilities:				
Due within one year	42,590	17,720	60,310	36,421
Due in more than one year	1,999,570	414,067	2,413,637	180,645
<b>Total liabilities</b>	<b>2,101,999</b>	<b>449,570</b>	<b>2,551,569</b>	<b>427,375</b>
<b>Deferred Inflows of Resources:</b>				
Pension related deferred inflows	92,481	—	92,481	7,558
<b>Total deferred inflow of resources</b>	<b>92,481</b>	<b>—</b>	<b>92,481</b>	<b>7,558</b>
<b>Net Position:</b>				
Net investment in capital assets	346,781	734,511	1,081,292	281,418
Restricted for debt retirement	30,908	38,204	69,112	16,592
Restricted for construction	80,767	—	80,767	75,949
Restricted for other purposes	3,990	—	3,990	23,100
Unrestricted	(1,269,267)	237,924	(1,031,343)	181,877
<b>Total net position (deficit)</b>	<b>\$ (806,821)</b>	<b>1,010,639</b>	<b>203,818</b>	<b>578,936</b>

See accompanying notes to the financial statements.



**FULTON COUNTY, GEORGIA**

Balance Sheet  
Governmental Funds  
December 31, 2018

(in thousands of dollars)

	<b>General</b>	<b>South Fulton Special District</b>	<b>Library Bond</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 182,090	24,087	469	204,511	411,157
Investments	—	—	117,901	—	117,901
Receivables (net of allowances):					
Taxes	43,609	1,353	—	2,817	47,779
Interest	—	—	194	—	194
Accounts	—	—	—	152	152
Due from other governments	1,440	—	—	2,811	4,251
<b>Total assets</b>	<b>\$ 227,139</b>	<b>25,440</b>	<b>118,564</b>	<b>210,291</b>	<b>581,434</b>
<b>Liabilities:</b>					
Accounts payable	\$ 25,406	533	3,045	12,930	41,914
Due to others	—	—	—	4,994	4,994
<b>Total liabilities</b>	<b>25,406</b>	<b>533</b>	<b>3,045</b>	<b>17,924</b>	<b>46,908</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	19,652	1,168	—	504	21,324
<b>Total deferred inflows or resources</b>	<b>19,652</b>	<b>1,168</b>	<b>—</b>	<b>504</b>	<b>21,324</b>
<b>Fund Balances:</b>					
Restricted	—	—	115,519	98,221	213,740
Committed	—	—	—	698	698
Assigned	—	23,739	—	92,944	116,683
Unassigned	182,081	—	—	—	182,081
<b>Total fund balances</b>	<b>182,081</b>	<b>23,739</b>	<b>115,519</b>	<b>191,863</b>	<b>513,202</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 227,139</b>	<b>25,440</b>	<b>118,564</b>	<b>210,291</b>	<b>581,434</b>

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, 2018

(in thousands of dollars)

Fund Balances - total governmental funds \$ 513,202

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	56,114
Buildings	840,729
Equipment	147,694
Roadway network	65,606
Construction in progress	81,965
Less Accumulated Depreciation	<u>(613,846)</u>
Total capital assets, net of accumulated depreciation	578,262

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	170,847
Deferred outflows - other postemployment benefit plan	5,668

Certain amounts related to the net pension liability are deferred and amortized over time

Deferred inflows - defined benefit pension plan	(92,481)
---	----------

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

Certificates of participation	(19,315)
Library general obligation bonds payable	(237,355)
Urban Recovery Zone bonds payable	(59,651)
Unamortized bond premiums	(9,756)
Deferred charge on refunding of bonds	266
Intergovernmental agreement liability-SF Jail Authority	(12,825)
Intergovernmental agreement liability-AFCRA	(1,910)
Compensated absences	(37,664)
Net pension liability	(629,331)
Net other post employment benefits (OPEB)	(966,367)
Other long term capital leases	(47,559)
Claims and judgments	(12,675)
Landfill closure and postclosure costs	(7,752)
Accrued interest	(882)

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.

39,133

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

21,324

Net position - total governmental activities \$ (806,821)

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, 2018

(In thousands of dollars)

	<b>General</b>	<b>South Fulton Special District</b>	<b>Library Bond</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Taxes	\$ 643,782	18,570	—	34,435	696,787
Intergovernmental	4,957	2	—	50,349	55,308
Charges for services	34,725	144	—	5,769	40,638
Courts and law enforcement	15,897	—	—	8,886	24,783
Use of money and property	7,459	177	1,982	4,299	13,917
Licenses and permits	—	2,987	—	—	2,987
Miscellaneous	4,722	19	—	4,298	9,039
Net (depreciation) appreciation in investments	—	—	424	—	424
<b>Total revenues</b>	<b>711,542</b>	<b>21,899</b>	<b>2,406</b>	<b>108,036</b>	<b>843,883</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Administration	96,224	5,599	—	1,154	102,977
Public safety	111,252	7,668	—	18,696	137,616
Legal	128,284	—	—	—	128,284
Infrastructure and facilities	26,890	352	—	2,691	29,933
Social services	61,891	192	—	8,847	70,930
Health services	77,798	—	—	33,704	111,502
Other nonagency	79,543	—	—	215	79,758
Capital outlay	—	—	17,161	53,567	70,728
<b>Debt service:</b>					
Principal retirement	3,532	—	—	34,224	37,756
Interest	3,204	—	—	14,724	17,928
<b>Total expenditures</b>	<b>588,618</b>	<b>13,811</b>	<b>17,161</b>	<b>167,822</b>	<b>787,412</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>122,924</b>	<b>8,088</b>	<b>(14,755)</b>	<b>(59,786)</b>	<b>56,471</b>
<b>Other financing sources (uses):</b>					
Issuance of capital lease refunding obligations	—	—	—	12,825	12,825
Transfer in from enterprise fund	—	—	—	936	936
Transfers in	9	484	—	48,481	48,974
Transfers out	(47,119)	(572)	(1,098)	(185)	(48,974)
<b>Total other financing sources (uses)</b>	<b>(47,110)</b>	<b>(88)</b>	<b>(1,098)</b>	<b>62,057</b>	<b>13,761</b>
<b>Net change in fund balances</b>	<b>75,814</b>	<b>8,000</b>	<b>(15,853)</b>	<b>2,271</b>	<b>70,232</b>
<b>Fund balance at beginning of year</b>	<b>106,267</b>	<b>15,739</b>	<b>131,372</b>	<b>189,592</b>	<b>442,970</b>
<b>Fund balance at end of year</b>	<b>\$ 182,081</b>	<b>23,739</b>	<b>115,519</b>	<b>191,863</b>	<b>513,202</b>

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, 2018

(in thousands of dollars)

Net change in fund balances - governmental funds	\$	70,232
<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		32,912
Depreciation expense		(24,767)
<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>		
Issuance of Capital lease obligations		(12,825)
Line of Credit proceeds		(200,000)
Line of Credit payments		200,000
Principal repayments		37,756
Amortization of deferred charge on refunding of bonds		(52)
Amortization of bond premium and discount		505
Change in accrued interest		(214)
<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		(32,326)
Compensated absences		5,031
Claims and judgments		59
Landfill closure costs		1,406
Pension expense		(28,750)
<p>Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.</p>		
		(46,483)
<p>Extraordinary item - Loss on transfer of capital assets to other governments.</p>		
		(8,999)
<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>		
		7,677
Change in net position - governmental activities	\$	1,162

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, 2018

(In thousands of dollars)

	Non-GAAP budgetary basis			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue Per Budget Law, less Rollback	\$ 792,005	792,005	830,729	38,724
Sales Tax	13,500	13,500	13,506	6
Appropriated Fund Balance	—	—	(202,443)	(202,443)
Total revenues and other sources, non-GAAP budget basis	\$ 805,505	805,505	641,792	(163,713)
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenue			(126,188)	
To record net change in intergovernmental receivables and Court and Law revenues			2	
Indirect cost reimbursements recorded as revenues for budgetary purposes			(6,498)	
Appropriated Fund Balance			202,443	
Total adjustment to GAAP basis			69,759	
Total revenues and other sources, GAAP basis			711,551	
Expenditures:				
Board of Commissioners	\$ 3,459	3,474	3,041	433
Clerk to the Commission	829	829	699	130
County Manager	11,945	11,824	10,486	1,338
County Auditor	1,028	1,028	999	29
Housing and Community Development	8,984	9,059	8,137	922
External Affairs	2,580	2,580	2,392	188
Arts & Culture	5,123	5,448	5,229	219
Aging & Youth	21,261	22,832	21,288	1,544
Finance	7,001	7,001	6,262	739
Personnel	5,303	5,303	5,176	127
Information Technology	27,091	26,857	23,858	2,999
Purchasing	3,387	3,397	3,288	109
County Attorney	3,565	3,565	3,565	—
Tax Assessor	15,128	16,456	15,214	1,242
Tax Commissioner	14,959	14,959	14,017	942
Registration and Elections	9,148	9,148	8,174	974
Police	3,352	3,372	3,270	102
Sheriff	83,812	84,712	83,606	1,106
Emergency - 911	3,294	3,414	2,903	511
Medical Examiner	4,347	4,347	4,218	129
State Court Solicitor	8,643	8,643	7,467	1,176

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, 2018

(In thousands of dollars)

	Non-GAAP budgetary basis			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Juvenile Court	14,217	14,217	13,825	392
Probate Court	2,612	2,642	2,600	42
County Marshal	6,089	6,090	5,975	115
State Court-General	9,506	9,951	9,465	486
State Court Judges	4,511	4,541	4,397	144
Magistrate Court	2,465	2,593	2,451	142
Superior Court-General	20,052	20,052	19,329	723
Superior Court Judges	7,391	7,541	7,391	150
Superior Court Clerk	19,128	19,758	19,460	298
District Attorney	22,435	23,054	22,519	535
Public Defender	14,797	14,797	14,308	489
Real Estate and Asset Management	29,801	30,350	29,697	653
Public Works	500	500	484	16
Family and Children Services	1,723	1,723	1,005	718
Library	27,025	27,025	25,924	1,101
Health and Wellness	8,287	60,333	7,004	53,329
Fulton-DeKalb Hospital Authority (Grady Hospital)	60,178	8,128	60,116	(51,988)
Behavioral Health	9,994	10,136	9,778	358
Non-Agency	167,192	160,463	152,775	7,688
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 672,142</u>	<u>672,142</u>	<u>641,792</u>	<u>30,350</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			443	
Expenditures incurred on behalf of reimbursing funds for indirect costs			(6,498)	
Total expenditures and other uses, GAAP basis			<u>\$ 635,737</u>	
Total change in fund balance	133,363	133,363	75,814	(133,363)
Beginning fund balance	(26,757)	(26,757)	106,267	—
Ending fund balance	<u>106,606</u>	<u>106,606</u>	<u>182,081</u>	<u>(133,363)</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, 2018  
 (In thousands of dollars)

	<b>Non-GAAP budget basis</b>			<b>Variance Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenues:</b>				
Revenue per Budget Law	\$ 15,560	15,560	26,615	11,055
License and Permits	2,000	2,000	2,987	987
Appropriated Fund Balance	—	—	(15,367)	(15,367)
Total revenues and other sources, non-GAAP budget basis	\$ 17,560	17,560	14,235	(3,325)
<b>Reconciliation to GAAP basis:</b>				
To record net tax receivable and deferred revenue			(7,217)	
To record net change in license and permit and other revenues			(2)	
Appropriated fund balance			15,367	
Total adjustment to GAAP basis			8,148	
Total revenues and other sources, GAAP basis			\$ 22,383	
<b>Expenditures and other uses:</b>				
Planning and Community Services	\$ 300	300	197	103
Finance	50	60	43	17
Fire Rescue Services	3,630	4,230	4,124	106
Police Services	3,300	3,505	3,392	113
Public Works	500	500	352	148
Non-Agency	8,674	7,859	6,127	1,732
Total expenditures and other uses, non-GAAP budget basis	\$ 16,454	16,454	14,235	2,219
<b>Reconciliation to GAAP basis - to record net effect of unrecorded liabilities</b>				
Total expenditures and other uses, GAAP basis			148	
			\$ 14,383	
Total change in fund balance	1,106	1,106	8,000	(1,106)
Beginning fund balance	8,252	8,252	15,739	—
Ending fund balance	9,358	9,358	23,739	(1,106)

See accompanying notes to the financial statements.

**FULTON COUNTY, GEORGIA**

Statement of Net Position  
Proprietary Funds

December 31, 2018

(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	\$ 166,262	4,956	171,218	45,586
Accounts receivable, net	8,832	—	8,832	—
Due from other governments, net	1,513	2,930	4,443	—
Due from other funds	—	—	—	—
Other current assets	—	—	—	5,596
Restricted assets:				
Cash and cash equivalents	182	—	182	—
Investments	37,962	—	37,962	—
Interest receivable	60	—	60	—
Total current assets	<u>214,811</u>	<u>7,886</u>	<u>222,697</u>	<u>51,182</u>
Noncurrent assets:				
Investment in joint venture	69,496	—	69,496	—
Nondepreciable capital assets	76,943	27,909	104,852	—
Depreciable capital assets (net of accumulated depreciation)	<u>1,053,965</u>	<u>6,151</u>	<u>1,060,116</u>	<u>—</u>
Total noncurrent assets	<u>1,200,404</u>	<u>34,060</u>	<u>1,234,464</u>	<u>—</u>
Total assets	<u>1,415,215</u>	<u>41,946</u>	<u>1,457,161</u>	<u>51,182</u>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding of bonds	<u>3,048</u>	<u>—</u>	<u>3,048</u>	<u>—</u>
Total deferred outflows of resources	<u>3,048</u>	<u>—</u>	<u>3,048</u>	<u>—</u>

See accompanying notes to the financial statements.

**FULTON COUNTY, GEORGIA**

Statement of Net Position (continued)  
Proprietary Funds

December 31, 2018

(In thousands of dollars)

<b>Liabilities and Net Position</b>	<b>Business Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water and sewerage system fund</b>	<b>Other Enterprise funds</b>	<b>Total Enterprise Funds</b>	<b>Activities- Internal Service Funds</b>
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable & accrued expenses	\$ 3,032	1,874	4,906	3,402
Accrued liabilities	1,173	—	1,173	—
Due to other funds	—	1,810	1,810	—
Claims payable	—	—	—	8,647
	4,205	3,684	7,889	12,049
Current liabilities (payable from restricted assets):				
Contracts and other payables	9,427	—	9,427	—
Revenue bonds payable - current	17,720	—	17,720	—
Unearned revenue	467	—	467	—
	27,614	—	27,614	—
Total current liabilities	31,819	3,684	35,503	12,049
Non-current liabilities:				
Revenue bonds payable - noncurrent	412,677	—	412,677	—
Other long-term liabilities	1,390	—	1,390	—
Total non-current liabilities	414,067	—	414,067	—
Total liabilities	445,886	3,684	449,570	12,049
Net Position:				
Net investment in capital assets	700,451	34,060	734,511	—
Restricted for debt retirement	38,204	—	38,204	—
Unrestricted	233,722	4,202	237,924	39,133
Total net position	\$ 972,377	38,262	1,010,639	39,133

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, 2018

(In thousands of dollars)

	<b>Business Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water and sewerage system fund</b>	<b>Other Enterprise funds</b>	<b>Total Enterprise Funds</b>	<b>Activities- Internal Service Funds</b>
Operating revenues:				
Charges for services	\$ —	43,259	43,259	132,606
Sales tax collected		423	423	—
Water and sewerage charges	132,274	—	132,274	—
Total operating revenues	<u>132,274</u>	<u>43,682</u>	<u>175,956</u>	<u>132,606</u>
Operating expenses:				
Administrative and general	5,038	330	5,368	19,652
Depreciation and amortization	34,462	241	34,703	—
Personal services	22,377	629	23,006	—
Contractual services	34,237	40,854	75,091	105,277
Operating services	15,876	34	15,910	—
Total operating expenses	<u>111,990</u>	<u>42,088</u>	<u>154,078</u>	<u>124,929</u>
Operating income (loss)	<u>20,284</u>	<u>1,594</u>	<u>21,878</u>	<u>7,677</u>
Non-operating revenues (expenses):				
Loss on investment in joint venture	(5,757)	—	(5,757)	—
Interest income	3,700	—	3,700	—
Interest expense	(15,436)	—	(15,436)	—
Total non-operating revenues (expenses)	<u>(17,493)</u>	<u>—</u>	<u>(17,493)</u>	<u>—</u>
Income (loss) before contributions and transfers	<u>2,791</u>	<u>1,594</u>	<u>4,385</u>	<u>7,677</u>
Capital contributions	<u>4,316</u>	<u>—</u>	<u>4,316</u>	<u>—</u>
Transfer out	<u>—</u>	<u>(936)</u>	<u>(936)</u>	<u>—</u>
Change in net position	<u>7,107</u>	<u>658</u>	<u>7,765</u>	<u>7,677</u>
Net position at beginning of year	<u>965,270</u>	<u>37,604</u>	<u>1,002,874</u>	<u>31,456</u>
Net position at end of year	<u>\$ 972,377</u>	<u>38,262</u>	<u>1,010,639</u>	<u>39,133</u>

See accompanying notes to the financial statements.

**FULTON COUNTY, GEORGIA**

Statement of Cash Flows  
Proprietary Funds

For the year ended December 31, 2018

(In thousands of dollars)

	<b>Business Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water and sewerage system fund</b>	<b>Other Enterprise funds</b>	<b>Total Enterprise Funds</b>	<b>Activities- Internal Service Funds</b>
Cash flows from operating activities:				
Receipts from customers and users	\$ 135,115	46,288	181,403	145,776
Payments to suppliers	(48,867)	(43,014)	(91,881)	(124,382)
Payments to employees	(22,400)	(734)	(23,134)	—
Net cash provided by operating activities	<u>63,848</u>	<u>2,539</u>	<u>66,387</u>	<u>21,394</u>
Cash flows from capital and related financing activities:				
Principal and interest payments on revenue bonds	(36,772)	—	(36,772)	—
Additions to property, plant, and equipment	(37,219)	—	(37,219)	—
Net cash used by capital and related financing activities	<u>(73,991)</u>	<u>—</u>	<u>(73,991)</u>	<u>—</u>
Cash flows from non-capital financing activities:				
Transfer out to governmental funds	—	(936)	(936)	—
Net cash provided by non-capital financing activities	<u>—</u>	<u>(936)</u>	<u>(936)</u>	<u>—</u>
Cash flows from investing activities:				
Purchase of investments	(37,962)	—	(37,962)	—
Proceeds from sale of investments	37,203	—	37,203	—
Interest received on investments	3,698	—	3,698	—
Net cash provided by investing activities	<u>2,939</u>	<u>—</u>	<u>2,939</u>	<u>—</u>
(Decrease) increase in cash and cash equivalents	(7,204)	1,603	(5,601)	21,394
Cash and cash equivalents at beginning of year	<u>173,648</u>	<u>3,353</u>	<u>177,001</u>	<u>24,192</u>
Cash and cash equivalents at end of year	<u>\$ 166,444</u>	<u>4,956</u>	<u>171,400</u>	<u>45,586</u>
Reconciliation of operating income (loss) to net cash provided by (used in ) operating activities:				
Operating income (loss)	\$ 20,284	1,594	21,878	7,677
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:				
Depreciation and amortization	34,462	241	34,703	—
Changes in assets and liabilities:				
Changes in customer receivables - net	1,358	125	1,483	—
Other assets	—	—	—	3,155
Change in due from other governments - net	1,483	2,481	3,964	—
Accounts and claims payable and accrued liabilities	1,667	1,430	3,097	547
Accrued liabilities	(23)	—	(23)	—
Due to other funds	—	(3,332)	(3,332)	10,015
Contractual and other payables	4,617	—	4,617	—
Net cash provided by (used in) operating activities	<u>\$ 63,848</u>	<u>2,539</u>	<u>66,387</u>	<u>21,394</u>
Non-cash transactions:				
Unrealized gain (loss) on investments	\$ 208	—	—	—
Donated capital assets contributed by outside sources	4,316	—	—	—
Gain (loss) on investment in joint venture	(5,757)	—	—	—

See accompanying notes to the financial statements.

**FULTON COUNTY, GEORGIA**

Statement of Fiduciary Net Position  
Fiduciary Funds

December 31, 2018

(In thousands of dollars)

Assets:	<b>Pension and OPEB Trust Fund</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>
Cash and cash equivalents	\$ 13,697	127,113
Due from Brokers for Securities Sold	124	—
Investments, at fair value:		
US Treasury Obligations	31,387	—
US Agency Obligations	39,047	—
Municipal bonds	4,629	
International Comingled funds	58,131	—
Corporate debt	51,948	—
Corporate asset & mortgage backed securities	15,406	—
Bank loans	70,893	
Global fixed income mutual funds	63,369	
Emerging markets equity mutual funds	66,263	
Domestic equities	332,987	—
Domestic equity index funds-Comingled trust	206,430	—
Domestic equity funds	24,976	—
Domestic fixed income mutual funds	30,073	—
Foreign Government/Agency debt	198	—
International equities	18,135	—
Real estate investment contracts	9,418	—
International equity mutual funds	180,306	—
Taxes receivable (net of allowance)		120,710
Interest and dividends receivable	1,243	—
Accounts receivable	100	—
Prepaid pension benefits	11,971	—
Total assets	<u>1,230,731</u>	<u>247,823</u>
<b>Liabilities:</b>		
Due to Brokers for Securities Purchased	1,667	—
Due to other taxing districts	—	164,670
Due to others	7	83,153
Total liabilities	<u>1,674</u>	<u>247,823</u>
<b>Net Position:</b>		
Net Position restricted for pension benefits	1,224,121	—
Net Position restricted for OPEB	4,936	—
Total net position	<u>\$ 1,229,057</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, 2018

(In thousands of dollars)

	<b>Pension and OPEB Trust Funds</b>
	<u>                    </u>
Additions:	
Investment income:	
Net appreciation in fair value of investments	\$ (95,092)
Interest and dividends	18,352
Less: investment expenses	<u>(4,092)</u>
Net investment gain	(80,832)
Employee contributions	1,110
Employer contributions	59,343
Contributions from other participating governments	4
Other income	<u>76</u>
Total additions	<u>(20,299)</u>
Deductions:	
Benefit payments	138,169
Transfer of plan assets to 401(A) plan or other plans	247
Refunds of contributions	98
Administrative fees and other expenses	<u>776</u>
Total deductions	<u>139,290</u>
Change in net position	(159,589)
Net position restricted for pension and OPEB benefits:	
Beginning of year	<u>1,388,646</u>
End of year	<u>\$ 1,229,057</u>

See accompanying notes to the financial statements.

**FULTON COUNTY, GEORGIA**  
Combining Statement of Net Position  
Component Units  
December 31, 2018  
(in thousands)

	<u>Component Unit</u>	<u>Component Unit</u>	<u>Total</u>
	<u>Fulton County Board of Health</u>	<u>Fulton-DeKalb Hospital Authority</u>	
<b>Assets:</b>			
Cash and cash equivalents	3,727	181,685	185,412
Receivables (net of allowances):			
Accounts	225	186,857	187,082
Due from other governments, net	4,354	18,983	23,337
Other current assets		94,738	94,738
Restricted assets:			
Cash and cash equivalents	—	17,405	17,405
Investments	—	81,997	81,997
Capital assets (non-depreciable)	—	43,440	43,440
Capital assets (net of accumulated depreciation)	—	370,474	370,474
Other non-current assets	—	4,582	4,582
Total assets	<u>8,306</u>	<u>1,000,161</u>	<u>1,008,467</u>
<b>Deferred Outflows of Resources:</b>			
Pension related deferred outflows	—	4,744	4,744
Deferred charge on refunding of bonds	—	658	658
Total deferred outflow of resources	<u>—</u>	<u>5,402</u>	<u>5,402</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	294	156,968	157,262
Due to others	3,721	—	3,721
Claims payable	—	49,326	49,326
<b>Non-current liabilities:</b>			
Due within one year	—	36,421	36,421
Due in more than one year	—	180,645	180,645
Total liabilities	<u>4,015</u>	<u>423,360</u>	<u>427,375</u>
<b>Deferred Inflows of Resources:</b>			
Pension related deferred inflows	—	7,558	7,558
Total deferred inflow of resources	<u>—</u>	<u>7,558</u>	<u>7,558</u>
<b>Net Position:</b>			
Net investment in capital assets	—	281,418	281,418
Restricted for debt retirement	—	16,592	16,592
Restricted for construction	—	75,949	75,949
Restricted for other purposes	1,916	21,184	23,100
Unrestricted	2,375	179,502	181,877
Total net position (deficit)	<u>4,291</u>	<u>574,645</u>	<u>578,936</u>

See accompanying notes to the financial statements.

**FULTON COUNTY, GEORGIA**

Combining Statement of Activities

Component Units

For the year ended December 31, 2018

(In thousands of dollars)

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Fulton County Board of Health</u>	<u>Fulton-DeKalb Hospital Authority</u>	<u>Total</u>
Component units							
Fulton County Board of Health	27,260	12,195	18,507	—	3,442		3,442
Fulton-DeKalb Hospital Authority (Grady)	1,248,786	1,206,040	25,080	28,014		10,348	10,348
Total component units	1,276,046	1,218,235	43,587	28,014	3,442	10,348	13,790
General revenues:							
Intergovernmental not restricted for specific programs						55,435	55,435
Use of money and property						1,711	1,711
Miscellaneous						1,098	1,098
Total general revenues					—	58,244	58,244
Transfers					—	—	—
Total general revenues and transfers					—	58,244	58,244
Change in net position					3,442	68,592	72,034
Net position-beginning					849	506,053	506,902
Net position (deficit) - ending					\$ 4,291	574,645	578,936

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, 2018

### (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 and the Fulton County Board of Health, which are presented in separate columns 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. This entity no longer has any outstanding bonded debt.

The Fulton County 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. While legally separate from the County’s Board of Commissioners, the Facilities Corporation is reported as if it were a part of the primary government.

The Fulton County Urban Redevelopment Agency was created in 2010 is also governed by a board which is comprised solely of members of the Board of Commissioners. It is reported as if it were a part of the primary government, as its sole purpose is to finance and construct redevelopment projects within designated urban areas as allowed under Georgia code. Complete financial statements for these entities can be obtained 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, 2018

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

***Discretely Presented Component Units*** - The Fulton-DeKalb Hospital Authority (the “Hospital Authority”) is governed by a ten-member board, of which seven members are appointed by the County’s Board of Commissioners. Fulton County provided \$60.1 million in funding to the Hospital Authority during 2018, of which \$17.6 million was paid for debt service to the trustee.

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

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

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

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

Fulton DeKalb Hospital Authority, Chief Financial Officer  
145 Edgewood Ave. SE, 2<sup>nd</sup> floor,  
Administrative Offices  
Atlanta, Georgia 30303

As of July 1, 2017, pursuant to House Bill 885 of the Georgia State Legislature, the Fulton County Board of Health (FCBOH) began providing County wide health care services previously provided by the Fulton County Health Department. The FCBOH contracted with Fulton County for employees and support services under an intergovernmental agreement that can extend up to 50 years or until the entity assumes full functionality of internal services. The County paid this entity approximately \$7 million during calendar year 2018 for provision of these health services, and provides additional substantial administrative support under this intergovernmental agreement. The financial statements presented for the Fulton County Board of Health represent the 12 months ending June 30, 2018.

# FULTON COUNTY, GEORGIA

## Notes to the Financial Statements

December 31, 2018

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

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.

#### *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 guaranteed 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 had not had to provide debt service funding under such guarantee. The Recreation Authority original refunding bonds of \$124,515, issued on December 1, 2010, were refunded in early 2018, and the County was not required to continue as a guarantor or had any financial responsibility for this debt on a go forward basis.

The debt related to the zoo utilizes a separate guarantor agreement. The annual debt service for the 2007 Recreation Authority Atlanta Zoo bonds continues to be paid with approximately three-fourths participation from the City of Atlanta, and one fourth participation from Fulton County, and that obligation is presented in the long term debt footnote on page 55 as an intergovernmental liability of \$1,910 as of December 31, 2018.

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 \$829 to the ARC for the year ended December 31, 2018. 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, 2018

### (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 \$7 million in 2018 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, 2018, 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, 2018

### (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, 2018

### (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-Fulton Industrial District***

A southwestern section of unincorporated Fulton County, known as the Fulton Industrial District, became a separate taxing district in 2006, when it was originally part of a larger geographic area. Most of that area was incorporated as the City of South Fulton during 2017. This major fund accounts for operations of the remaining unincorporated County's police, fire, business licensing and recreation. Financing is provided by a specific annual property tax levy and fees and charges for services. Collections are restricted for use in this specific area. It is expected this is the last year this fund will be presented as a major fund.

#### ***Library Bond Fund***

This capital project fund primarily consists of the 2008 voter approved bond issuances of \$167 million in 2010 and \$104 million in 2017, which is for construction of new and renovation of existing library facilities.

# FULTON COUNTY, GEORGIA

## Notes to the Financial Statements

December 31, 2018

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

The County reports the following major proprietary fund:

#### ***Water and Sewerage System Fund***

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

The County reports four non-major proprietary funds:

#### ***Fulton County Airport-Brown field***

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

#### ***Wolf Creek Amphitheatre***

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

#### ***Contractual Service fund-Fulton County Board of Health***

The County entered into an intergovernmental agreement with the newly established Fulton County Board of Health to provide both personnel effort and administrative support for actual costs incurred. This new fund records the payroll and fringe benefit expenses incurred and revenues earned from providing these services throughout calendar 2018.

#### ***Contractual Service fund-City of South Fulton***

The County entered into an intergovernmental agreement with the City of South Fulton to provide a complement of municipal services for a set fee with varying expected expiration dates for each functional service. This fund records the expenses incurred and revenues earned from providing these services, all of which finalized throughout 2018 except for final accounting and reconciliation of amounts due or payable with the County.

The County reports the following fiduciary funds:

#### ***Fulton County Employees’ Retirement System***

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

# FULTON COUNTY, GEORGIA

## Notes to the Financial Statements

December 31, 2018

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

#### ***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 as an agent for the Tax Commissioner, Superior, State, Juvenile and Probate courts, the Sheriff and Criminal court and the District Attorney, or its elected officials, in a trustee capacity as an agent for individuals, governmental units, and/or other funds.

The County reports the following other fund types:

#### ***Internal Service funds***

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

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

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value based on quoted market values. Interest income on investments is accrued as earned. The net appreciation (depreciation) in the fair value of investments is based on the valuation of investments as of the balance sheet date.

#### **(e) *Inventories***

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

#### **(f) *Interfund Receivables/Payables***

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

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

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

**(g) Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally defined as assets with an individual cost in excess of \$5,000 for equipment or \$100,000 for all other assets, and a useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art or capital assets acquired through a service concession arrangement, are recorded at their acquisition 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 majority of the roadway network infrastructure has been transferred to municipal governments throughout 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 2018.

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 are included within the capital asset disclosure 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 approximated \$5.6 million for 2018 and is classified as an operating cost on the Statement of Revenues, Expenses and Changes in Net Position-Proprietary funds. \$474 was additionally paid and capitalized during 2018, bringing the balance at December 31, 2018 to approximately \$107.9 million.

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

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

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

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

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 on the Statement of Net Position on page 13.

**(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>	<u>19,652</u>	<u>1,168</u>	<u>504</u>	<u>21,324</u>
Property taxes	\$ 19,652	1,168	504	21,324

# FULTON COUNTY, GEORGIA

## Notes to the Financial Statements

December 31, 2018

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

#### (k) *Compensated Absences*

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

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

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

*(o) Management Estimates*

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

**(2) Budgetary Accounting and Compliance**

The County prepares its annual budgets on a non-GAAP basis. The major differences between the budget and GAAP are (1) revenues (principally property taxes, accounts receivable, grants, and interest receivables) are recorded when cash is received (budget) as opposed to when susceptible to accrual (GAAP), (2) Expenditures (principally payroll, workers' compensation, and purchases) are recorded when paid (budget) as opposed to when incurred (GAAP); (3) Debt service requirements due January 1, 2019 are recorded as expenditures in 2018 (budget) as opposed to 2019 when obligations are due (GAAP); (4) Utilized fund balance to meet balanced budget requirements is recorded as revenue on the budgetary basis statements but not in the governmental fund statement of revenues, expenditures and changes in fund balances-governmental funds.

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

	Net changes in fund balance	
	General Fund	South Fulton Special Tax District Fund
GAAP basis	\$ 75,814	8,000
Adjustments to accruals:		
Tax revenues and receivables	126,186	7,219
Liabilities	443	148
Fund balance utilized	(202,443)	(15,367)
Budget basis	\$ —	—

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

- (1) Prior to November 15 of the preceding budget year, the County Manager, and the Chief Financial Officer, receives budget requests from County departments.
- (2) Hearings may be held by the County Manager to review budget requests, justifications, and recommendations.

## FULTON COUNTY, GEORGIA

### Notes to the Financial Statements

December 31, 2018

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

- (3) By November 15, the County Manager presents a recommended budget for the fiscal year beginning the following January 1 to the Board of Commissioners. This budget includes recommended expenditures and estimated revenues to finance them and is published in accordance with O.C.G.A requirements, and serves as the acting budget until the final budget is adopted.
- (4) A public hearing is held in December and the budget is legally adopted by the Board of Commissioners during a January meeting of the current budget year. A balanced budget is required by law.
- (5) The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the department level with the following provisions:
  - (i) Departments, with the approval of the County Manager or designee, are authorized, with certain exceptions, to transfer amounts within departmental budgets.
  - (ii) Budget amendments that would increase total department appropriations, salary appropriations require Board approval.
- (6) 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, 2018. 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.
- (7) 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 2018.

#### (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, 2018

#### (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, 2018, the County’s primary governmental and business type funds had the following investments:

	<u>Fair value</u>	December 31, 2018		
		<u>&lt; 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>
Fixed Income:				
US Treasury Obligations	\$ 48,820	31,614	17,206	-
US Agency Obligations	\$ 107,043	88,373	18,670	-
Fixed Income subtotal	155,863	119,987	35,876	-
Money Market Funds	546			
Georgia Fund 1	539,880			
Total cash equivalents and investments	\$ <u>696,289</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.

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

##### *Fair Value Measurement*

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

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

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

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

# FULTON COUNTY, GEORGIA

## Notes to the Financial Statements

December 31, 2018

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

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Local Government Investment Pools, such as Georgia Fund 1 are categorized as a Level 1, as are the money market funds, US Treasury and US Agency obligations listed in the Interest Rate Risk chart on the previous page. Level 1 securities are valued using prices quoted in active markets for those securities, while Level 2 are subject to pricing by an alternate pricing source due to lack of information by a primary vendor. No Level 2 or 3 investments or securities were held in Primary government funds as of December 31, 2018.

#### *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 Treasury and Agency obligations of \$155,863 shown above are rated AAA/AA+, while \$546 in money market funds possess the highest quality short term ratings. The \$539,880 in Georgia Fund 1 is rated AA+ and managed by the State of Georgia. Certificates of deposit are collateralized by the financial institution. The following is a summary of the carrying amounts of the cash, cash equivalents, and investments of the County's governmental and business-type activities at December 31, 2018 (in thousands of dollars):

Balances by category:		<b>2018</b>
Cash and deposits	\$	<u>87,171</u>
Cash equivalents		540,972
Investments		155,863
	\$	<u><u>784,006</u></u>
Balances as presented in the Statement of Net Position:		
Unrestricted activities:		
Cash and cash equivalents	\$	627,961
Investments		117,901
Restricted activities:		
Cash and cash equivalents		182
Investments		37,962
	\$	<u><u>784,006</u></u>

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

The Pension Trust Fund, reported as a fiduciary fund, is authorized by its approved policy, 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

## FULTON COUNTY, GEORGIA

### Notes to the Financial Statements

December 31, 2018

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

Official Code of Georgia Annotated Public Retirement System Investment Authority Law, Public Retirement Systems, adopted in the Pension plan policy as well, 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, 2018 (in thousands of dollars):

Balances by category:	2018		
	Pension Trust Fund	OPEB Trust Fund	Agency Funds
	Cash and cash equivalents	\$ 13,692	5
Investments	1,198,665	4,931	-
Due from Brokers for Securities Sold	124	-	-
Due to Brokers for Securities Purchased	(1,667)	-	-
	\$ 1,210,814	4,936	127,113

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 \$1,974.

#### ***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, 2018.

Fixed Income:	Fair Value	December 31, 2018 ratings				
		AAA	AA	A	BBB	BB & N/R
US Treasury Obligations	\$ 30,844	30,844	-	-	-	-
US Agency Obligations	39,047	-	39,047	-	-	-
Municipal General Obligations	4,629	2,230	2,399	-	-	-
Foreign Government/Agency debt	198	-	-	-	198	-
Corporate Debt	51,948	1,961	3,366	18,392	24,956	3,273
Corporate Asset& Mortgage Backed Securities	15,406	10,402	3,539	347	79	1,039
Bank loans	70,893	-	-	-	-	70,893
Domestic Fixed Income Mutual fund	30,073	-	-	30,073	-	-
Global Fixed Income Mutual fund	63,369	-	-	63,369	-	-
Fixed Income totals	\$ 306,407	45,437	48,351	112,181	25,233	75,205

# FULTON COUNTY, GEORGIA

## Notes to the Financial Statements

December 31, 2018

### (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, 2018.

	December 31, 2018				
	Fair Value	3-12mos	1-5yrs	6-10yrs	>10yrs
Fixed Income:					
US Treasury Obligations	\$ 30,845	-	22,103	4,199	4,543
US Agency Obligations	39,047	781	3,502	2,844	31,920
Municipal General Obligations	4,629	-	47	-	4,582
Foreign Government /Agency debt	198	-	-	-	198
Corporate Debt	51,948	556	26,358	15,995	9,039
Corporate Asset & Mortgage Backed Securities	15,405	-	7,180	2,028	6,197
Bank loans	70,893	70,893	-	-	-
Domestic Fixed Income Mutual fund	30,073	-	-	30,073	-
Global Fixed Income Mutual Fund	63,369	-	-	63,369	-
Fixed Income subtotal	306,407	72,230	59,190	118,508	56,479
Equity securities	332,987				
Real Estate Investment Trusts (REITs)	9,418				
Domestic equity index funds-comingled trust	202,042				
Emerging markets equity mutual funds	66,263				
Domestic equity mutual funds	24,976				
International equities	18,135				
International equity mutual funds	180,306				
International comingled funds	58,131				
Cash and Cash Equivalents	13,692				
Due to/from Brokers for Securities Purchased	(1,543)				
Total cash equivalents and investments	\$ <u>1,210,814</u>				

#### *Fair Value Measurement-Fiduciary Funds*

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

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

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

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

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

## FULTON COUNTY, GEORGIA

### Notes to the Financial Statements

December 31, 2018

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

The following table provides information about Pension Trust fund’s categorization by Level as of December 31, 2018.

	December 31, 2018			
	Total	Level 1	Level 2	Level 3
US Treasury Obligations	\$ 30,844	-	30,844	-
US Agency Obligations	39,047	-	39,047	-
Municipal Obligations	4,629	-	4,629	-
Foreign Government/Agency debt	198	-	198	-
Corporate Debt	51,948	-	51,948	-
Corporate Asset & Mortgage Backed Securities	15,406	-	15,406	-
Bank loans	70,893	-	70,893	-
Domestic Fixed Income Mutual fund	30,073	30,073	-	-
Global Fixed Income Mutual Fund	63,369	63,369	-	-
Domestic equities	332,987	332,987	-	-
Real Estate Investment Trusts (REITs)	9,418	9,418	-	-
Domestic equity index funds-comingled trust	202,042	-	202,042	-
Domestic equity mutual funds	24,976	24,976	-	-
International equities	18,135	18,135	-	-
International equity mutual funds	180,306	180,306	-	-
International comingled funds	58,131	-	58,131	-
Emerging markets equity funds	66,263	-	66,263	-
Cash and Cash Equivalents	13,692	13,692	-	-
Due to/from Brokers for Securities Purchased	(1,543)	(1,543)	-	-
Total cash equivalents and investments	\$ 1,210,814	671,413	539,401	-

Debt and Equity securities classified in Level 1 are valued using prices quoted in active markets. Debt and equity securities in Level 2 are valued using either a bid evaluation, which uses market quotations, yields, maturities, call features and ratings. Also used for Level 2 are matrix pricing techniques which value securities based on the relationship to benchmark quoted prices. No Level 3 investments were held as of December 31, 2018.

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

##### **Hospital Authority**

The Hospital Authority maintains a cash and investments pool utilized by the Hospital Authority. In 2016, the Hospital Authority implemented Statement No. 72 of the Governmental Accounting Standards Board, Fair Value Measurement and Application, which requires the Hospital Authority to use valuation techniques which are appropriate under the circumstances and are a market approach, a cost approach or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices for identical assets or liabilities in active market. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for asset or liability.

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(3) Cash and Investments – Component units (continued)**

The following is a summary of the fair value hierarchy for deposits and investments of the Hospital Authority as of December 31, 2018, classified as investments on page 13.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 53,006	-	-	53,006
Mutual funds	19,228	-	-	19,228
Common collective trust funds	1,752	-	-	1,752
Money Market funds	83	-	-	83
Real assets	-	235	-	235
Miscellaneous assets	-	-	5,051	5,051
Equity securities	2,642	-	-	2,642
	\$ 76,711	235	5,051	81,997

***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, 2018, Grady Memorial Hospital Corporation’s deposits were either covered by federal depository insurance or collateralized through securities held by the pledging financial institution’s trust department in the Hospital Authority’s name.

***Interest Rate Risk***

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

***Credit Risk***

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Hospital Authority’s deposits may not be returned to it. The Hospital Authority’s investment practice seeks to minimize credit risk through diversification of investment with the choices allowed under state statutes. Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Hospital Authority has no formal policy on concentration of credit risk beyond that stipulated by the Georgia government Code. The Authority held 99.81% of its investments at Wells Fargo as of December 31, 2018. No limits exist on U.S. issued fixed income securities. Prohibited investments are also specified in the policy.

**Hospital Authority**

Basic combined discretely presented component unit financial statements:

Unrestricted:	<b>2018</b>
Cash and cash equivalents	\$ 181,685
Restricted	
Cash and cash equivalents restricted for debt service	17,405
Investments	81,997
Total	\$ 281,087

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(3) Cash and Investments – Component units (continued)**

**Fulton County Board of Health**

The Fulton County Board of Health maintains a cash account and has no investments as of December 31, 2018, nor maintained any during the year. Currently the Board does not utilize an investment policy, nor had any balances exposed to custodial or interest rate risk as defined by GASB standards.

Basic combined discretely presented component unit financial statements:

Unrestricted:	
Cash and cash equivalents	<u>2018</u> \$ 3,727
Total	<u>\$ 3,727</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. 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 generally 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.

Fiscal 2018 saw a return to a normal tax assessing/billing cycle as compared to fiscal 2017. Utilizing on October 31, 2018 due date for 2018 property taxes as compared to 2017 property taxes being due on January 15, 2018.

**(b) Local Option Sales Tax**

The County receives approximately 5% 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, 2018

### (4) Taxes (continued)

#### (c) *Transportation Special Purpose Local Option Sales tax*

During fiscal year 2017, County voters approved a specific sales tax of \$.75 in all areas of the County except the City of Atlanta, which approved a \$.5% increase. These revenues accrue to each geographic area based on population, and are dedicated to local transportation improvements and repairs designed to ease traffic burdens upon County residents. The County was charged with overall administration of the transportation project distribution, which is shown as a new Special Revenue fund labeled as T-Splost Administration. These funds are used to fund a small administrative effort at ensuring proper distribution of funds to each municipality. The County also entered into an agreement with the newly incorporated City of South Fulton to administer their portion of this tax, and provide transportation project management and construction.

#### (d) *Tax Abatements*

GASB Statement No. 77, *Tax Abatement Disclosures* requires state and local governments to disclose tax abatement agreements entered by other governments that reduce the reporting government's tax revenues. Fulton County, through the Development Authority of Fulton County, allows for taxable revenue bond financing, pursuant to the Georgia Development Authorities law, under Title 36 Chapter 62 of the Official Code of Georgia, in order to promote the creation of jobs and stimulate development activity within Fulton County. The taxable revenue bond financings result in the reduction of ad valorem (real and/or personal property) taxes.

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

Fulton County's long-standing policy for Development Incentives provides for a 50% ramp up over a 10 year period. Following completion of construction, a company pays property taxes on its leasehold interest in the project of 50% of the fair market value of the real and/or personal property in the first year, with a 5% increase each year over a 10 year period, after which the company takes title back to the property and must then pay taxes on the full fair market value of the property. The company has a smaller property tax obligation through this financing arrangement than it would under outright ownership of the property due to the reduced value of the company's leasehold interest in the property over the designated ramp-up period. 2018 values are shown on the following pages:

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(4) Taxes (continued)**

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

<u>Tax Abatement Program</u>	<u>Total Amount of Taxes Abated (Incentives Abated) for the year 2018 (in thousands)</u>
Fulton County Development Authority	<u>\$9,103</u>

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

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

Fulton County considers enterprise zone designations for major projects on a case by case basis. In order to be designated as an enterprise zone, a nominated area must meet three of four criteria, as established by the state, including evidence of pervasive poverty, above average unemployment, general economic distress, and underdevelopment. Qualifying business or service enterprises that are located within a designated enterprise zone, create and maintain five or more new full-time job equivalents, and provide additional economic stimulus, as approved by the Fulton County Board of Commissioners, may be entitled to property tax exemptions on a downward sliding scale over a 10 year period. Qualified industries include those businesses primarily involved in manufacturing, warehousing and distribution, processing, telecommunications, tourism, research and development, finance, insurance, and real estate activities.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2018

(4) Taxes (continued)

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

<u>Tax Abatement Program</u>	Total Amount of Taxes Abated (Incentives Abated) <u>for the year 2018 (in thousands)</u>
Local Enterprise Zone Program	<u>\$719</u>

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

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

A property owner who fails to have property classified as rehabilitated historic property and listed on the Georgia Register of Historic Places for the preferential assessment shall be required to pay the difference between the amount of taxes on the property during the period that the assessment was frozen and the amount of taxes which would have been due had the property been assessed at the regular fair market value, plus interest on the past due taxes.

There are no additional commitments other than to provide favorable tax treatment. There are no amounts receivable from other governments.

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(4) Taxes (continued)**

<u>Tax Abatement Program</u>	Total Amount of Taxes Abated (Incentives Abated) for the year 2018 (in thousands)
Georgia Preferential Property Tax Assessment Program for Rehabilitated Historic Property	<u>\$230</u>

Other Government Agreements for Abatements of Property taxes:

County property tax revenues were reduced by \$776 under agreements entered into with the City of Atlanta, reduced by \$85 under agreements entered into by the City of Alpharetta, and reduced \$208 with agreements with the City of Sandy Springs.

**(5) Allowances for Uncollectible Receivables**

Allowances for uncollectible receivables at December 31, 2018 are as follows (in thousands of dollars):

	<u>2018</u>
Taxes Receivable:	
General Fund	\$ 4,414
Debt Service Fund	83
South Fulton Special Taxing District	549
Agency Funds	<u>14,878</u>
	\$ <u>19,924</u>
Accounts Receivable – Water and Sewerage System Fund	\$ <u>1,345</u>

**(6) Due from Other Governments**

Governmental type funds include receivables from other governments for various activities. The General fund is owed \$1,403 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 \$2,712 for federal and state financial assistance related to various grantor receivables in grants-in aid, while \$99 is due for capital costs for an emergency communication system from one municipality.

Business type funds are owed \$4,443 which includes \$1,513 (net of an allowance of \$9,314) 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, 2018. Other Enterprise funds are also owed \$2,930 as of December 31, 2018 for the provision of contractual services to the new City of South Fulton as well as to the newly established Fulton County Board of Health.

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(7) Capital Assets and Infrastructure**

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

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

	<u>January 1,</u> <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2018</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 54,387	3,235	(1,508)	56,114
Construction in progress*	66,796	20,286	(5,117)	81,965
Total capital assets not being depreciated	<u>121,183</u>	<u>23,521</u>	<u>(6,625)</u>	<u>138,079</u>
Capital assets being depreciated*:				
Equipment	150,483	1,860	(4,649)	147,694
Buildings and other improvements	848,974	12,935	(21,180)	840,729
Roadway network	65,895	—	(289)	65,606
Total capital assets being depreciated	<u>1,065,352</u>	<u>14,795</u>	<u>(26,118)</u>	<u>1,054,029</u>
Less accumulated depreciation for*:				
Equipment	(124,455)	(6,806)	4,565	(126,696)
Buildings and other improvements	(452,090)	(16,685)	13,775	(455,000)
Roadway network	(30,874)	(1,276)	—	(32,150)
Total accumulated depreciation	<u>(607,419)</u>	<u>(24,767)</u>	<u>18,340</u>	<u>(613,846)</u>
Net capital assets being depreciated	<u>457,933</u>	<u>(9,972)</u>	<u>(7,778)</u>	<u>440,183</u>
Net capital assets- governmental activities	<u>\$ 579,116</u>	<u>13,549</u>	<u>(14,403)</u>	<u>578,262</u>

\*Net capital assets of \$8,999 were transferred to the newly incorporated City of South Fulton-Footnote 17

Depreciation expense was charged to these functions of the primary governmental activities as follows:

Administration	\$ 2,349
Public Safety	4,933
Legal	5,168
Infrastructure and facilities	7,149
Social services	4,698
Health services	470
Total depreciation expense, governmental activities	<u>\$ 24,767</u>

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(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.

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

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

	<b>January 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>December 31, 2018</b>
Water and Sewerage System fund:				
Capital assets not being depreciated:				
Land improvements	\$ 10,201	—	—	10,201
Construction in progress	93,165	32,493	(58,916)	66,742
Total capital assets not being depreciated	103,366	32,493	(58,916)	76,943
Capital assets being depreciated:				
Equipment	17,328	663	(396)	17,595
Water system	287,958	32,245	—	320,203
Sewerage system	1,139,831	30,987	—	1,170,818
Intangible assets	174,220	475	—	174,695
Total capital assets being depreciated	1,619,337	64,370	(396)	1,683,311
Less accumulated depreciation for:				
Equipment	(14,039)	(807)	307	(14,539)
Water system	(103,578)	(5,305)	—	(108,883)
Sewerage system	(417,012)	(22,125)	—	(439,137)
Intangible assets	(61,224)	(5,563)	—	(66,787)
Total accumulated depreciation	(595,853)	(33,800)	307	(629,346)
Net capital assets being depreciated	1,023,484	30,570	(89)	1,053,965
Net capital assets-Water and Sewerage System fund	\$ 1,126,850	63,063	(59,005)	1,130,908

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

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

	<u>January 1,</u> <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2018</u>
Airport fund:				
Capital assets not being depreciated:				
Land and land improvements	\$ 27,909	—	—	27,909
Total capital assets not being depreciated	<u>27,909</u>	<u>—</u>	<u>—</u>	<u>27,909</u>
Capital assets being depreciated:				
Equipment	1,482	—	—	1,482
Buildings and other improvements	5,457	—	—	5,457
Total capital assets being depreciated	<u>6,939</u>	<u>—</u>	<u>—</u>	<u>6,939</u>
Less accumulated depreciation for:				
Equipment	(1,427)	(17)	—	(1,444)
Buildings and other improvements	(5,447)	(3)	—	(5,450)
Total accumulated depreciation	<u>(6,874)</u>	<u>(20)</u>	<u>—</u>	<u>(6,894)</u>
Net capital assets being depreciated	<u>65</u>	<u>(20)</u>	<u>—</u>	<u>45</u>
Net capital assets-Airport fund	\$ <u>27,974</u>	<u>(20)</u>	<u>—</u>	<u>27,954</u>
	<u>January 1,</u> <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2018</u>
Wolf Creek Amphitheater fund:				
Capital assets being depreciated:				
Equipment	300	—	—	300
Buildings and other improvements	7,212	—	—	7,212
Total capital assets being depreciated	<u>7,512</u>	<u>—</u>	<u>—</u>	<u>7,512</u>
Less accumulated depreciation for:				
Equipment	(82)	(37)	—	(119)
Buildings and other improvements	(1,103)	(184)	—	(1,287)
Total accumulated depreciation	<u>(1,185)</u>	<u>(221)</u>	<u>—</u>	<u>(1,406)</u>
Net capital assets being depreciated	<u>6,327</u>	<u>(221)</u>	<u>—</u>	<u>6,106</u>
Net capital assets-Wolf Creek Amphitheater fund	\$ <u>6,327</u>	<u>(221)</u>	<u>—</u>	<u>6,106</u>

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

Business-type activities:	
Water and Sewerage	\$ 33,800
Airport	20
Wolf Creek Amphitheater	221
Total depreciation expense, business-type activities	<u>\$ 34,041</u>

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(7) Capital Assets and Infrastructure – Component units**

A summary of the capital assets of the Fulton DeKalb Hospital Authority, a component unit, is as follows (in thousands):

	<u>January 1, 2018</u>	<u>Increases</u>	<u>Decreases/ Other Changes</u>	<u>December 31, 2018</u>
Capital assets not being depreciated:				
Land	\$ 2,900	162	—	3,062
Construction in progress	41,963	230	(1,815)	40,378
Total capital assets not being depreciated	<u>44,863</u>	<u>392</u>	<u>(1,815)</u>	<u>43,440</u>
Capital assets being depreciated:				
Equipment	359,971	49,594	(248)	409,317
Buildings	377,500	27,832	—	405,332
Total capital assets being depreciated	<u>737,471</u>	<u>77,426</u>	<u>(248)</u>	<u>814,649</u>
Less accumulated depreciation for:				
Equipment	(240,570)	(31,225)	202	(271,593)
Buildings and other improvements	(147,186)	(25,396)	—	(172,582)
Total accumulated depreciation	<u>(387,756)</u>	<u>(56,621)</u>	<u>202</u>	<u>(444,175)</u>
Net capital assets being depreciated	<u>349,715</u>	<u>20,805</u>	<u>(46)</u>	<u>370,474</u>
Net capital assets- governmental activities	<u>\$ 394,578</u>	<u>21,197</u>	<u>(1,861)</u>	<u>413,914</u>

Total depreciation expense for the Hospital Authority was \$57,015. All depreciation was incurred on assets acquired to provide health services.

The Fulton County Board of Health did not report any capital assets or related depreciation for the period presented.

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(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, 2018 (in thousands of dollars):

	<b>January 1, 2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>Other</b>	<b>December 31, 2018</b>	<b>Due within one year</b>
<b>Governmental activities:</b>						
Certificates of participation	\$ 37,715	-	(18,400)	-	19,315	19,315
Less deferred charges, net	2,252	-	-	(368)	1,884	
<b>Total Certificates of Participation</b>	<b>39,967</b>	<b>-</b>	<b>(18,400)</b>	<b>(368)</b>	<b>21,199</b>	
Library General Obligation Bonds	242,285	-	(4,930)	-	237,355	5,135
Less deferred charges, net	8,009	-	-	(137)	7,872	
<b>Total Library General Obligation Bonds</b>	<b>250,294</b>	<b>-</b>	<b>(4,930)</b>	<b>(137)</b>	<b>245,227</b>	
Fulton County Urban Redevelopment Agency	64,274	-	(4,623)	-	59,651	4,765
Intergovernmental agreement-AFCRA	2,331	-	(421)	-	1,910	443
Intergovernmental agreement-SF Jail Authority	-	12,825	-	-	12,825	420
Compensated absences	42,695	4,903	(9,934)	-	37,664	4,903
Other long term capital lease obligations	56,941	-	(9,382)	-	47,559	7,409
Net other post employment benefits*	928,373	73,510	(35,516)	-	966,367	-
Net pension liability	450,217	-	-	179,114	629,331	-
Claims and judgments	12,734	-	-	(59)	12,675	200
Post-closure care	9,158	-	(1,406)	-	7,752	-
<b>Total Governmental activities</b>	<b>\$ 1,856,984</b>	<b>91,238</b>	<b>(84,612)</b>	<b>178,550</b>	<b>2,042,160</b>	<b>42,590</b>
*Restated by \$281,255-See Note 17						
<b>Business-type activities:</b>						
Water & Sewerage Revenue Bonds	\$ 413,450	-	(16,875)	-	396,575	17,720
Less deferred charges, net	38,283	-	-	(4,461)	33,822	
<b>Total Water &amp; Sewerage Revenue Bonds</b>	<b>451,733</b>	<b>-</b>	<b>(16,875)</b>	<b>(4,461)</b>	<b>430,397</b>	
Other long-term liabilities	1,413	644	(667)	-	1,390	
<b>Total business-type activities</b>	<b>\$ 453,146</b>	<b>644</b>	<b>(17,542)</b>	<b>(4,461)</b>	<b>431,787</b>	<b>17,720</b>

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

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

***Bonds Payable***

***General Obligation Bonds*** - The County issued \$104,785 in January 2017 of Library General Obligation bonds, in addition to the 2010 issuance 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. No other general obligation bonds are outstanding.

Issue year	Interest rate range	Final Maturity Date	Outstanding balance	Annual principal installments	<u>Purpose</u>
Governmental activities:					
2010 General Obligation	3.00-5.148%	2039	133,210	4,715-8,560	Library facilities
2017 General Obligation	3.00-5.00%	2044	104,145	420-13,310	Library facilities
			\$ <u>237,355</u>		

***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. 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	<u>Purpose</u>
Business-type activities:					
2011 Water and Sewerage	3.00-5.00%	2027	173,310	17,510-21,505	Water/Sewer facilities
2013 Water and Sewerage	3.375-5.00%	2034	223,265	3,560-33,905	Water/Sewer facilities
			\$ <u>396,575</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 \$6,690,076. As of December 31, 2018, the County had \$245,227 of direct general obligation debt less \$31,542 of funds to service this debt. Therefore, the County's unused debt margin was \$6,476,391 as of December 31, 2018.

***Accumulated Leave Benefits*** – for governmental funds, accumulated leave benefits, including net pension liabilities and OPEB benefits are liquidated by the General, South Fulton Taxing District, 911, Grants in Aid and other smaller governmental funds. Business type activities liquidate same liabilities from the Water & Sewerage System and Airport fund.

# FULTON COUNTY, GEORGIA

## Notes to the Financial Statements

December 31, 2018

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

**Covenants** - The various bond indentures contain a number of limitations and restrictions. The County previously self-reported to the SEC pursuant to the Division of Enforcement's (the "Division") Municipalities Continuing Disclosure Cooperation Initiative (the "MCDC Initiative"). The County submitted an Offer of Settlement in April 2016 which the SEC accepted and which resulted in an order being entered by the SEC on the matter on August 24 2016 (the "MCDC Order"). Solely for the purpose of the proceedings brought by or on behalf of the SEC under the MCDC Initiative, and without admitting or denying the findings in the MCDC Order, except as to the SEC's jurisdiction over it and the subject matter of the proceedings, which were admitted, the County consented to the entry of the MCDC Order. Compliance actions included establishing appropriate written policy and procedures to effect compliance with existing securities laws, comply with existing disclosure undertakings, disclose terms of the settlement in any final official statements for five years subsequent to the order. The County complied with these provisions within the required 180 days, and provided supporting material as required by August 24, 2017.

**Defeased Debt** - In current and prior years, the County defeased certain outstanding revenue and general obligation bonds by placing the proceeds of new bonds and County resources in irrevocable trusts to provide for all future debt service payments on the old bonds. The 1999 Fulton County Facility Corporation Certificates of Participation were defeased and \$18,115 remains outstanding as of December 31, 2018.

The annual requirements to amortize bonds payable as of December 31, 2018, 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
2019	\$ 5,135	10,343	17,720	19,057	22,855	29,400
2020	5,355	10,151	18,605	18,174	23,960	28,325
2021	5,585	9,944	19,520	17,255	25,105	27,199
2022	5,835	9,715	20,490	16,290	26,325	26,005
2023	6,095	9,467	21,505	15,266	27,600	24,733
2024-2028	34,965	42,831	116,410	59,878	151,375	102,709
2029-2033	44,295	33,329	148,420	27,882	192,715	61,211
2034-2038	56,530	21,744	33,905	1,356	90,435	23,100
2039-2043	60,250	8,739	-	-	60,250	8,739
2044-2048	13,310	267	-	-	13,310	267
Total	237,355	156,530	396,575	175,158	633,930	331,688
Deferred charges/ premiums	7,872	(7,872)	33,822	(33,822)	41,694	(41,694)
Total	\$ 245,227	148,658	430,397	141,336	675,624	289,994

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

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

***Fulton County Facilities Corporation Certificates of Participation***

The County in 1999 entered into a capital lease obligation with the Fulton County Facilities Corporation to finance costs of acquiring, constructing, renovating and equipping various public purpose projects in Fulton County. The County entered into a Public-Purpose Master Lease agreement 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 \$19,315 remains outstanding as of December 31, 2018 with an interest rate at 5.0%.

***Fulton County Urban Redevelopment Agency bonds***

The County in 2010, 2011 and 2017 entered into capital lease obligations 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. 2010's issuance of \$26,441 was for initial projects under the American Recovery and Reinvestment Act. In 2011, the Authority also issued \$5,372 in Qualified Energy Conservation bonds under the same Act for improvements to reduce utility costs in qualified areas. Both these issuances receive federal interest subsidies under the original agreements. 2017's issuance of \$45,000 was outside the Act, but remains dedicated to public building improvements within the declared economic recovery area. The County entered into Public-Purpose Master Lease agreements for all these bond issues, in which the County agreed to make annual lease payments, subject to annual appropriation that is sufficient to pay principal and interest to the Authority. The total lease obligations as of December 31, 2018 for the 2017 bonds are \$42,465 with an interest rate of 2.29%. The remaining 2010 bonds of \$13,846 were issued at 4.70% while the remaining 2011 bonds of \$3,340 were issued at 3.18%. The amounts shown below do not include any of these subsidies. The County intends to issue another \$45 million in these leases in 2019 for additional facility improvements. The annual requirements to amortize these lease obligations as of December 31, 2018, including interest payments of \$966, \$3,350 and \$10,836 are as follows (in thousands of dollars):

			<b>Fulton County Facilities Corporation</b>	<b>South Fulton Regional Jail Authority</b>	<b>Fulton County Urban Redevel- opment Agency</b>
	<b>Year ended December 31,</b>				
	2019	\$	20,281	805	6,494
	2020		-	1,091	6,466
	2021		-	1,094	6,445
	2022		-	1,092	6,418
	2023		-	1,094	6,394
	2024-2028		-	5,487	20,374
	2029-2032			5,512	17,896
	Total minimum lease payments	\$	20,281	16,175	70,487
	Less: Amount representing interest		(966)	(3,350)	(10,836)
	Present value of minimum lease payments	\$	19,315	12,825	59,651

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

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

***Fulton County Project-South Fulton Regional Jail Authority***

The County on October 1, 2018, entered into an intergovernmental agreement with the South Fulton Municipal Regional Jail Authority, an entity that is empowered to sell property for the operations of a jail within the County. The previously constructed and operated jail facility refunded outstanding debt under this arrangement, in which the County agreed to pay the Authority amounts sufficient to pay the debt service on the Authority's 2018 bond of \$12,825. The interest rate under this agreement is 2.99%, and the issued balance remained outstanding as of December 31, 2018.

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

The County has entered into other various capital lease obligations totaling \$47,559 as of December 31, 2018, with interest rates ranging from 1.63-4.05%. The capital leases require the County to make lease payments equal to the debt payments made by the owner of the facility or holder of the lease. The County can exercise its option to purchase each facility upon prepayment of the respective lease. Assets currently financed through capital leases are \$110,112 as of December 31, 2018, of which \$52,659 is equipment and \$57,453 recorded for mechanical, electrical and plumbing improvements to the County's jail.

The annual requirements to amortize these other capital lease obligations as of December 31, 2018, including interest payments of \$7,481 are as follows (in thousands):

Year ended December 31,	Capital lease obligation
2019	\$ 8,853
2020	8,824
2021	8,152
2022	6,872
2023	6,515
2024-2027	14,147
Total minimum lease payments	\$ 53,363
Less: Amounts representing interest	(5,804)
Present value of minimum lease payments	\$ 47,559

***Line of Credit***

The County obtained a \$200 million line of credit facility on May 22, 2018 to fund cash requirements until the primary source of cash revenues of property taxes are received generally in October and November of each year. The interest cost on this borrowing was approximately \$1,865 thousand. This line of credit was fully paid on December 31, 2018, with an interest rate of 2.01%.

Liability for Line of Credit, January 1, 2018	\$	-
Issued		200,000,000
Matured and paid		200,000,000
Liability for Line of Credit, December 31, 2018	\$	-

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(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, 2017 are noted below: (in thousands)

	<b>January 1, 2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>December 31, 2018</b>	<b>Due within one year</b>
Long-term debt:					
Revenue Certificates	\$ 121,200	-	(22,405)	98,795	22,820
Notes payable	51,326	168	-	51,494	-
Capital lease obligations	3,658	-	(555)	3,103	593
Total long-term debt	176,184	168	(22,960)	153,392	23,413
Other long-term liabilities:					
Workers Compensation	1,809	263	-	2,072	1,413
General Professional	45,227	7,149	-	52,376	11,595
Accrued OPEB	3,215	-	(1,012)	2,203	-
Other	10,497	0	(3,253)	7,244	-
Total	\$ 60,748	7,412	(4,265)	63,895	13,008

**(h) Hospital Authority Capital Lease Obligations**

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

<b>Year Ending December 31</b>	<b>Authority Long Term Debt</b>		<b>Authority Capital Lease Obligations</b>		<b>Totals</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 22,820	1,811	593	187	23,413	1,998
2020	23,240	1,308	595	148	23,835	1,456
2021	16,345	903	629	106	16,974	1,009
2022	16,980	481	598	63	17,578	544
2023	19,410	241	496	27	19,906	268
2024-2028	-	-	192	3	192	3
Total	\$ 98,795	4,744	3,103	534	101,898	5,278

The Hospital Authority has entered into various capital lease agreements for equipment. At December 31, 2018, the amount of equipment recorded under capital leases amount to approximately \$8.2 million and the related accumulated amortization amounted to approximately \$5.1 million.

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(8) 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 8 years. The County payments specific to landfill postclosure care approximated \$1,406 in 2018, which are paid by the General fund. In 1997, the County received a postclosure care financial assurance certification. An average inflation assumption of 3.15% is applied to the estimated annual costs. These costs could vary based on new technologies or other changes to applicable laws and regulations.

**(b) Hospital Authority**

*Line of Credit* - The Hospital has historically maintained a line of credit facility with a commercial bank, which serves as bridge financing for its intergovernmental transfer (“IGT”) funding requirements for the ICTF program and as a general revolving working capital facility. During February 2016, the Hospital obtained a new credit facility which is now extended to march 2020. This provides a \$30 million general working capital component only which accrues interest at one-month LIBOR plus 100 basis points plus a 10 basis point commitment fee on the unused line. No amounts were due under this line of credit as of December 31, 2018.

**(c) Fulton County Board of Health**

The FCBOH reported no long term obligations for the 12 months ending June 30, 2018.

**(9) Interfund Assets/Liabilities and Transfers**

No interfund liabilities or receivables exist as of December 31, 2018. 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):

<b>Transferred From</b>	<b>Transferred To</b>			<b>Total</b>
	<b>General fund</b>	<b>South Fulton Tax District fund</b>	<b>Non-Major Governmental funds</b>	
General fund	\$ 9	484	46,626	47,119
South Fulton Special District fund	-	-	572	572
Library Bond fund	-	-	1,098	1,098
Non-Major Governmental funds	-	-	185	185
Non-Major Enterprise funds	-	-	936	936
	<u>\$ 9</u>	<u>484</u>	<u>49,417</u>	<u>49,910</u>

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(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, 2018, which is expected to be paid after one year, is \$12,675. 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 2018. 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, 2018, the present value of the estimated future liability for outstanding claims, including estimated incurred, but not reported claims, is \$9,328. At December 31, 2018, the County held \$14,321 in cash and cash equivalents and \$5,026 in other current assets that is available for payment of these claims.

The County has also recorded a liability within the Risk Management Fund of \$2,721 to provide for resources to insure for general, employee and vehicle liability and automobile physical damage. At December 31, 2018, the County held \$30,836 in cash and cash equivalents and other assets of \$43 that are available for payment of these and future claims.

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

Changes in the balances of claims liabilities for the County for the period ended December 31, 2018 was as follows (in thousands of dollars):

		<b>Beginning of fiscal year liability</b>	<b>Current year claims and changes in estimates</b>	<b>Claims payments</b>	<b>Balance at fiscal year-end</b>
	\$				
2018		23,461	121,173	(119,910)	24,724
2017		23,203	117,372	(117,114)	23,461
2016		34,476	106,499	(117,772)	23,203

## FULTON COUNTY, GEORGIA

### Notes to the Financial Statements

December 31, 2018

#### (12) Retirement Plans

##### *(a) County Pension Plan*

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

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

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

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

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

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

# FULTON COUNTY, GEORGIA

## Notes to the Financial Statements

December 31, 2018

### (12) Retirement Plans (continued)

The required contribution percentages developed in the most recent actuarial valuations for the Plan, and the actual contributions, but not including contributions of \$144 to the Supplemental Plan described in this note, made for 2018 are as follows (in thousands of dollars):

	<u>2018</u>
Total required employer contributions:	
Dollar amount	\$ 59,746
Percent of covered payroll	402.46%
Actual employer contributions:	
Dollar amount	\$ 59,203
Percent of covered payroll	398.80%

Employee contribution rates are established in accordance with pension law. During 2018 actual countywide employee contributions were \$1,110 which represented 7.48% 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.

#### ***Membership***

Current membership in the Plan and current year payrolls for 2018 are as follows:

Members:	
Retired and receiving benefits	\$ 3,252
Terminated with vested benefits	18
Active employees:	
Vested	<u>240</u>
Total members	<u><u>3,510</u></u>
Total current year payroll for employees covered by the Plan (in thousands)	\$ <u><u>14,845</u></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.

# FULTON COUNTY, GEORGIA

## Notes to the Financial Statements

December 31, 2018

### (12) Retirement Plans (continued)

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, 2019 valuation, the Fulton County Employees Retirement System Board approved a lower assumed rate of return from 7.35% to 7.25%, which affected the actuarial liability by \$17.6 million, and also increased the administrative expense assumption from \$650,000 to \$800,000. There were no changes in plan provisions from the last valuation date.

Effective as of the January 1, 2018 valuation, the Fulton County Employees Retirement System Board approved a comprehensive Actuarial Experience Review, which covered the period January 1, 2012 through December 31, 2016, which was completed in 2017. As a result, the following assumption changes effective with this January 1, 2018 actuarial valuation, and are listed below.

\*Group specific age-based salary scale rates were introduced to reflect actual plus experience. The previous salary assumption was 3% per year, regardless of age or group.

\*The underlying inflation rate was lowered from 3% to 2%.

\*The administrative expense assumption was changed from the prior actual amount rounded to the nearest \$100,000 to the prior actual amount rounded to the nearest \$50,000.

\*The pre-retirement mortality assumption was changed from the RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment, projected to 2019 using Scale AA, further loaded by 30% for males and 10% for females, to the RP-2014 Blue Collar Employee Mortality Table, adjusted backward to 2006 with Scale MP-2014 and projected generationally from 2006 with Scale MP-2016.

\*The post-retirement mortality assumption for healthy annuitants was changed from the RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment, projected using Scale AA, to the RP-2014 Blue Collar Healthy Annuitant Mortality Table, adjusted backward to 2006 with Scale MP-2014, set forward two years for males and one year for females, and projected generationally from 2006 with Scale MP-2016.

\*The mortality assumption for disabled retirees was changed from the RP-2000 Disabled Retiree Mortality Table projected to 2019 using Scale AA, to the RP-2014 Disabled Retiree Mortality Table, adjusted backward to 2006 with Scale MP-2014, set forward four years for males, and projected generationally from 2006 with Scale MP-2016.

\*The group-specific disability rates were modified to better reflect actual experience and expected future patterns.

\*The group-specific turnover (withdrawal) assumption was changed to a flat 2% per year for all active employees. The rates end at eligibility for retirement.

\*The group-specific retirement rates were modified to better reflect observed experience, including extending the rates below age 50.

\*The percent married assumption was lowered from 75% to 70% for males and from 50% to 40% for females.

\*The spousal age difference assumption was lowered from four years to three years.

\*The assumption for participants that transfer to the County's defined contribution plan was changed to assume that all participants remain in the defined benefit plan.

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(12) Retirement Plans (continued)**

\*The load on average final salary to account for vacation and comp time was increased from 5.5% to 7.5%, and the load to account for a 27<sup>th</sup> pay period in some years was lowered from 3.6% to 1.3%.

\*The load on service to account for unused sick leave was adjusted from 1% to 2%.

\*Additional changes were to lower the net investment return from 7.50% to 7.35% and lower the administrative expense assumption from \$800,000 to \$650,000 as a result of lower 2017 actual expenses.

The System’s total and net pension liability for the years ended December 31, 2018 and 2017 are as follows:

<b>Fiscal year ended</b>	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability</b>	<b>Fiduciary net position as a percentage of Total Pension Liability</b>
December 31, 2018	\$ 1,852,863	1,223,532	\$ 629,331	66.03%
December 31, 2017	\$ 1,833,170	1,382,953	\$ 450,217	75.44%

***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 7.25%, and the System’s net pension liability would be if it were calculated using a discount rate this is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate.

	<b>1% Decrease (6.25%)</b>	<b>Current Discount (7.25%)</b>	<b>1% Increase (8.25%)</b>
System’s net pension liability	\$824,005	\$629,331	\$465,204

The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates(as a percentage of pay) and the county contributions will be made equal to the actuarial determined contribution. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(12) Retirement Plans (continued)**

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

	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
<b>Balances at December 31, 2017</b>	\$ 1,833,170	1,382,953	450,217
Changes for the year:			
Service cost	3,768		3,768
Interest	129,929		129,929
Benefit changes			-
Difference between expected and actual experience	6,717		6,717
Change of assumptions	17,675		17,675
Contributions - employer		59,203	(59,203)
Contributions - employee		1,110	(1,110)
Net investment income		(80,562)	80,562
Benefit payments, including refunds of employee contributions	(138,396)	(138,396)	-
Administrative expense		(776)	776
Net changes	\$ 19,693	(159,421)	179,114
<b>Balances at December 31, 2018</b>	\$ <u>1,852,863</u>	<u>1,223,532</u>	<u>629,331</u>

***Methods and assumptions used in the calculations of actuarially determined contributions***

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

Valuation Date	January 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, closed period.
Remaining amortization period	15 year average remaining, depending on which bases.
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	7.35%. The net investment return assumption is a long-term estimate derived from historical data, current and recent market expectations, and professional judgment. As part of the analysis, a building block approach was used that reflects inflation expectations and anticipated risk premiums for each of the portfolio's asset classes, as well as the System's target asset allocation.

## FULTON COUNTY, GEORGIA

### Notes to the Financial Statements

December 31, 2018

#### (12) Retirement Plans (continued)

*Methods and assumptions used in the calculations of actuarially determined contributions*

Inflation rate	2.0%
Projected salary increases	2.0%-6.0% depending on age, and if Public Safety employee
Mortality Rates-Pre-Retirement	RP-2014 Blue Collar Mortality Table, adjusted backward to the base year (2006) using Scale MP-2014, and projected generationally from 2006 using Scale MP-2016.
Mortality Rates-Healthy Annuitants	RP-2014 Blue Collar Healthy Annuitant Mortality Table, adjusted backward to the base year (2006) using Scale MP-2014, set forward two years for males and one year for females, and projected generationally from 2006 using Scale MP-2016.
Mortality Rates-Disabled Annuitants	RP-2014 Disabled Retiree Mortality Table, adjusted backward to the base year (2006) using Scale MP-2014, set forward four years for males and unadjusted for females, and projected generationally from 2006 using Scale MP-2016.

The following presents target allocations and long term expected rates of return for the Plan. The long-term expected rate of return on pension plan investments was determined using a building – block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2018 as shown below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
U.S. Large Cap Equity	34.00%	5.50%
U.S. Small/Mid Cap Equity	14.00%	5.75%
International Equity	15.00%	5.75%
Emerging Market Equity	5.00%	7.25%
International Small Cap Equity	5.00%	6.00%
Bank Loans	5.00%	3.50%
Core Bonds	12.00%	2.34%
Global Bonds (unhedged)	5.00%	1.01%
Global Asset Allocation	<u>5.00%</u>	4.22%
	100.00%	

\*Expected real rate of return is net of inflation

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(12) Retirement Plans (continued)**

***Pension Expense and Deferred Outflows of Resources Related to Pensions***

The County recognized total pension expense of \$87,952 for the year ended December 31, 2018, all within the governmental activities. Included in pension expense are recognized amounts related to the deferred inflows and outflows of resources for pensions, which is detailed below.

Fiscal year outflows		Balance, 12/31/2017	Recognized during 2018	Balance, 12/31/2018	To Be Recognized during fiscal year			
					2019	2020	2021	2022
Investment loss	2015 \$	43,517	21,758	21,759	21,759	-	-	-
Investment loss	2016	8,459	2,820	5,639	2,820	2,819	-	-
Investment loss	2018	-	35,862	143,449	35,862	35,862	35,862	35,863
Liability loss	2018	-	6,717	-	-	-	-	-
Assumption change	2018	-	17,675	-	-	-	-	-
<b>Total Outflows</b>		<u>51,976</u>	<u>84,832</u>	<u>170,847</u>	<u>60,441</u>	<u>38,681</u>	<u>35,862</u>	<u>35,863</u>
<b>Fiscal year inflows</b>								
Investment gain	2017	<u>125,974</u>	<u>31,493</u>	<u>94,481</u>	<u>31,494</u>	<u>31,494</u>	<u>31,493</u>	<u>-</u>
<b>Total Inflows</b>		<u>125,974</u>	<u>31,493</u>	<u>94,481</u>	<u>31,494</u>	<u>31,494</u>	<u>31,493</u>	<u>-</u>
<b>Total</b>		<u>(73,998)</u>	<u>53,339</u>	<u>76,366</u>	<u>28,947</u>	<u>7,187</u>	<u>4,369</u>	<u>35,863</u>

Note: In accordance with Paragraph 71 of GASB Statement 68, the difference between projected and actual earnings on investments is recognized over a closed five-year period. Assumption changes and the difference between expected and actual total pension liability experience are each recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. For 2018, the period is one year, and therefore those changes are recognized immediately.

***Fulton County Employees' Retirement System Supplemental Plan***

On January 1, 2000, the Fulton County Employees' Retirement System Supplemental Plan was created to pay benefits in excess of the limitations required for compliance with federal tax laws. The accrued liability estimate for this plan is approximately \$1.3 million as of January 1, 2019 biannual actuarial valuation date. Plan assets total \$.6 million, and the unfunded balance is \$.7 million which is being amortized on a 4 year level dollar method. Participant information, actuarial funding methods, and other assumptions are the same as the Fulton County Employees' Retirement System. This liability does not appear on the actuarial information presented for the Fulton County Employees Retirement System Plan.

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

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

## FULTON COUNTY, GEORGIA

### Notes to the Financial Statements

December 31, 2018

#### (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, 2018, the plan had 5,430 total participants who contributed 6% of their pensionable earnings, approximately \$13,929 during 2018. The County also contributed \$18,813 which was 8% of their pensionable earnings throughout the year. The County also contributed an additional \$1,416 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 a certain percentage of gross compensation, not to exceed \$18.5 for those less than 50 years of age, and an additional \$6 for all others above 50 years of age. 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 County's financial statements. TIAA-CREF independently managed assets in 2018.

##### *(d) Hospital Authority Pension Plan*

The Hospital Authority has a single-employer trustee noncontributory defined benefit pension plan, known as The Fulton-DeKalb Hospital Authority Employees Retirement Plan (the "Plan"). Effective May 19, 2008, the Plan was frozen. All employees participating in the Plan prior to May 19, 2008, remain participants and are eligible for pension benefits in accordance with the Plan's design and rules. Participating employees who completed three years of full-time continuous services as of December 31, 2007, were considered fully vested as of May 19, 2008. Although frozen, the Hospital Authority expects to continue the Plan indefinitely; however, it has the right under the Plan to terminate the Plan. In the event of termination of the Plan, amounts shall be set aside for payment to participants or their beneficiaries in the following orders: (1) an amount for active and retired Participants, vested terminated Participants or their beneficiaries; (2) an amount for each Participant qualified for early retirement under the provisions of the Plan; and (3) for all remaining Participants. 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 Offices, Chief Financial Officer, 80 Jesse Hill Jr. Drive, S.E. Atlanta, Georgia 30303.

The Grady Memorial Hospital Corporation (GMHC), which is a component unit of the Fulton DeKalb Hospital Authority, sponsors a defined contribution saving plan, which covers substantially all of its employees. Total matching contributions made and accrued under the savings plan totaled approximately \$9.8M for the year ended December 31, 2018.

Beginning January 1, 2009, the deferred retirement savings program changed from the previous 403(b) plan sponsored by the Hospital Authority to a 401(k) Plan sponsored by GMHC. GMHC matches employee contributions dollar for dollar up to 4% of eligible employees' base compensation after completion of one year of eligible service. Employees are immediately fully vested in matching contributions.

# FULTON COUNTY, GEORGIA

## Notes to the Financial Statements

December 31, 2018

### (13) Other Post-Employment Benefits

#### (a) *Fulton County*

The County, through Board action, provides single employer 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 what required employee match existed at separation date. The County also contributes 100% of the premium cost for \$10,000 of life insurance coverage for those employees retiring after December 1, 1988. The County pays 75% of the life insurance premiums for those persons who retired prior to December 1, 1988. The total cost to provide retiree health care and life insurance benefits, in the Health Insurance Stabilization fund, an internal service fund, is recognized as paid; such costs approximated \$48,348 in 2018, as compared to \$44,728 in 2017.

In accordance with GASB Statement No. 74 and 75, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, as well as GASB the County's annual other postemployment benefit (OPEB) cost is calculated based on the actuarially determined employer contribution of the employer (ADEC) which is required to be actuarially determined biannually.

The Actuarially Determined Employer Contribution and Total OPEB Obligation amounts were determined under the Entry age normal, lever percentage of pay method. As of the evaluation date, the number of retirees with current health care coverage was 3,798. Approximately 3,313 active employees are covered in 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. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan member to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

The County did not contribute to the irrevocable trust fund in 2018, but has \$4,936 dedicated to pay for future OPEB claims against the current unfunded accrued actuarial liability of \$966,367.

Summary of Key Valuation Result: Total OPEB Liability (TOL) represents the value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.

	<u>12/31/2018</u>	<u>12/31/2017</u>
Net OPEB Liability	\$966,367	\$928,373
Annual OPEB expense	67,203	
Service cost of beginning of year	30,661	
Total Covered Payroll	260,742	

## FULTON COUNTY, GEORGIA

### Notes to the Financial Statements

December 31, 2018

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

##### *Plan Provisions and Eligibility*

Eligibility for medical, vision, dental and life insurance benefits depends, in part, upon the retirement plan in which an employee participates. The conditions below are separated based on the retirement plan participation.

Defined Benefit Pension plan participants: Retirees from active service are eligible to receive above benefits provided they satisfy one of the following:

- (1) Qualify for unreduced retirement when leave employment:
  - \*After age 65 with 10 years of service
  - \*After age 60 with at least 15 years of service
  - \*After 10 years of service upon which the sum of age and years of service Equal or exceed 79.
- (2) Leave employment due to disability in line of duty for peace officers.
- (3) Leave employment due to disability after 10 years of service.
- (4) Leave employment after 15 years of service
- (5) Leave employment due to reduction in workforce after age 55 with 10 years of service.

Defined Contribution Pension plan participants who transferred from the above defined benefit plan prior to 2002 are eligible to receive above benefits provided they satisfy one of the following:

- (1) Leave employment after 15 years of service
- (2) Leave employment due to reduction in workforce after age 55 with 10 years of service.
- (3) Leave employment as a peace officer after age 55 with 25 years of service.

Defined Contribution Pension plan participants who transferred from the above defined benefit plan prior to 2002 are eligible to receive above benefits provided they satisfy one of the following:

- (1) Qualify for unreduced retirement when leave employment:
  - \*After age 65 with 10 years of service
  - \*After age 60 with at least 15 years of service
  - \*After 10 years of service upon which the sum of age and years of service Equal or exceed 80.
- (2) Leave employment due to disability in line of duty for peace officers.
- (3) Leave employment due to disability after 10 years of service.

Excluded from eligibility for above benefits are:

- (1) Contract employees.
- (2) Seasonal employees.
- (3) Temporary employees.
- (4) Employees working for Family & Children Services.
- (5) Employees working for Adult Probation.
- (6) Employees working for Fulton County Housing Authority.

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(13) Other Post-Employment Benefits (continued)**

***Sensitivity of the Net OPEB Liability to Changes in the discount rate and healthcare cost trend rates***

The following presents the net OPEB liability of the County, calculated using the discount rate of 4.00%, and the System's net OPEB liability would be if it were calculated using a discount rate 1% lower (3.00%) or 1% higher (5.00%) than the current rate. Also shown are the net OPEB liabilities if the rates if healthcare trends rates were 1% lower and 1% higher than the 5.00% current healthcare trend rate.

	<u>Discount Rates</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(3.00%)</u>	<u>(4.00%)</u>	<u>(5.00%)</u>
Net OPEB liability	\$1,136,414	\$966,367	\$831,307

	<u>Healthcare Trend Rates</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(4.00%)</u>	<u>(5.00%)</u>	<u>(6.00%)</u>
Net OPEB liability	\$816,860	\$966,367	\$1,157,882

The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates (as a percentage of pay) and the county contributions will be made equal to the actuarial determined contribution. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***OPEB Expense and Deferred Outflows of Resources Related to OPEB***

The County recognized total OPEB expense of \$67,203 for the year ended December 31, 2018, all within the governmental activities. Included in pension expense are recognized amounts related to the deferred outflows of resources for pensions. These deferred outflows consist of \$5,236 comprised of the difference between expected and actual experience, along with \$432 as the net difference between projected and actual earnings on OPEB plan investments. The combined deferred outflows of \$5,668 are being recognized each year by \$532 until fully recognized, approximately 11 years.

***Schedule of Contributions***

	<u>2018</u>
Actuarially Determined Contribution	\$ 67,203
Contributions in Relation to Actuarially Determined Contribution	<u>34,883</u>
Contribution Deficiency (Excess)	32,320
Covered Employee Payroll	260,741
Actuarially Determined Contribution as % of Covered Employee Payroll	12.40%

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(13) Other Post-Employment Benefits (continued)**

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

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
<b>Balances at December 31, 2017</b>	\$ 933,535	5,162	928,373
Changes for the year:			
Service cost	30,661		30,661
Interest	36,754		36,754
Difference between expected and actual experience	5,236		5,236
Contributions - employer		-	-
Contributions - employee		-	-
Net investment income		(226)	226
Benefit payments	(34,883)	-	(34,883)
Administrative expense	-	-	-
Net changes	\$ 37,768	(226)	37,994
<b>Balances at December 31, 2018</b>	\$ <u>971,303</u>	<u>4,936</u>	<u>966,367</u>

The County's annual OPEB cost and net OPEB liability and changes in the net OPEB liability for the year ended December 31, 2018 are presented below:

<b>Change in Net OPEB Liability</b>	
Service Cost	\$ 30,661
Interest expense	36,754
Difference between expected and actual experiences	5,236
Change in assumption	-
Benefit payments	(34,883)
Investment Income- OPEB trust fund	226
Change in net OPEB liability	<u>37,994</u>
<b>Net OPEB liability - January 1</b>	<u>928,373</u>
<b>Net OPEB liability - December 31</b>	\$ <u><u>966,367</u></u>

**FULTON COUNTY, GEORGIA**

Notes to the Financial Statements

December 31, 2018

**(13) Other Post-Employment Benefits (continued)**

***Methods and assumptions used in the calculations of actuarially determined contributions for the total OPEB liability***

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

Valuation Date	January 1, 2019														
Normal Cost and Actuarial Accrued Liability	Entry age normal, level percentage of pay.														
Actuarial Value of Assets	Equal to Market Value														
Amortization of Unfunded Accrued Actuarially Determined Contribution	In accordance with requirements of GASB 75. Set equal to Annual OPEB expense														
Termination Disability	Rates used Age 30-7.10%; Age 40-4.30%; Age 50-3.00%. 50% of 1975 SSA Study														
Investment rate of return	4.00%.														
Discount Rate	4.00%														
Healthcare cost trend rate	5.00%														
Projected salary increases	4.00%														
Mortality Rates-Pre-Retirement	RP-2014 Blue Collar Mortality Table, adjusted backward to the base year (2006) using Scale MP-2014, and projected generationally from 2006 using Scale MP-2016.														
Mortality Rates-Healthy Annuitants	RP-2014 Blue Collar Healthy Annuitant Mortality Table, adjusted backward to the base year (2006) using Scale MP-2014, set forward two years for males and one year for females, and projected generationally from 2006 using Scale MP-2016.														
Mortality Rates-Disabled Annuitants	RP-2014 Disabled Retiree Mortality Table, adjusted backward to the base year (2006) using Scale MP-2014, set forward four years for males and unadjusted for females, and projected generationally from 2006 using Scale MP-2016.														
Retirement	Sample Rates after attaining medical benefit eligibility: <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;"><u>Age</u></td> <td style="text-align: center;"><u>Rate</u></td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">5.00%</td> </tr> <tr> <td style="text-align: center;">55</td> <td style="text-align: center;">25.00%</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">15.00%</td> </tr> <tr> <td style="text-align: center;">62</td> <td style="text-align: center;">35.00%</td> </tr> <tr> <td style="text-align: center;">65</td> <td style="text-align: center;">20.00%</td> </tr> <tr> <td style="text-align: center;">70</td> <td style="text-align: center;">100.00%</td> </tr> </table>	<u>Age</u>	<u>Rate</u>	50	5.00%	55	25.00%	60	15.00%	62	35.00%	65	20.00%	70	100.00%
<u>Age</u>	<u>Rate</u>														
50	5.00%														
55	25.00%														
60	15.00%														
62	35.00%														
65	20.00%														
70	100.00%														
Participation	90% for retiree medical and vision; 100% for life insurance														
Benefits not valued	All retiree medical, vision, and life insurance benefits not paid 100% by retiree were valued.														

## FULTON COUNTY, GEORGIA

### Notes to the Financial Statements

December 31, 2018

#### (14) Commitments and Contingencies

##### (a) *Fulton County*

- (1) **Litigation** – The County is a defendant in a number of other legal actions in the nature of claims for damages to persons and property, civil rights violations, condemnation, and other similar types of actions arising in the course of normal County operations. In the opinion of County management, after consultation with legal counsel, an aggregate liability up to \$15.9 million is believe to be reasonably possible, of which approximately \$8.4 million is believed to be probable. The County will continue to assert its position in a defense against all unsettled claims. The County has accrued \$15 million for these and future cases, \$13 million within the long term debt section and approximately \$2 million as payables in the Risk Management Fund on page 103.
- (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 \$60,740, \$4,278 for roadway infrastructure improvements, \$11,942 for building improvements and \$90,815 for library system capital improvements as of December 31, 2018.

##### (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, 2018, 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 \$52.4 million at December 31, 2018. 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, 2018, in the component unit financial statements. Further, the Hospital engages an independent actuary to make an annual evaluation of the liability. The actuarially recommended reserve for workers’ compensation at December 31, 2018, is \$1.9 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, 2018

(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 2033. Rental costs for the year ended December 31, 2018 were approximately \$11.4 million. The future minimum lease payments under noncancelable operating leases as of December 31, 2018 are as follows (in thousands):

Table with 2 columns: Year, Operating leases. Rows: 2019, 2020, 2021, 2022, 2023, Thereafter. Total: \$52,300.

(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, 2018

**(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, 2018 are as follows (in thousands):

Fund Balances:	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Library capital projects	\$ 126,319		
Debt service	30,908		
Grants in Aid	2,091		
Emergency Communications	1,899		
Public Health Services	-		
Law Enforcement and Justice services	13,062		
Public Education Government Television		700	
South Fulton Special District			23,739
Special Service District			338
Stormwater Management			17
General Government services			969
Social and Cultural services			2,801
Other special revenue			2,453
T-Splost Administration			751
Other Capital and Transportation projects	39,461		85,615
Totals	<u>\$ 213,740</u>	<u>700</u>	<u>116,683</u>

**(16) Subsequent Events**

The County on April 10, 2019 entered into an intergovernmental agreement with the Fulton County Urban Redevelopment Agency, to provide annual lease payments through 2032 to fund the \$45 million 2019 Facility Improvement bonds issued by this related entity.

On May 15, 2019 the County issued a \$200 million Tax Anticipation Note, which will mature December 31, 2019.

**(17) Extraordinary Item and Restatement of Beginning Net Position**

The County transferred \$8,999 in residual capital infrastructure to the newly incorporated City of South Fulton during 2018 consisting of Buildings, Land and Equipment. This decrease in net position is shown on page 14 of the Statement of Activities, is listed as the loss on transfer of capital asset to other governments on page 17 of the financial statements on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities, and is also noted on the capital asset footnote.

The County implemented Government Accounting Standard No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in fiscal 2018, which resulted in a restated opening liability for Net OPEB Obligation by \$281,255. This is shown on the Statement of Activities on page 14, and is noted in the Long Term Debt section on page 58.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**  
(Unaudited)

## FULTON COUNTY, GEORGIA

Required Supplementary Information  
Unaudited, and in thousands

December 31, 2018

### Schedule of Contributions from the Employer and Other Contributing Entities

#### Contributions in Relation to The Actuarially Determined Employer Contribution

Year Ended	Actuarially Determined Employer Contribution	County Employer Contribution	DFACS Employer Contribution	Total Employer Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
December 31, 2009	\$ 43,008	38,242	260	38,502	4,506	67,184	57.31%
December 31, 2010	36,639	37,044	182	37,226	(587)	57,888	64.31
December 31, 2011	45,049	42,049	121	42,170	2,879	49,277	85.58
December 31, 2012	51,199	45,878	58	45,936	5,263	42,622	107.78
December 31, 2013	52,882	56,126	118	56,244	(3,362)	36,258	155.12
December 31, 2014	55,255	57,441	88	57,529	(2,274)	32,828	175.24
December 31, 2015	48,586	47,203	27	47,230	1,356	27,820	169.77
December 31, 2016	50,493	45,953	24	45,977	4,516	23,391	196.56
December 31, 2017	52,988	57,213	15	57,228	(4,240)	20,374	280.89
December 31, 2018	59,746	59,199	4	59,203	543	14,845	398.80

### 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, 2018	\$ 1,852,863	1,223,532	629,331	66.03%	14,845	4,239.35%
December 31, 2017	1,833,170	1,382,953	450,217	75.44	20,374	2,209.81
December 31, 2016	1,706,579	1,211,837	494,742	71.01	23,391	2,115.08
December 31, 2015	1,677,001	1,217,955	459,046	72.63	27,820	1,650.06
December 31, 2014	1,654,412	1,306,027	348,385	78.94	32,828	1,061.24

### Schedule of Pension Investment Returns

Year Ended	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2009	23.35%
December 31, 2010	12.48%
December 31, 2011	0.93%
December 31, 2012	12.13%
December 31, 2013	21.76%
December 31, 2014	5.05%
December 31, 2015	(0.88%)
December 31, 2016	6.40%
December 31, 2017	20.91%
December 31, 2018	(6.00%)

**FULTON COUNTY, GEORGIA**

Required Supplementary Information  
Unaudited, and in thousands

December 31, 2018

**Schedule of Changes in Net Pension Liability  
Last Ten Fiscal Years  
(in thousands)**

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 3,768	2,348	3,283	3,678	4,291
Interest	129,929	123,205	122,576	122,562	120,935
Change of benefit terms	-	-	-	-	-
Differences between expected and actual experience	6,717	20,982	16,293	6,262	21,902
Change of assumptions	17,675	112,435	15,734	15,489	15,352
Benefit payments, including refunds	(138,396)	(132,378)	(128,309)	(125,402)	(117,044)
Net change in total pension liability	19,693	126,592	29,577	22,589	45,436
Total pension liability - beginning	\$ 1,833,170	1,706,578	1,677,001	1,654,412	1,608,976
Total pension liability - ending (a)	\$ 1,852,863	1,833,170	1,706,578	1,677,001	1,654,412
Plan fiduciary net position					
Contributions-employer	\$ 59,203	57,228	45,977	47,230	57,529
Contributions-employee	1,110	1,358	1,633	1,868	2,129
Net investment income	(80,562)	245,564	75,369	(11,187)	64,143
Benefit payments, including refunds	(138,396)	(132,378)	(128,309)	(125,402)	(117,044)
Administrative expense	(776)	(656)	(788)	(581)	(705)
Net change in plan fiduciary net position	\$ (159,421)	171,116	(6,118)	(88,072)	6,052
Plan fiduciary net position - beginning	\$ 1,382,953	1,211,837	1,217,955	1,306,027	1,299,975
Plan fiduciary net position - ending (b)	\$ 1,223,532	1,382,953	1,211,837	1,217,955	1,306,027
Net pension liability - ending (a) - (b)	629,331	450,217	494,741	459,046	348,385
Plan fiduciary net position as a percentage of the Total pension liability	66.03%	75.44%	71.01%	72.63%	78.94%
Covered payroll	\$ 14,845	20,374	23,391	27,820	32,828
Net pension liability as a percentage of covered payroll	4239.35%	2209.76%	2115.09%	1650.06%	1061.24%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as information becomes available.

See accompanying notes to required supplementary information and accompanying independent auditors report

No benefit changes have been made since GASB 67/68 implementation

Assumption changes - see next page

**FULTON COUNTY, GEORGIA**

Required Supplementary Information  
Unaudited, and in thousands

December 31, 2018

<b>Schedule of Changes in System's Net Pension Liability</b>											
<b>Last Ten Fiscal Years</b>											
<b>(in thousands)</b>											
Change of Assumptions as of 1/1/19 valuation: Board approved changes include a reduction of the net investment return from 7.35% to 7.25% as of December 31, 2018, and increase the administrative expense assumption from \$650,000 to \$800,000 as a result of higher 2018 actual expenses.											
Change of Assumptions as of 1/1/18 valuation: A comprehensive Actuarial Experience Review, covering the period 1/1/2012 through 12/31/2016, was completed in 2017, resulting in the following assumption changes that were approved by the Board. These changes were reflected in the 1/1/18 valuation.											
Group specific age-based salary scale rates were introduced to reflect actual plan experience. The previous salary assumption was 3% per year, regardless of age or group.											
The underlying inflation rate was lowered from 3% to 2%.											
The administrative expense assumption was changed from the prior actual amount rounded to the nearest \$100,000 to the prior actual amount rounded to the nearest \$50,000.											
The pre-retirement mortality assumption was changed from the RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment, projected to 2019 using Scale AA, further loaded by 30% for males and 10% for females, to the RP-2014 Blue Collar Employee Mortality Table, adjusted backward to 2006 with Scale MP-2014 and projected generationally from 2006 with Scale MP-2016.											
The post-retirement mortality assumption for healthy annuitants was changed from the RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment, projected using Scale AA, to the RP-2014 Blue Collar Healthy Annuitant Mortality Table, adjusted backward to 2006 with Scale MP-2014, set forward two years for males and one year for females, and projected generationally from 2006 with Scale MP-2016.											
The mortality assumption for disabled retirees was changed from the RP-2000 Disabled Retiree Mortality Table projected to 2019 using Scale AA, to the RP-2014 Disabled Retiree Mortality Table, adjusted backward to 2006 with Scale MP-2014, set forward four years for males, and projected generationally from 2006 with Scale MP-2016.											
The group-specific disability rates were modified to better reflect actual experience and expected future patterns.											
The group-specific turnover (withdrawal) assumption was changed to a flat 2% per year for all active employees. The rates end at eligibility for retirement.											
The group-specific retirement rates were modified to better reflect observed experience, including extending the rates below age 50.											
The percent married assumption was lowered from 75% to 70% for males and from 50% to 40% for females.											
The spousal age difference assumption was lowered from four years to three years.											
The assumption for participants that transfer to the County's defined contribution plan was changed to assume that all participants remain in the defined benefit plan.											
The load on average final salary to account for vacation and comp time was increased from 5.5% to 7.5%, and the load to account for a 27th pay period in some years was lowered from 3.6% to 1.3%.											
The load on service to account for unused sick leave was adjusted from 1% to 2%.											
Additional changes were to lower the net investment return from 7.5% to 7.35% and lower the administrative expense assumption from \$800,000 to \$650,000 as a result of lower 2017 actual expenses.											

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

**FULTON COUNTY, GEORGIA**

Required Supplementary Information  
Unaudited, and in thousands

December 31, 2018

**Schedule of Changes in Net OPEB Liability and Related Ratios  
Last Ten Fiscal Years  
(in thousands)**

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 30,661
Interest	36,754
Change of benefit terms	-
Differences between expected and actual experience	5,236
Change of assumptions	-
Benefit payments	<u>(34,883)</u>
Net change in total pension liability	<u>37,768</u>
Total OPEB liability - beginning	\$ <u>933,535</u>
Total OPEB liability - ending	\$ <u><u>971,303</u></u>
Plan fiduciary net position	
Contributions-employer	\$ -
Contributions-employee	-
Net investment income	(226)
Benefit payments	-
Administrative expense	-
Net change in plan fiduciary net position	\$ <u>(226)</u>
Plan fiduciary net position - beginning	\$ <u>5,162</u>
Plan fiduciary net position - ending	\$ <u>4,936</u>
Net OPEB Liability - ending	<u><u>966,367</u></u>
Plan fiduciary net position as a percentage of the Total OPEB liability	0.51%
Covered payroll	\$ 260,742
Net OPEB liability as a percentage of covered payroll	370.62%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as information becomes available.

See accompanying notes to required supplementary information and accompanying independent auditors report

**FULTON COUNTY, GEORGIA**

Notes to Required Supplementary Information  
Unaudited, and in thousands

December 31, 2018

**(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**

The required contributions and percentage of those contributions actually made are presented in the schedule.

**(3) Actuarial Methods and Assumptions**

*Changes of assumptions-Pension:* Effective as of the January 1, 2019 valuation, the Fulton County Employees Retirement System Board approved a lower assumed rate of return from 7.35% to 7.25%, which affected the actuarial liability by \$17.6 million, and also changed the administrative expense assumption from \$650,000 to \$800,000.

Effective as of the January 1, 2018 valuation, the Fulton County Employees Retirement System Board adopted assumption changes from a comprehensive Actuarial Experience Review which covered periods January 1, 2012 to December 31, 2016. These numerous changes are listed in detail on page 82 of the footnotes to the financial statements. The total value of these changes is approximately \$112 million.

*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, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, closed period.
Remaining amortization period	15 year average remaining, depending on which bases
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.
Inflation rate	2.0%
Projected salary increases employee	2.0-6.0%, depending on age, and if Public Safety

## FULTON COUNTY, GEORGIA

Notes to Required Supplementary Information  
Unaudited, and in thousands

December 31, 2018

### (3) Actuarial Methods and Assumptions (continued)

Investment rate of return	7.35%. 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.
Mortality Rates-Pre-retirement	RP-2014 Blue Collar Mortality Table, adjusted backward to the base year (2006) using Scale MP-2014, and projected generationally from 2006 using Scale MP-2016.
Mortality Rates-Healthy Annuitants	RP-2014 Blue Collar Healthy Annuitant Mortality Table, adjusted backward to the base year (2006) using Scale MP-2014, set forward two years for males and one year for females, and projected generationally from 2006 using Scale MP-2016.
Mortality Rates-Disabled Annuitants	RP-2014 Disabled Retiree Mortality Table, adjusted backward to the base year (2006) using Scale MP-2014, set forward four years for males and unadjusted for females, projected generationally using Scale MP-2016.

*Changes of assumptions-OPEB:* Assumptions utilized in the January 1, 2019 OPEB valuation match the previously used OPEB assumptions in the January 1, 2017 actuarial analysis.

### (4) Schedule of Changes in Net OPEB Liability

The County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during fiscal year 2018. The implementation of GASB 75 resulted in a restatement of beginning net position of \$281,255. For purposes of measuring net other postemployment liability (OPEB), deferred outflows or resources and deferred inflows of resources related to OPEB and OEPB expense have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**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 residual resources to provide health services to County residents until June 30, 2017. Services were subsequently provided by the new Fulton County Board of Health, a discretely presented component unit

**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.

**T-Splost Transportation Tax Administration fund** – accounts for sales tax revenues accumulated specifically for administration of the County-wide transportation tax.

# **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 residual resources used after construction 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 Sales Tax Projects funds (FID and COSF)** - accounts for dedicated sales tax proceeds for transportation projects with the unincorporated area of Fulton County known as Fulton Industrial District and contractually with the City of South Fulton.

**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, 2018

(in thousands of dollars)

	<b>Debt Service fund</b>	<b>Special Revenue Funds</b>				<b>General Government Services</b>
		<b>Special Service District</b>	<b>Grants in Aid</b>	<b>Emergency Communications</b>	<b>Stormwater Management</b>	
<b>Assets:</b>						
Cash and cash equivalents	\$ 30,304	1,046	6,275	2,394	17	817
Receivables (net of allowances):						
Taxes	1,108	—	—	—	—	—
Interest	—	—	—	—	—	152
Accounts	—	—	2,712	99	—	—
Due from other governments	—	—	—	—	—	—
Total assets	<u>\$ 31,412</u>	<u>1,046</u>	<u>8,987</u>	<u>2,493</u>	<u>17</u>	<u>969</u>
<b>Liabilities:</b>						
Accounts payable	\$ —	708	6,896	317	—	—
Due to others	—	—	—	277	—	—
Total liabilities	<u>—</u>	<u>708</u>	<u>6,896</u>	<u>594</u>	<u>—</u>	<u>—</u>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue	504	—	—	—	—	—
Total deferred inflows of resources	<u>504</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund balances (deficit):</b>						
Restricted	30,908	—	2,091	1,899	—	—
Committed	—	—	—	—	—	—
Assigned	—	338	—	—	17	969
Total fund balances (deficit)	<u>30,908</u>	<u>338</u>	<u>2,091</u>	<u>1,899</u>	<u>17</u>	<u>969</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,412</u>	<u>1,046</u>	<u>8,987</u>	<u>2,493</u>	<u>17</u>	<u>969</u>

(continued)

**FULTON COUNTY, GEORGIA**

Combining Balance Sheet  
Non-Major Governmental Funds

December 31, 2018

(in thousands of dollars)

	Special Revenue Funds						T-Splst Transportation Tax Admin
	Public Health services	Public Education Government Television	Law Enforcement and Justice services	Hotel/ Motel Taxes	Social and Cultural services	Other Special Revenue	
Assets:							
Cash and cash equivalents	\$ 428	698	14,689	—	5,976	2,455	700
Receivables (net of allowances):							
Taxes	—	—	—	—	—	—	51
Interest	—	—	—	—	—	—	—
Accounts	—	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	—	—
Total assets	\$ 428	698	14,689	—	5,976	2,455	751
Liabilities:							
Accounts payable	\$ 428	—	75	—	10	2	—
Due to others	—	—	1,552	—	3,165	—	—
Total liabilities	428	—	1,627	—	3,175	2	—
Deferred Inflows of Resources:							
Unavailable revenue	—	—	—	—	—	—	—
Total deferred inflows of revenues	—	—	—	—	—	—	—
Fund balances (deficit):							
Restricted	—	—	13,062	—	—	—	—
Committed	—	698	—	—	—	—	—
Assigned	—	—	—	—	2,801	2,453	751
Total fund balances (deficit)	—	698	13,062	—	2,801	2,453	751
Total liabilities, deferred inflows of resources and fund balances	\$ 428	698	14,689	—	5,976	2,455	751

**FULTON COUNTY, GEORGIA**

Combining Balance Sheet  
Non-Major Governmental Funds

December 31, 2018

<b>Capital Projects Funds</b>									<b>Total Non-major Governmental Funds</b>
<b>Library Capital</b>	<b>Fulton County Urban Rede- velopment Agency</b>	<b>Capital Improve- ments</b>	<b>Fulton County Building Authority</b>	<b>Other capital projects</b>	<b>Special Service District projects</b>	<b>Transport- ation Sales Tax projects-FID</b>	<b>Transport- ation Sales Tax projects-COSF</b>	<b>Transport- ation Improve- ments</b>	
10,800	39,825	54,601	423	3,113	2,558	3,204	13,418	10,770	204,511
—	—	—	—	—	—	—	1,658	—	2,817
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	152
—	—	—	—	—	—	—	—	—	2,811
<u>10,800</u>	<u>39,825</u>	<u>54,601</u>	<u>423</u>	<u>3,113</u>	<u>2,558</u>	<u>3,204</u>	<u>15,076</u>	<u>10,770</u>	<u>210,291</u>
—	787	597	—	—	75	—	2,632	403	12,930
—	—	—	—	—	—	—	—	—	4,994
—	<u>787</u>	<u>597</u>	<u>—</u>	<u>—</u>	<u>75</u>	<u>—</u>	<u>2,632</u>	<u>403</u>	<u>17,924</u>
—	—	—	—	—	—	—	—	—	504
—	—	—	—	—	—	—	—	—	504
10,800	39,038	—	423	—	—	—	—	—	98,221
—	—	—	—	—	—	—	—	—	698
—	—	54,004	—	3,113	2,483	3,204	12,444	10,367	92,944
10,800	39,038	54,004	423	3,113	2,483	3,204	12,444	10,367	191,863
<u>10,800</u>	<u>39,825</u>	<u>54,601</u>	<u>423</u>	<u>3,113</u>	<u>2,558</u>	<u>3,204</u>	<u>15,076</u>	<u>10,770</u>	<u>210,291</u>

**FULTON COUNTY, GEORGIA**

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

For the year ended December 31, 2018

(in thousands of dollars)

	<b>Special Revenue Funds</b>					<b>General Government Services</b>
	<b>Debt Service fund</b>	<b>Special Service District</b>	<b>Grants in Aid</b>	<b>Emergencv Telephone</b>	<b>Stormwater Management</b>	
<b>Revenues:</b>						
Taxes	\$ 16,854	—	—	—	—	—
Intergovernmental	2,838	—	41,533	—	—	—
Charges for services	—	—	428	5,333	—	—
Courts and law enforcement	—	—	—	—	—	—
Use of money and property	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	531
Total revenues	<u>19,692</u>	<u>—</u>	<u>41,961</u>	<u>5,333</u>	<u>—</u>	<u>531</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Administration	—	—	197	—	—	93
Public safety	—	2,798	3,529	6,077	—	—
Infrastructure and facilities	—	—	2,522	—	—	—
Social services	—	—	8,833	—	—	—
Health services	—	—	30,418	—	—	—
Other nonagency	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	—
<b>Debt service:</b>						
Principal retirement	34,224	—	—	—	—	—
Interest	14,724	—	—	—	—	—
Total expenditures	<u>48,948</u>	<u>2,798</u>	<u>45,499</u>	<u>6,077</u>	<u>—</u>	<u>93</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,256)</u>	<u>(2,798)</u>	<u>(3,538)</u>	<u>(744)</u>	<u>—</u>	<u>438</u>
<b>Other financing sources (uses):</b>						
Issuance of capital lease refunding obligations	—	—	—	—	—	—
Transfer in from enterprise fund	118	—	349	469	—	—
Transfers in	32,637	—	651	415	—	—
Transfers out	—	—	—	(120)	—	—
Total other financing sources (uses)	<u>32,755</u>	<u>—</u>	<u>1,000</u>	<u>764</u>	<u>—</u>	<u>—</u>
Net change in fund balances	3,499	(2,798)	(2,538)	20	—	438
Fund balance at beginning of year	<u>27,409</u>	<u>3,136</u>	<u>4,629</u>	<u>1,879</u>	<u>17</u>	<u>531</u>
Fund balance (deficit) at end of year	\$ <u>30,908</u>	<u>338</u>	<u>2,091</u>	<u>1,899</u>	<u>17</u>	<u>969</u>

**FULTON COUNTY, GEORGIA**

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

For the year ended December 31, 2018

(in thousands of dollars)

<b>Special Revenue Funds</b>							
	<b>Public and Mental Health services</b>	<b>Public Education Government Television</b>	<b>Law Enforcement and Justice services</b>	<b>Hotel/ Motel Taxes</b>	<b>Social and Cultural services</b>	<b>Other Special Revenue</b>	<b>T-Splot Transportation Tax Admin</b>
\$	—	—	—	215	—	—	614
	—	—	74	—	—	262	—
	8	—	—	—	—	—	—
	—	—	8,886	—	—	—	—
	—	—	—	—	22	—	7
	2	326	—	—	1	—	—
	<u>10</u>	<u>326</u>	<u>8,960</u>	<u>215</u>	<u>23</u>	<u>262</u>	<u>621</u>
	—	—	—	—	—	704	160
	—	—	6,292	—	—	—	—
	—	169	—	—	—	—	—
	—	—	—	—	14	—	—
	3,286	—	—	—	—	—	—
	—	—	—	215	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	<u>3,286</u>	<u>169</u>	<u>6,292</u>	<u>215</u>	<u>14</u>	<u>704</u>	<u>160</u>
	<u>(3,276)</u>	<u>157</u>	<u>2,668</u>	<u>—</u>	<u>9</u>	<u>(442)</u>	<u>461</u>
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	(3,276)	157	2,668	—	9	(442)	461
	<u>3,276</u>	<u>541</u>	<u>10,394</u>	<u>—</u>	<u>2,792</u>	<u>2,895</u>	<u>290</u>
\$	<u>—</u>	<u>698</u>	<u>13,062</u>	<u>—</u>	<u>2,801</u>	<u>2,453</u>	<u>751</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, 2018

(in thousands of dollars)

	Capital Projects Funds								Total Nonmajor Governmental Funds	
	Library Capital	Fulton County Urban Rede- velopment Agency	Capital Improve- ments	Fulton County Building Authority	Other Capital Projects	Special Service District Projects	Transport- ation Sales Tax projects-FID	Transport- ation Sales Tax projects-COSF		Transport- ation Improve- ments
Revenues:										
Taxes	—	—	—	—	—	—	4,199	12,553	—	34,435
Intergovernmental	1,350	—	—	—	—	—	—	—	4,292	50,349
Charges for services	—	—	—	—	—	—	—	—	—	5,769
Courts and law enforcement	—	—	—	—	—	—	—	—	—	8,886
Use of money and property	—	708	3,108	—	—	—	5	206	243	4,299
Miscellaneous	—	—	—	—	3,438	—	—	—	—	4,298
Total revenues	<u>1,350</u>	<u>708</u>	<u>3,108</u>	<u>—</u>	<u>3,438</u>	<u>—</u>	<u>4,204</u>	<u>12,759</u>	<u>4,535</u>	<u>108,036</u>
Expenditures:										
Current:										
Administration	—	—	—	—	—	—	—	—	—	1,154
Public safety	—	—	—	—	—	—	—	—	—	18,696
Infrastructure and facilities	—	—	—	—	—	—	—	—	—	2,691
Social services	—	—	—	—	—	—	—	—	—	8,847
Health services	—	—	—	—	—	—	—	—	—	33,704
Other nonagency	—	—	—	—	—	—	—	—	—	215
Capital outlay	—	5,833	16,324	—	16,511	392	1,000	8,761	4,746	53,567
Debt service:										
Principal retirement	—	—	—	—	—	—	—	—	—	34,224
Interest	—	—	—	—	—	—	—	—	—	14,724
Total expenditures	<u>—</u>	<u>5,833</u>	<u>16,324</u>	<u>—</u>	<u>16,511</u>	<u>392</u>	<u>1,000</u>	<u>8,761</u>	<u>4,746</u>	<u>167,822</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,350</u>	<u>(5,125)</u>	<u>(13,216)</u>	<u>—</u>	<u>(13,073)</u>	<u>(392)</u>	<u>3,204</u>	<u>3,998</u>	<u>(211)</u>	<u>(59,786)</u>
Other financing sources (uses):										
Issuance of capital lease refunding obligations	—	—	—	—	12,825	—	—	—	—	12,825
Transfer in from enterprise fund	—	—	—	—	—	—	—	—	—	936
Transfers in	—	—	13,590	—	1,188	—	—	—	—	48,481
Transfers out	—	(24)	(41)	—	—	—	—	—	—	(185)
Total other financing sources (uses)	<u>—</u>	<u>(24)</u>	<u>13,549</u>	<u>—</u>	<u>14,013</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>62,057</u>
Net change in fund balances	1,350	(5,149)	333	—	940	(392)	3,204	3,998	(211)	2,271
Fund balance at beginning of year	9,450	44,187	53,671	423	2,173	2,875	—	8,446	10,578	189,592
Fund balance at end of year	<u>10,800</u>	<u>39,038</u>	<u>54,004</u>	<u>423</u>	<u>3,113</u>	<u>2,483</u>	<u>3,204</u>	<u>12,444</u>	<u>10,367</u>	<u>191,863</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, 2018

(In thousands of dollars)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Debt Service funds:</b>				
<b>Revenues</b>				
Taxes	\$ 20,807	20,807	20,284	(523)
Other revenues per Budget law	—	—	2,838	2,838
Transfers	33,854	33,854	32,755	(1,099)
Appropriated Fund Balance	(5,364)	(5,364)	(6,929)	(1,565)
Total revenues	\$ 49,297	49,297	48,948	(349)
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenues			(3,430)	
Appropriated Fund Balance			6,929	
Total adjustment to GAAP basis			3,499	
Total revenues and other sources, GAAP basis			52,447	
<b>Expenditures</b>				
Principal	\$ 34,488	34,488	34,224	264
Interest	14,809	14,809	14,724	85
Total expenditures	\$ 49,297	49,297	48,948	349
Total expenditures and other uses, GAAP basis			48,948	
 <b>Special Service District fund:</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Revenues:				
Revenues per Budget Law	\$ —	—	—	—
Appropriated Fund Balance	3,243	3,243	2,798	(445)
	\$ 3,243	3,243	2,798	(445)
Reconciliation to GAAP basis:				
Appropriated fund balance			(2,798)	
Total revenues and other sources, GAAP basis			\$ —	
Expenditures and other uses:				
Non agency	\$ 2,853	2,853	2,798	55
	\$ 2,853	2,853	2,798	55
Total expenditures and other uses, GAAP basis			\$ 2,798	

**FULTON COUNTY, GEORGIA**

Special Revenue funds

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

For the year ended December 31, 2018

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Grants in Aid</b>				
<b>Revenues</b>				
Intergovernmental revenue	54,500	54,500	45,364	(9,136)
Other general revenues	\$ 3,271	3,271	428	(2,843)
Transfers	1,000	1,000	1,000	0
Appropriated Fund Balance	—	—	(3,921)	(3,921)
Total revenues	\$ <u>58,771</u>	<u>58,771</u>	42,871	<u>(15,900)</u>
Reconciliation to GAAP basis:				
To record effect of receivables			(3,831)	
Appropriated Fund Balance			<u>3,921</u>	
Total revenues and other sources, GAAP basis			<u>42,961</u>	
<b>Expenditures</b>				
Administration	197	197	197	—
Public Safety	4,394	4,394	3,529	865
Infrastructure and Facilities	3,246	3,246	274	2,972
Social services	19,521	19,521	8,833	10,688
Health services	31,413	31,413	30,038	1,375
Total expenditures	\$ <u>58,771</u>	<u>58,771</u>	42,871	<u>15,900</u>
Reconciliation to GAAP basis - to record net effect				
of unrecorded liabilities			<u>2,628</u>	
Total expenditures and other uses, GAAP basis			<u>45,499</u>	
<b>Emergency Communications - 911</b>				
<b>Revenues</b>				
Charges for Services	\$ 5,294	5,294	5,333	39
Transfers	168	168	415	247
Appropriated fund balance	1,082	1,082	331	(751)
Total revenues	<u>6,544</u>	<u>6,544</u>	6,079	<u>(465)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			(331)	
Total revenues and other sources, GAAP basis			<u>5,748</u>	
<b>Expenditures</b>				
Total expenditures	\$ <u>6,544</u>	<u>6,544</u>	6,079	<u>465</u>
Reconciliation to GAAP basis - to record net effect				
of unrecorded liabilities			(2)	
Total expenditures and other uses, GAAP basis			<u>6,077</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, 2018

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Stormwater Management:</b>				
<b>Revenues</b>				
Appropriated fund balance	\$ 29	29	—	29
Total revenues	<u>29</u>	<u>29</u>	—	<u>29</u>
Total revenues and other sources, GAAP basis			<u>—</u>	
<b>Expenditures</b>				
Total expenditures	\$ <u>29</u>	<u>29</u>	—	<u>29</u>
Total expenditures and other uses, GAAP basis			<u>—</u>	

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>General Government services:</b>				
<b>Revenues</b>				
Miscellaneous	\$ —	—	531	531
Appropriated Fund Balance	236	236	(438)	(674)
Total revenues	<u>\$ 236</u>	<u>236</u>	93	<u>(143)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			438	
Total revenues and other sources, GAAP basis			<u>531</u>	
<b>Expenditures</b>				
Total administrative expenditures	\$ <u>236</u>	<u>236</u>	93	<u>143</u>
Total expenditures and other uses, GAAP basis			<u>93</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, 2018

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Public Health Services</b>				
<b>Revenues</b>				
Intergovernmental revenue-State	\$ 12,000	12,000	—	(12,000)
Other general revenues	3,811	3,811	10	(3,801)
Appropriated Fund Balance	<u>6,500</u>	<u>6,500</u>	3,274	<u>(3,226)</u>
Total revenues	\$ <u>22,311</u>	<u>22,311</u>	3,284	<u>(19,027)</u>
Reconciliation to GAAP basis:				
To record effect of receivables			—	
Appropriated Fund Balance			<u>(3,274)</u>	
Total revenues and other sources, GAAP basis			<u>10</u>	
<b>Expenditures</b>				
Total expenditures	\$ <u>22,311</u>	<u>22,311</u>	3,284	<u>19,027</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>2</u>	
			<u>3,286</u>	
 <b>Public Education Government Television</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>				
Miscellaneous	\$ —	—	326	326
Appropriated Fund Balance	<u>571</u>	<u>571</u>	(157)	(728)
Total revenues	\$ <u>571</u>	<u>571</u>	169	<u>(402)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			157	
Total revenues and other sources, GAAP basis			<u>326</u>	
<b>Expenditures</b>				
Total expenditures	\$ <u>571</u>	<u>571</u>	169	<u>402</u>
Total expenditures and other uses, GAAP basis			<u>169</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, 2018

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Positive (Negative)</b>
<b>Law Enforcement and Justice services:</b>				
<b>Revenues</b>				
Anticipated revenues	\$ 4,500	4,500	8,960	4,460
Appropriated Fund Balance	<u>5,308</u>	<u>5,308</u>	<u>(2,741)</u>	<u>(8,049)</u>
Total revenues	<u>\$ 9,808</u>	<u>9,808</u>	6,219	<u>(3,589)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>2,741</u>	
Total revenues and other sources, GAAP basis			<u>8,960</u>	
<b>Expenditures</b>				
Total expenditures and transfer out	\$ <u>9,808</u>	<u>9,808</u>	6,219	<u>3,589</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			<u>73</u>	
Total expenditures and other uses, GAAP basis			<u>6,292</u>	
<b>Hotel Motel:</b>				
<b>Revenues</b>				
Anticipated revenues	\$ 350	350	215	(135)
Total revenues	<u>\$ 350</u>	<u>350</u>	215	<u>(135)</u>
Reconciliation to GAAP basis:				
Total revenues and other sources, GAAP basis			<u>215</u>	
<b>Expenditures</b>				
Total Non-agency expenditures	\$ <u>350</u>	<u>350</u>	215	<u>135</u>
Total expenditures and other uses, GAAP basis			<u>215</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, 2018

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Social and Cultural services:</b>				
<b>Revenues</b>				
Anticipated revenues and transfers in	\$ —	—	23	23
Appropriated Fund Balance	<u>472</u>	<u>472</u>	<u>(10)</u>	<u>(482)</u>
Total revenues	<u>\$ 472</u>	<u>472</u>	14	<u>(458)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>10</u>	
Total revenues and other sources, GAAP basis			<u>23</u>	
<b>Expenditures</b>				
Total expenditures	<u>\$ 472</u>	<u>472</u>	14	<u>458</u>
Total expenditures and other uses, GAAP basis			<u>14</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Other Special revenue funds:</b>				
<b>Revenues</b>				
Anticipated revenues	\$ 3,582	3,582	257	(3,325)
Appropriated Fund Balance	<u>—</u>	<u>—</u>	<u>446</u>	<u>446</u>
Total revenues	<u>\$ 3,582</u>	<u>3,582</u>	703	<u>(2,879)</u>
Reconciliation to GAAP basis:				
Change in receivable			5	
Appropriated Fund Balance			<u>(446)</u>	
Total revenues and other sources, GAAP basis			<u>262</u>	
<b>Expenditures</b>				
Total expenditures	<u>\$ 3,582</u>	<u>3,582</u>	703	<u>2,879</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>1</u>	
			<u>704</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>T-Splot Transportation Tax-Admin</b>				
<b>Revenues</b>				
Anticipated revenues	\$ 362	362	618	256
Appropriated Fund Balance	<u>—</u>	<u>—</u>	<u>(458)</u>	<u>(458)</u>
Total revenues	<u>\$ 362</u>	<u>362</u>	160	<u>(202)</u>
Reconciliation to GAAP basis:				
Change in sales tax and interest receivable			3	
Appropriated Fund Balance			<u>458</u>	
Total revenues and other sources, GAAP basis			<u>621</u>	
<b>Expenditures</b>				
Total expenditures	<u>\$ 362</u>	<u>362</u>	160	<u>202</u>
Total expenditures and other uses, GAAP basis			<u>160</u>	

# **DESCRIPTION OF NON-MAJOR ENTERPRISE FUNDS**

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

**Wolf Creek Amphitheater fund – used to account for the operations of a world-class event venue located in the southern part of Fulton County.**

**City of South Fulton Contractual services fund – used to account for the provision of transitional operational services beginning May 1, 2017 to the newly created City of South Fulton based on an intergovernmental agreement.**

**Fulton County Board of Health Contractual services fund – used to account for the provision of operational services beginning July 1, 2017 to the newly created Fulton County Board of Health, a separate legal entity, based on an intergovernmental agreement.**

**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, 2018

(In thousands of dollars)

Assets	Business Type Activities- Enterprise Funds				Total Non-major Enterprise Funds
	Wolf Creek Amphitheatre fund	City of South Fulton Contractual services fund	Fulton County Board of Health Contractual services fund	Airport Fund	
Current assets:					
Cash and cash equivalents	\$ 1,209	701	—	3,046	4,956
Due from other governments, net	—	—	2,930	—	2,930
Total current assets	<u>1,209</u>	<u>701</u>	<u>2,930</u>	<u>3,046</u>	<u>7,886</u>
Noncurrent assets:					
Nondepreciable capital assets	—	—	—	27,909	27,909
Depreciable capital assets (net of accumulated depreciation)	6,106	—	—	45	6,151
Total noncurrent assets	<u>6,106</u>	<u>—</u>	<u>—</u>	<u>27,954</u>	<u>34,060</u>
Total assets	<u>7,315</u>	<u>701</u>	<u>2,930</u>	<u>31,000</u>	<u>41,946</u>
Liabilities:					
Current liabilities (payable from current assets):					
Accounts payable & accrued expenses	\$ 1	701	1,120	52	1,874
Due to other funds	—	—	1,810	—	1,810
Total current liabilities	<u>1</u>	<u>701</u>	<u>2,930</u>	<u>52</u>	<u>3,684</u>
Total liabilities	<u>1</u>	<u>701</u>	<u>2,930</u>	<u>52</u>	<u>3,684</u>
Net Position:					
Net investment in capital assets	6,106	—	—	27,954	34,060
Unrestricted	1,208	—	—	2,994	4,202
Total net position	<u>\$ 7,314</u>	<u>—</u>	<u>—</u>	<u>30,948</u>	<u>38,262</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, 2018

(In thousands of dollars)

	<b>Business Type Activities- Enterprise Funds</b>				<b>Total Non-major Enterprise Funds</b>
	<b>Wolf Creek Amphitheatre fund</b>	<b>City of South Fulton Contractual services fund</b>	<b>Fulton County Board of Health Contractual services fund</b>	<b>Airport Fund</b>	
Operating revenues:					
Charges for services	\$ —	17,587	22,853	2,819	43,259
Sales tax collected	—	—	—	423	423
Total operating revenues	—	17,587	22,853	3,242	43,682
Operating expenses:					
Administrative and general	—	—	—	330	330
Depreciation and amortization	221	—	—	20	241
Personal services	—	—	—	629	629
Contractual services	—	17,000	22,853	1,001	40,854
Operating services	34	—	—	—	34
Total operating expenses	255	17,000	22,853	1,980	42,088
Operating income (loss)	(255)	587	—	1,262	1,594
Income (loss) before transfers	(255)	587	—	1,262	1,594
Transfer in (out)	—	(587)	—	(349)	(936)
Change in net position	(255)	—	—	913	658
Net position at beginning of year	7,569	—	—	30,035	37,604
Net position at end of year	\$ 7,314	—	—	30,948	38,262

**FULTON COUNTY, GEORGIA**

Combining Statement of Cash Flows  
Non-major Enterprise Fund

For the year ended December 31, 2018

(In thousands of dollars)

	<b>Business Type Activities- Enterprise Funds</b>				<b>Total Non-major Enterprise Funds</b>
	<b>Wolf Creek Amphitheatre fund</b>	<b>City of South Fulton Contractual services fund</b>	<b>Fulton County Board of Health Contractual services fund</b>	<b>Airport Fund</b>	
Cash flows from operating activities:					
Receipts from customers and users and taxes	\$ 125	21,527	21,394	3,242	46,288
Payments to suppliers	(54)	(20,239)	(21,394)	(1,327)	(43,014)
Payments to employees	—	—	—	(734)	(734)
Net cash provided by (used in ) operating activities	<u>71</u>	<u>1,288</u>	<u>—</u>	<u>1,180</u>	<u>2,539</u>
Cash flows from non-capital financing activities:					
Transfer in (out)	—	(587)	—	(349)	(936)
Net cash provided by non-capital financing activities	<u>—</u>	<u>(587)</u>	<u>—</u>	<u>(349)</u>	<u>(936)</u>
(Decrease) increase in cash and cash equivalents	71	701	—	831	1,603
Cash and cash equivalents at beginning of year	<u>1,138</u>	<u>—</u>	<u>—</u>	<u>2,215</u>	<u>3,353</u>
Cash and cash equivalents at end of year	<u>\$ 1,209</u>	<u>701</u>	<u>—</u>	<u>3,046</u>	<u>4,956</u>
Reconciliation of operating income (loss) to net cash provided by (used in ) operating activities:					
Operating income (loss)	\$ (255)	587	—	1,262	1,594
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:					
Depreciation and amortization	221			20	241
Changes in assets and liabilities:					
Changes in customer receivables - net	125			—	125
Change in due from other governments - net	—	3,940	(1,459)	—	2,481
Accounts and claims payable	(20)	434	1,118	(102)	1,430
Due to other funds	—	(3,673)	341	—	(3,332)
Net cash provided by (used in) operating activities	<u>\$ 71</u>	<u>1,288</u>	<u>—</u>	<u>1,180</u>	<u>2,539</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, 2018

(in thousands of dollars)

<b>Assets</b>	<b>Facilities Services fund</b>	<b>Insurance Stabilization fund</b>	<b>Risk Management fund</b>	<b>Owner Controlled Insurance fund</b>	<b>Total Internal Service Funds</b>
Current assets:					
Cash and cash equivalents	\$ —	14,321	30,836	429	45,586
Other current assets	<u>527</u>	<u>5,026</u>	<u>43</u>	<u>—</u>	<u>5,596</u>
Total assets	<u>527</u>	<u>19,347</u>	<u>30,879</u>	<u>429</u>	<u>51,182</u>
 <b>Liabilities and Net Position</b>					
Current liabilities:					
Accounts payable	—	2,681	721	—	3,402
Claims payable	<u>—</u>	<u>6,647</u>	<u>2,000</u>	<u>—</u>	<u>8,647</u>
Total liabilities	<u>—</u>	<u>9,328</u>	<u>2,721</u>	<u>—</u>	<u>12,049</u>
Net position:					
Unrestricted	<u>527</u>	<u>10,019</u>	<u>28,158</u>	<u>429</u>	<u>39,133</u>
Total net position	<u>\$ 527</u>	<u>10,019</u>	<u>28,158</u>	<u>429</u>	<u>39,133</u>

**FULTON COUNTY, GEORGIA**

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

Internal Service Funds

For the year ended December 31, 2018

(in thousands of dollars)

	<b>Facilities Services fund</b>	<b>Insurance Stabilization fund</b>	<b>Risk Management fund</b>	<b>Owner Controlled Insurance fund</b>	<b>Total Internal Service Funds</b>
Operating revenues - charges for services	\$ 5,546	106,223	20,837	—	132,606
Operating expenses:					
Contractual services	—	105,277	—	—	105,277
Administrative and general	5,019	—	14,633	—	19,652
Total operating expenses	5,019	105,277	14,633	—	124,929
Operating income (loss)	527	946	6,204	—	7,677
Net position at beginning of year	—	9,073	21,954	429	31,456
Net position at end of year	\$ 527	10,019	28,158	429	39,133

**FULTON COUNTY, GEORGIA**

Combining Statement of Cash Flows  
Internal Service Funds

For the year ended December 31, 2018

(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	\$ 5,744	109,180	30,852	—	145,776
Payments to suppliers	(5,744)	(103,578)	(15,010)	(50)	(124,382)
Net cash provided by (used in) operating activities	<u>—</u>	<u>5,602</u>	<u>15,842</u>	<u>(50)</u>	<u>21,394</u>
Increase (decrease) in cash and cash equivalents	—	5,602	15,842	(50)	21,394
Cash and cash equivalents at beginning of year	<u>—</u>	<u>8,719</u>	<u>14,994</u>	<u>479</u>	<u>24,192</u>
Cash and cash equivalents at end of year	<u>\$ —</u>	<u>14,321</u>	<u>30,836</u>	<u>429</u>	<u>45,586</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 527	946	6,204	—	7,677
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Other current assets	198	2,957	—	—	3,155
Due from other funds			10,015		10,015
Accounts and claims payable	(725)	1,699	(377)	(50)	547
Net cash provided by (used in) operating activities	<u>\$ —</u>	<u>5,602</u>	<u>15,842</u>	<u>(50)</u>	<u>21,394</u>

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# **DESCRIPTION OF FIDUCIARY FUNDS**

**Trust Funds account for activities by the County acts as trustee, custodian, or agent for other governmental entities, individuals or non-profit organizations and consist of the following:**

**Pension Trust fund – used to account for the County’s single employer defined benefit pension plan, which was closed in 1999 to new participants. Resources are accumulated for benefits of eligible employees**

**OPEB Trust fund – used to account for assets designated for future post-employment benefit payments for eligible employees and dependents.**

**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 Net Position Pension and OPEB Trust Funds

December 31, 2018

(In thousands of dollars)

Assets:	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
Cash and cash equivalents	\$ 13,692	5	13,697
Due from Brokers for Securities Sold	124	—	124
Investments, at fair value:			
US Treasury Obligations	30,844	543	31,387
US Agency Obligations	39,047	—	39,047
Municipal bonds	4,629	—	4,629
International Comingled funds	58,131	—	58,131
Corporate debt	51,948	—	51,948
Corporate asset & mortgage backed securities	15,406	—	15,406
Bank loans	70,893	—	70,893
Global fixed income mutual funds	63,369	—	63,369
Emerging markets equity mutual funds	66,263	—	66,263
Domestic equities	332,987	—	332,987
Domestic equity index funds-Comingled trust	202,042	4,388	206,430
Domestic equity funds	24,976	—	24,976
Domestic fixed income mutual funds	30,073	—	30,073
Foreign Government/Agency debt	198	—	198
International equities	18,135	—	18,135
Real estate investment contracts	9,418	—	9,418
International equity mutual funds	180,306	—	180,306
Interest and dividends receivable	1,243	—	1,243
Accounts receivable	100	—	100
Prepaid pension benefits	11,971	—	11,971
	<b>1,225,795</b>	<b>4,936</b>	<b>1,230,731</b>
<b>Liabilities:</b>			
Due to Brokers for Securities Purchased	1,667	—	1,667
Due to others	7	—	7
	<b>1,674</b>	<b>—</b>	<b>1,674</b>
<b>Net Position restricted for pension benefits and OPEB</b>	<b>\$ 1,224,121</b>	<b>4,936</b>	<b>1,229,057</b>

**FULTON COUNTY, GEORGIA**

Combining Statement of Changes in Fiduciary Net Position  
Pension and OPEB Trust funds

For the year ended December 31, 2018

(In thousands of dollars)

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
Additions:			
Investment income:			
Net appreciation in fair value of investments	\$ (94,866)	(226)	(95,092)
Interest and dividends	18,352	—	18,352
Less: investment expenses	<u>(4,092)</u>	<u>—</u>	<u>(4,092)</u>
Net investment gain	(80,606)	(226)	(80,832)
Employee contributions	1,110	—	1,110
Employer contributions	59,343	—	59,343
Contributions from other participating governments	4	—	4
Other income	<u>76</u>	<u>—</u>	<u>76</u>
Total additions	<u>(20,073)</u>	<u>(226)</u>	<u>(20,299)</u>
Deductions:			
Benefit payments	138,169	—	138,169
Transfer of plan assets to 401(A) plan or other plans	247	—	247
Refunds of contributions	98	—	98
Administrative fees and other expenses	<u>776</u>	<u>—</u>	<u>776</u>
Total deductions	<u>139,290</u>	<u>—</u>	<u>139,290</u>
Change in net position	(159,363)	(226)	(159,589)
Net position restricted for pension and OPEB:			
Beginning of year	<u>1,383,484</u>	<u>5,162</u>	<u>1,388,646</u>
End of year	\$ <u><u>1,224,121</u></u>	\$ <u><u>4,936</u></u>	<u><u>1,229,057</u></u>

**FULTON COUNTY, GEORGIA**

Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
Agency Funds

December 31, 2018

(In thousands of dollars)

<b>Assets</b>	<b>Tax Commissioner</b>	<b>Superior Court</b>	<b>State Court</b>	<b>Juvenile Court</b>	<b>Probate Court</b>	<b>Sheriff and Criminal Court</b>	<b>District Attorney</b>	<b>Total Agency Funds</b>
Cash and cash equivalents	\$ 43,960	22,803	5,655	94	649	53,655	297	127,113
Taxes receivable	120,710	—	—	—	—	—	—	120,710
<b>Total assets</b>	<b>\$ 164,670</b>	<b>22,803</b>	<b>5,655</b>	<b>94</b>	<b>649</b>	<b>53,655</b>	<b>297</b>	<b>247,823</b>
<b>Liabilities</b>								
Due to other taxing districts	\$ 164,670	—	—	—	—	—	—	164,670
Due to others	—	22,803	5,655	94	649	53,655	297	83,153
<b>Total liabilities</b>	<b>\$ 164,670</b>	<b>22,803</b>	<b>5,655</b>	<b>94</b>	<b>649</b>	<b>53,655</b>	<b>297</b>	<b>247,823</b>

**FULTON COUNTY, GEORGIA**

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2018

(In thousands of dollars)

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2018</u>
<b>Tax Commissioner:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 174,567	3,537,271	3,667,878	43,960
Taxes receivable	450,417	1,646,789	1,976,496	120,710
	<u>\$ 624,984</u>	<u>5,184,060</u>	<u>5,644,374</u>	<u>164,670</u>
<b>Liabilities</b>				
Due to other taxing districts	\$ <u>624,984</u>	<u>5,184,060</u>	<u>5,644,374</u>	<u>164,670</u>
 <b>Superior Court:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ <u>18,419</u>	<u>145,253</u>	<u>140,869</u>	<u>22,803</u>
<b>Liabilities</b>				
Due to others	\$ <u>18,419</u>	<u>145,253</u>	<u>140,869</u>	<u>22,803</u>
 <b>State Court:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ <u>6,175</u>	<u>12,767</u>	<u>13,287</u>	<u>5,655</u>
<b>Liabilities</b>				
Due to others	\$ <u>6,175</u>	<u>12,767</u>	<u>13,287</u>	<u>5,655</u>

(Continued)

**FULTON COUNTY, GEORGIA**

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2018

(In thousands of dollars)

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2018</u>
<b>Juvenile Court:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 86	64	56	94
<b>Liabilities</b>				
Due to others	\$ 86	64	56	94
<b>Probate Court:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 693	1,412	1,456	649
<b>Liabilities</b>				
Due to others	\$ 693	1,412	1,456	649
<b>Sheriff and Criminal Court:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 57,971	42,568	46,884	53,655
<b>Liabilities</b>				
Due to others	\$ 57,971	42,568	46,884	53,655
<b>District Attorney:</b>				
<b>Assets</b>				
Cash and cash equivalents*	\$ 225	425	353	297
<b>Liabilities</b>				
Due to others*	\$ 225	425	353	297

\*restated for opening balance reclassification

(Continued)

**FULTON COUNTY, GEORGIA**

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2018

(In thousands of dollars)

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2018</u>
<b>Total - All Agency Funds:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 258,136	3,739,760	3,870,783	127,113
Taxes receivable	450,417	1,646,789	1,976,496	120,710
	<u>\$ 708,553</u>	<u>5,386,549</u>	<u>5,847,279</u>	<u>247,823</u>
<b>Liabilities</b>				
Due to other taxing districts	\$ 624,984	5,184,060	5,644,374	164,670
Due to others	83,569	202,489	202,905	83,153
	<u>\$ 708,553</u>	<u>5,386,549</u>	<u>5,847,279</u>	<u>247,823</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**

**Schedule of Projects funded with Special Transportation Tax  
Proceeds**

# FULTON COUNTY, GEORGIA

## Other Schedules Summary of Debt Service Requirements to Maturity

December 31, 2018

(In thousands of dollars)

Calendar year	Annual principal and interest requirements		
	General obligation bonds	Fulton County water and sewerage revenue bonds	Totals
2019	\$ 15,478	36,777	52,255
2020	15,506	36,779	52,285
2021	15,529	36,775	52,304
2022	15,550	36,780	52,330
2023	15,562	36,771	52,333
2024	15,571	35,260	50,831
2025	15,576	35,257	50,833
2026	15,570	35,256	50,826
2027	15,546	35,255	50,801
2028	15,533	35,260	50,793
2029	15,522	35,260	50,782
2030	15,524	35,261	50,785
2031	15,515	35,264	50,779
2032	15,516	35,257	50,773
2033	15,547	35,260	50,807
2034	15,579	35,261	50,840
2035	15,614	—	15,614
2036	15,654	—	15,654
2037	15,693	—	15,693
2038	15,734	—	15,734
2039	15,774	—	15,774
2040	13,151	—	13,151
2041	13,252	—	13,252
2042	13,351	—	13,351
2043	13,461	—	13,461
2044	13,577	—	13,577
	<u>\$ 393,885</u>	<u>571,733</u>	<u>965,618</u>

**FULTON COUNTY, GEORGIA**

Other Schedules  
Debt Service Requirements to Maturity  
General Obligation Bonds  
(2010 & 2017 Library bonds)

December 31, 2018

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 5,135	10,343	15,478
2020	5,355	10,151	15,506
2021	5,585	9,944	15,529
2022	5,835	9,715	15,550
2023	6,095	9,467	15,562
2024	6,370	9,201	15,571
2025	6,660	8,916	15,576
2026	6,975	8,595	15,570
2027	7,305	8,241	15,546
2028	7,655	7,878	15,533
2029	8,015	7,507	15,522
2030	8,415	7,109	15,524
2031	8,840	6,675	15,515
2032	9,280	6,236	15,516
2033	9,745	5,802	15,547
2034	10,230	5,349	15,579
2035	10,740	4,874	15,614
2036	11,280	4,374	15,654
2037	11,845	3,848	15,693
2038	12,435	3,299	15,734
2039	13,055	2,719	15,774
2040	10,950	2,201	13,151
2041	11,500	1,752	13,252
2042	12,070	1,281	13,351
2043	12,675	786	13,461
2044	13,310	267	13,577
	<u>\$ 237,355</u>	<u>156,530</u>	<u>393,885</u>
Unamortized premium at December 31, 2018	<u>7,872</u>	<u>(7,872)</u>	<u>—</u>
	<u>\$ 245,227</u>	<u>148,658</u>	<u>393,885</u>

**FULTON COUNTY, GEORGIA**

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

December 31, 2018

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	7,026	35,261
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>396,575</u>	<u>175,158</u>	<u>571,733</u>
Unamortized premium at December 31, 2018	<u>33,822</u>	<u>(33,822)</u>	<u>—</u>
	<u>\$ 430,397</u>	<u>141,336</u>	<u>571,733</u>

**FULTON COUNTY, GEORGIA**  
 Other Schedules  
 Hotel/Motel Tax Collections and Expenditures  
 Year ended December 31, 2018

Collection Rate	Collection Period from January 1st to December 31st					Expended or Obligated as a Percentage of Collected
	Hotel/Motel Tax <u>Collected</u>	Expenditures and Obligations			Hotel/Motel Tax Expended or Obligated	
		Hotel/Motel Tax <u>Expended</u>	Hotel/Motel Tax <u>Obligated</u>	Hotel/Motel Tax Expended or Obligated		
7%	\$215,313	215,313	—	215,313	100.00%	

**FULTON COUNTY, GEORGIA**  
 Transportation Tax funds  
 Schedule of Projects funded with Special Transportation Tax Proceeds  
 Year ended December 31, 2018

	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
T-Splost Administration:	\$ 361,839	875,247	69,038	160,112	229,150	26.18%
T-Splost - City of South Fulton:						
Transportation projects	\$ 42,910,158	42,910,158	3,404,070	8,760,557	12,164,627	28.35%
T-Splost -Fulton Industrial District:						
Transportation Projects	\$ 1,482,727	4,199,045	-	999,969	999,969	23.81%

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# **STATISTICAL SECTION**

**(Unaudited)**

## Statistical Section

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

### Contents

Pages

#### **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.

117-120

#### **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.

121-126

#### **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.

127-131

#### **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.

132-133

#### **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

134-136

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									
	2018	2017	2016	2015	2014	2013	2012	2011*	2010	2009
Governmental activities										
Net investment in capital assets	\$ 346,781	343,622	636,099	642,456	631,780	629,943	634,016	631,476	633,358	645,956
Restricted	115,665	112,664	108,268	83,667	58,776	50,442	42,280	50,807	33,487	20,165
Unrestricted	(1,269,267)	(983,014)	(868,781)	(752,312)	(288,608)	(263,967)	(201,606)	(92,710)	35,366	82,669
Total governmental activities net position	\$ (806,821)	(526,728)	(124,414)	(26,189)	401,948	416,418	474,690	589,573	702,211	748,790
Business-type activities										
Net investment in capital assets	\$ 734,511	709,360	682,414	676,910	684,168	692,910	706,517	729,671	778,505	799,958
Restricted	38,204	37,405	37,422	37,163	37,046	36,924	39,482	39,316	39,078	46,015
Unrestricted	237,924	256,109	270,440	263,317	258,068	247,969	240,012	246,619	232,070	216,790
Total business-type activities net position	\$ 1,010,639	1,002,874	990,276	977,390	979,282	977,803	986,011	1,015,606	1,049,653	1,062,763
Primary government										
Net investment in capital assets	\$ 1,081,292	1,052,982	1,318,513	1,319,366	1,315,948	1,322,853	1,340,533	1,361,147	1,411,863	1,445,914
Restricted	153,869	150,069	145,690	120,830	95,822	87,366	81,762	90,123	72,565	66,180
Unrestricted	(1,031,343)	(726,905)	(598,341)	(488,995)	(30,540)	(19,830)	38,406	153,909	267,436	299,459
Total primary government net position	\$ 203,818	476,146	865,862	951,201	1,381,230	1,390,389	1,460,701	1,605,179	1,751,864	1,811,553

\*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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
Governmental activities										
Administration	\$ 141,514	141,830	139,252	141,749	105,273	97,238	107,704	109,122	103,734	105,089
Public Safety	179,644	204,524	193,356	230,712	194,248	183,440	181,224	184,163	172,972	179,965
Legal	167,891	184,615	163,502	189,080	140,617	130,556	131,545	148,350	135,775	146,809
Infrastructure and facilities	67,288	82,996	78,216	52,715	87,667	70,073	74,308	52,499	56,037	71,554
Social services	93,607	106,875	94,740	109,700	61,319	73,737	80,999	119,044	116,913	116,906
Health services	120,542	151,784	155,549	174,413	163,383	155,508	181,674	149,504	129,931	163,408
Interest and other debt related costs	17,689	16,374	12,979	13,427	14,492	15,324	16,204	18,364	10,980	12,756
Total governmental activities expenses	788,175	888,998	837,594	911,796	766,999	725,876	773,658	781,046	726,342	796,487
Business-type activities										
Water and sewerage services	133,183	118,902	125,640	124,351	118,392	115,655	135,118	148,303	132,711	128,430
Wolf Creek Amphitheatre	255	253	1,231	—	—	—	—	—	—	—
Contractual services	39,853	34,760	—	—	—	—	—	—	—	—
Airport services	1,980	2,002	1,092	1,192	1,227	1,227	1,471	1,218	1,097	1,040
Total business-type activities expenses	175,271	155,917	127,963	125,543	119,619	116,882	136,589	149,521	133,808	129,470
Total primary government expenses	\$ 963,446	1,044,915	965,557	1,037,339	886,618	842,758	910,247	930,567	860,150	925,957
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
Public and Mental health fees	\$ 8	387	499	4,974	5,261	7,397	7,734	7,661	8,225	8,130
Emergency communication fees	5,333	3,423	3,862	3,864	2,936	2,553	2,873	3,810	3,891	6,941
Legal and Social	25,399	24,050	24,350	25,203	27,275	26,903	31,079	28,988	39,597	38,425
License and permits	2,987	5,322	6,475	7,105	6,241	6,056	6,521	5,456	5,707	6,134
Other	9,458	8,137	7,181	8,812	8,236	12,075	9,312	10,113	8,882	8,590
Total Charges for Services	43,185	41,319	42,367	49,958	49,949	54,984	57,519	56,028	66,302	68,220
Operating grants and contributions	46,150	66,710	70,617	63,638	63,655	57,221	60,499	65,356	66,991	57,184
Capital grants and contributions	5,904	7,485	6,594	3,536	3,754	2,902	2,312	3,762	983	5,879
Total governmental activities program revenues	95,239	115,514	119,578	117,132	117,358	115,107	120,330	125,146	134,276	131,283
Business-type activities										
Charges for services	175,533	158,722	132,477	123,285	121,111	119,442	121,506	120,276	121,506	108,472
Capital grants and contributions	4,316	9,669	—	—	—	—	(13,249)	—	0	438
Total business-type activities program revenues	179,849	168,391	132,477	123,285	121,111	119,442	108,257	120,276	121,506	108,910
Total primary government program revenues	\$ 275,088	283,905	252,055	240,417	238,469	234,549	228,587	245,422	255,782	240,193
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (692,936)	(773,484)	(718,016)	(794,664)	(649,641)	(610,769)	(653,328)	(655,900)	(592,066)	(665,204)
Business-type activities	4,578	12,474	4,514	(2,258)	1,289	2,560	(28,332)	(29,245)	(12,302)	(20,560)
Total primary government net expense	\$ (688,358)	(761,010)	(713,502)	(796,922)	(648,352)	(608,209)	(681,660)	(685,145)	(604,368)	(685,764)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 589,027	558,945	525,840	544,654	549,782	474,198	467,779	477,259	482,346	527,018
Sales taxes	30,964	32,371	36,016	35,575	34,858	35,136	36,184	33,991	30,543	32,382
Other taxes	30,313	27,269	25,888	19,536	19,536	11,401	5,454	5,165	4,430	4,466
Intergovernmental unrestricted revenues	3,254	2,540	2,568	2,607	2,637	2,644	2,898	—	—	11,469
Commissions on tax collections	25,223	15,011	18,486	18,924	18,418	16,379	14,628	15,377	17,181	16,588
Use of money and property	14,341	8,687	5,438	6,051	6,862	6,320	6,517	7,091	5,779	9,348
Miscellaneous	9,039	7,715	13,069	10,120	6,861	6,419	4,985	6,582	5,207	4,219
Gain on sale of capital assets	0	15,085	—	—	—	—	—	—	—	—
Transfers in (out) w business type activities	936	1,737	(7,514)	—	49	—	—	—	—	—
Special and extraordinary items	(8,999)	(298,190)	—	—	—	—	—	—	—	0
Total governmental activities	694,098	371,170	619,791	637,467	639,003	552,497	538,445	545,465	545,486	605,490
Business-type activities										
Sales taxes	423	435	—	—	—	—	—	—	—	—
Use of money and property	3,700	1,426	858	366	377	225	666	610	1,277	1,651
Miscellaneous and transfer out	—	—	—	—	(1,687)	(2,559)	(1,929)	(1,626)	(2,085)	(1,795)
Transfers in (out) w govt. activities	(936)	(1,737)	7,514	—	(49)	—	—	—	—	—
Extraordinary items	—	—	—	—	1,549	(8,434)	—	—	—	—
Total business-type activities	3,187	124	8,372	366	190	(10,768)	(1,263)	(1,016)	(808)	(144)
Total primary government	\$ 697,285	371,294	628,163	637,833	639,193	541,729	537,182	544,449	544,678	605,346
<b>Change in Net Position</b>										
Governmental activities	\$ 1,162	(402,314)	(98,225)	(157,197)	(10,638)	(58,272)	(114,883)	(110,435)	(46,580)	(59,714)
Business-type activities	7,765	12,598	12,886	(1,892)	1,479	(8,208)	(29,595)	(30,261)	(13,110)	(20,704)
Total primary government	\$ 8,927	(389,716)	(85,339)	(159,089)	(9,159)	(66,480)	(144,478)	(140,696)	(59,690)	(80,418)

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund										
Unassigned	182,081	106,267	124,580	152,835	120,558	83,758	88,985	128,561		
Unreserved	—	—	—	—	—	—	—	—	150,230	95,041
Total general fund	<u>\$ 182,081</u>	<u>106,267</u>	<u>124,580</u>	<u>152,835</u>	<u>120,558</u>	<u>83,758</u>	<u>88,985</u>	<u>128,561</u>	<u>150,230</u>	<u>95,041</u>
Special Service District Fund										
Assigned	23,739	15,739	4,008	8,082	4,536	5,842	6,714	5,123		
Unreserved	—	—	—	—	—	—	—	—	3,596	1,924
Total Special District fund	<u>\$ 23,739</u>	<u>15,739</u>	<u>4,008</u>	<u>8,082</u>	<u>4,536</u>	<u>5,842</u>	<u>6,714</u>	<u>5,123</u>	<u>3,596</u>	<u>1,924</u>
Library Bond fund										
Restricted	\$ 115,519	131,372	26,704	55,179	110,248	149,471	159,268	166,813	168,445	
Designated for capital projects	—	—	—	—	—	—	—	—	—	
Total Library bond fund	<u>\$ 115,519</u>	<u>131,372</u>	<u>26,704</u>	<u>55,179</u>	<u>110,248</u>	<u>149,471</u>	<u>159,268</u>	<u>166,813</u>	<u>168,445</u>	
All Other Governmental Funds										
Nonspendable	\$ —	—	—	—	—	—	—	—		
Restricted	98,221	101,647	56,140	50,644	50,897	40,987	39,065	42,691		
Committed	698	541	571	592	576	651	678	596		
Assigned	92,944	87,404	81,133	64,374	42,913	43,479	41,264	57,780		
Unassigned	—	—	—	—	—	—	—	(2,085)		
Reserved	—	—	—	—	—	—	—	—	7,129	18,917
Unreserved, reported in:										
Special revenue funds	—	—	—	—	—	—	—	—	25,613	33,931
Capital projects funds	—	—	—	—	—	—	—	—	66,876	50,357
Total all other governmental funds	<u>\$ 191,863</u>	<u>189,592</u>	<u>137,844</u>	<u>115,610</u>	<u>94,386</u>	<u>85,117</u>	<u>81,007</u>	<u>98,982</u>	<u>99,618</u>	<u>103,205</u>
Total governmental funds	<u>\$ 513,202</u>	<u>442,970</u>	<u>293,136</u>	<u>331,706</u>	<u>329,728</u>	<u>324,188</u>	<u>335,974</u>	<u>399,479</u>	<u>421,889</u>	<u>200,170</u>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Taxes	\$ 696,787	575,978	583,667	605,771	602,967	520,687	513,212	515,240	541,331	567,601
Intergovernmental	55,308	76,735	79,779	69,781	70,046	62,767	65,709	69,118	67,974	74,124
Charges for services	40,638	29,313	34,125	38,608	39,424	40,487	43,675	41,400	52,532	53,283
Courts and law enforcement	24,783	21,695	20,253	23,169	22,703	24,820	21,951	24,549	25,244	25,391
Use of money and property	13,917	9,047	5,460	6,009	6,931	6,326	6,333	7,101	5,704	9,213
Licenses and permits	2,987	5,322	6,475	7,105	6,241	6,056	6,521	5,456	5,707	6,134
Miscellaneous	9,039	7,715	13,069	10,120	6,861	6,019	4,985	6,582	5,207	4,219
Net (depreciation) appreciation in investments	424	(360)	(22)	42	(69)	(6)	184	(10)	75	135
Total revenues	<u>843,883</u>	<u>725,445</u>	<u>742,806</u>	<u>760,605</u>	<u>755,104</u>	<u>667,156</u>	<u>662,570</u>	<u>669,436</u>	<u>703,774</u>	<u>740,100</u>
<b>Expenditures</b>										
Current:										
Administration	102,977	96,606	104,336	87,737	87,453	81,956	88,826	85,494	89,169	87,074
Public safety	137,616	139,387	143,451	142,406	161,388	154,879	149,401	145,552	146,236	147,228
Legal	128,284	124,189	120,474	115,786	115,418	108,685	106,993	115,204	113,323	111,785
Infrastructure and facilities	29,933	32,478	32,215	30,073	65,539	54,792	54,397	36,196	36,044	45,284
Social services	70,930	70,676	68,579	66,128	48,700	60,518	65,055	92,979	98,800	95,152
Health services	111,502	128,872	138,535	141,569	155,008	145,998	169,789	135,567	119,825	151,312
Other nonagency	79,758	70,192	72,972	67,718	28,907	25,948	30,946	32,941	35,671	54,713
Capital outlay	70,728	37,752	60,229	82,911	45,406	17,881	20,293	13,030	13,984	10,679
Debt service:										
Principal retirement	37,756	34,150	33,675	24,857	31,839	27,156	26,186	24,755	17,864	22,629
Interest	17,928	17,133	13,877	14,316	15,466	16,378	17,327	20,353	9,113	10,006
Total expenditures	<u>787,412</u>	<u>751,435</u>	<u>788,343</u>	<u>773,501</u>	<u>755,124</u>	<u>694,191</u>	<u>729,213</u>	<u>702,071</u>	<u>680,029</u>	<u>735,862</u>
Excess of revenues over (under) expenditures	56,471	(25,990)	(45,537)	(12,896)	(20)	(27,035)	(66,643)	(32,635)	23,745	4,238
<b>Other Financing Sources (Uses)</b>										
Capital lease refunding obligations	12,825	1,698	7,790	14,874	5,510	14,849	3,138	10,224	49,544	—
Proceeds from sale of bonds	—	149,785	—	—	—	—	—	—	193,441	110,885
Premium received on bonds	—	6,478	—	—	—	—	—	—	2,469	9,298
Payments to escrow agent	—	—	—	—	—	—	—	—	(47,480)	(120,162)
Proceeds from sale of capital assets	—	16,126	—	—	—	—	—	—	—	—
Transfer in from enterprise funds	936	1,737	577	—	49	400	—	—	—	—
Transfer out to enterprise funds	—	—	(1,400)	—	—	—	—	—	—	—
Transfers in	48,974	49,061	71,024	51,342	40,989	53,842	62,149	60,120	79,271	73,614
Transfers out	(48,974)	(49,061)	(71,024)	(51,342)	(40,989)	(53,842)	(62,149)	(60,120)	(79,271)	(73,614)
Total other financing sources (uses)	<u>13,761</u>	<u>175,824</u>	<u>6,967</u>	<u>14,874</u>	<u>5,559</u>	<u>15,249</u>	<u>3,138</u>	<u>10,224</u>	<u>197,974</u>	<u>21</u>
Net changes in fund balances	\$ <u>70,232</u>	<u>149,834</u>	<u>(38,570)</u>	<u>1,978</u>	<u>5,539</u>	<u>(11,786)</u>	<u>(63,505)</u>	<u>(22,411)</u>	<u>221,719</u>	<u>4,259</u>
Debt service as a percentage of noncapital expenditures	7.4	6.9	6.4	5.8	6.7	6.5	6.2	6.6	4.0	4.5

**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
2009	\$ 50,156,181	1,119,093	7,403,437	58,678,711	10.28	40%	146,696,778
2010	47,152,996	1,067,474	6,999,360	55,219,830	10.28	40%	138,049,576
2011	45,294,177	1,067,474	7,166,610	53,528,261	10.55	40%	133,820,653
2012	43,328,112	1,147,265	7,517,644	51,993,021	10.55	40%	129,982,553
2013	42,813,235	1,055,835	8,126,964	51,996,034	10.48	40%	129,990,085
2014	44,423,387	1,063,189	7,721,837	53,208,413	12.05	40%	133,021,033
2015	49,532,798	1,137,292	7,190,827	57,860,917	10.75	40%	144,652,293
2016	50,666,238	1,129,634	7,406,453	59,202,325	10.70	40%	148,005,813
2017	52,989,392	1,099,925	7,258,374	61,347,691	10.63	40%	153,369,228
2018	62,198,013	1,083,247	7,330,223	70,611,483	10.43	40%	176,528,708

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.
- (7) 2017 values are Temporary due to digest certification denial by State Department of Revenue pending court decision.
- (8) 2018 values are Temporary due to digest certification pending by State Department of Revenue.

FULTON COUNTY, GEORGIA

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years  
 Operating and Bond Levies  
 (Rate per \$1,000 Assessed Value)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Fulton County direct:										
General & bond	10.430	10.630	10.70	10.75	12.05	10.48	10.55	10.55	10.28	10.28
School	17.796	18.546	18.48	18.50	18.50	18.50	18.50	18.50	18.50	17.50
Special Services district	—	—	—	—	—	—	—	—	—	—
South Fulton tax district	—	4.430	11.58	11.58	12.47	12.47	10.47	8.97	8.16	8.16
Fulton Industrial tax district	12.150	12.160	—	—	—	—	—	—	—	—
Total direct	<u>40.376</u>	<u>45.766</u>	<u>40.76</u>	<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>
State of Georgia	0.00	0.00	0.00	0.05	0.10	0.15	0.20	0.25	0.25	0.25
Municipalities:										
City of Atlanta	10.230	10.820	10.86	10.87	11.45	11.75	11.94	11.94	11.94	11.94
Downtown Development district	5.000	5.000	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City of Atlanta school district	20.740	21.740	21.74	21.74	21.74	21.74	21.74	21.69	21.69	21.69
City of Alpharetta	5.750	5.750	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
City of College Park	12.619	12.619	12.62	12.62	12.62	12.62	12.62	11.56	11.56	9.56
City of East Point	13.890	15.000	15.00	15.00	15.00	15.00	15.00	13.75	14.75	14.75
City of Fairburn	9.566	9.566	9.57	9.73	9.82	9.70	9.98	9.93	7.50	5.00
City of Hapeville	16.110	16.440	16.61	16.61	16.61	16.61	16.61	16.61	16.61	16.61
City of Mountain Park	8.320	12.880	12.90	13.22	13.33	10.78	10.78	10.78	11.78	11.78
City of Palmetto	8.500	8.500	8.50	8.50	8.50	8.50	8.50	8.45	8.45	8.45
City of Roswell	4.955	5.455	5.46	5.46	5.46	5.46	5.46	5.46	5.46	5.46
City of Union city	14.952	16.425	15.69	15.69	15.69	15.60	10.60	10.24	9.50	9.50
City of Sandy Springs	4.731	4.731	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73
City of Milton	5.610	5.052	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73
City of John's Creek	4.342	4.860	4.36	4.61	4.61	4.61	4.61	4.61	4.61	4.61
City of Chattahoochee Hills	10.000	10.000	10.96	10.96	10.96	10.96	10.96	10.96	10.96	10.96
City of South Fulton	11.579	7.149	—	—	—	—	—	—	—	—

Source: Fulton County Tax Commissioner.

\*\* 2017 millage rates are Temporary due to digest certification denial by State Department of Revenue pending court decision

\*\* 2018 millage rates are Temporary due to digest certification pending by State Department of Revenue

## 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 2018*:			
Development Authority of Fulton County	\$ 2,001,526,901	2.83%	\$ 20,415,574
Georgia Power	455,914,094	0.65%	4,650,324
AT&T	261,246,557	0.37%	2,664,715
Coca Cola Company	202,661,300	0.29%	2,067,145
Delta Airlines	176,404,502	0.25%	1,799,326
Suntrust Plaza Associates LLC	155,526,240	0.22%	1,586,368
Norfolk Souther Railway Company	136,210,871	0.19%	1,389,351
Post Apartment Homes	130,126,089	0.18%	1,327,286
AC Property Owner LP	124,000,000	0.18%	1,264,800
Bellsouth Telecommunications	115,585,020	0.16%	1,178,967
Total ten major taxpayers	<u>\$ 3,759,201,574</u>	<u>5.32%</u>	<u>\$ 38,343,856</u>
(1) Total County gross assessed value	<u>\$ 70,611,483,279</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 2009:			
Development Authority of Fulton County	\$ 631,067,463	1.08%	\$ 11,208,526
AT&T	278,970,231	0.48%	6,554,203
BellSouth Telecommunications	410,566,274	0.70%	6,427,310
Georgia Power	341,742,166	0.58%	5,513,177
Coca Cola	255,483,383	0.44%	4,931,661
Delta Airlines	147,705,483	0.25%	4,646,650
Sanctuary Park Realty Holding	94,752,370	0.16%	2,940,339
Four Eight Five Properties	68,169,250	0.12%	2,183,666
Fulcoprop Fifty Six LLC	67,600,000	0.12%	2,165,431
Post Apartment Homes	165,521,892	0.28%	2,048,912
Total ten major taxpayers	<u>\$ 2,461,578,512</u>	<u>4.20%</u>	<u>\$ 48,619,875</u>
(1) Total County gross assessed value	<u>\$ 58,678,711,027</u>		

2008 values shown based on values at time of presentment with Temporary Collection Order still in place.

Source: Fulton County Tax Commissioner.

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

<b>Fiscal Year</b>		<b>Total current year tax levy</b>	<b>Current tax collected</b>	<b>Percent of levy collected</b>		<b>Delinquent tax collected</b>	<b>Total tax collected</b>	<b>Total collections as percentage of current levy</b>		<b>Outstanding delinquent taxes</b>	<b>Outstanding delinquent taxes as percentage of current levy</b>
2009	(2)	\$463,906	406,758	87.7 %	\$	43,475	\$ 450,233	97.1 %	\$	24,634	5.3%
2010	(1)	422,255	411,352	97.4		56,896	468,248	110.9		17,076	4.0
2011		388,373	371,795	95.7		6,111	377,906	97.3		17,069	4.4
2012		378,534	371,493	98.1		15,639	387,132	102.3		16,591	4.4
2013		379,864	364,179	95.9		10,748	374,927	98.7		15,565	4.1
2014	(1)	458,863	443,945	96.7		22,903	466,848	101.7		13,329	2.9
2015		449,477	437,411	97.3		17,517	454,928	101.2		13,204	2.9
2016	(3)	463,919	440,273	94.9		8,744	449,017	96.8		11,555	2.5
2017	(4)	479,316	320,442	66.9		22,785	343,227	71.6		10,385	2.2
2018	(1)	528,319	504,080	95.4		159,945	664,025	125.7		10,176	1.9

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

<b>Fiscal Year</b>		<b>Total current year tax levy</b>	<b>Current tax collected</b>	<b>Percent of levy collected</b>		<b>Delinquent tax collected</b>	<b>Total tax collected</b>	<b>collections as percentage of current levy</b>		<b>Outstanding delinquent taxes</b>	<b>Outstanding delinquent taxes as percentage of current levy</b>
2009	(2)	\$ —	\$ —	— %	\$	11	\$ 11	— %	\$	47	—
2010	(1)	—	—	—		9	9	—		18	—
2011		12,040	11,541	95.9		2	11,543	95.9		12	0.1%
2012		11,681	11,477	98.3		377	11,854	101.5		141	1.2
2013		11,709	11,247	96.1		247	11,494	98.2		191	1.6
2014	(1)	12,272	11,888	96.9		640	12,528	102.1		201	1.6
2015		12,568	12,240	97.4		441	12,681	100.9		252	2.0
2016	(3)	13,053	12,412	95.1		236	12,648	96.9		270	2.1
2017	(4)	13,474	9,176	68.1		629	9,805	72.8		282	2.1
2018	(1)	14,327	13,691	95.6		4,320	18,011	125.7		281	2.0

(1) 2010, 2014 & 2018 due date October 31 as opposed to normal due date of October 15

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

(3) 2016 due date November 15 as opposed to a normal due date of October 15

(4) 2017 due date January 15 of subsequent year as opposed to a normal due date of October 15

Amounts represented for Real Estate & Personal Property Taxes

**Schedule 8-B**

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

<b>Fiscal Year</b>	<b>Total current year tax levy</b>	<b>Current tax collected</b>	<b>Percent of levy collected</b>	<b>Delinquent tax collected</b>	<b>Total tax collected</b>	<b>Total collections as percentage of current levy</b>	<b>Outstanding delinquent taxes</b>	<b>Outstanding delinquent taxes as percentage of current levy</b>
2009	\$ — *	—	— %	\$ 6	\$ 6	— %	\$ 307	—
2010	— *	—	—	9	9	—	191	—
2011	— *	—	—	6	6	—	60	—
2012	— *	—	—	2	2	—	—	—
2013	— *	—	—	—	—	—	—	—
2014	— *	—	—	—	—	—	—	—
2015	— *	—	—	—	—	—	—	—
2016	— *	—	—	—	—	—	—	—
2017	— *	—	—	—	—	—	—	—
2018	— *	—	—	—	—	—	—	—

**FULTON COUNTY, GEORGIA**  
 Northeast Special Service Sub-District Fund Property Tax Levy and Collections  
 Last Fiscal Year  
 (in thousands)

<b>Fiscal Year</b>	<b>Total current year tax levy</b>	<b>Current tax collected</b>	<b>Percent of levy collected</b>	<b>Delinquent tax collected</b>	<b>Total tax collected</b>	<b>Total Collections as percentage of current levy</b>	<b>Outstanding delinquent taxes</b>	<b>Outstanding delinquent taxes as percentage of current levy</b>
2009	\$ —	\$ —	— %	\$ 25	\$ 25	— %	\$ 25	—
2010	—	—	—	4	4	—	18	—
2011	—	—	—	1	1	—	14	—
2012	—	—	—	1	1	—	14	—
2013	—	—	—	1	1	—	—	—
2014	—	—	—	—	—	—	—	—
2015	—	—	—	1	1	—	—	—
2016	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—

Source: Fulton County Tax Commissioner's office

- (1) 2010, 2014 & 2018 due date October 31 as opposed to normal due date of October 15
  - (2) 2009 due date December 15 as opposed to normal due date of October 15
  - (3) 2016 due date November 15 as opposed to a normal due date of October 15
  - (4) 2017 due date January 15 of subsequent year as opposed to a normal due date of October 15
- Amounts represented for Real Estate & Personal Property Taxes

Schedule 8-C

**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
2009	(2)	—	—	— %	8	8	— %	28	—
2010	(1)	—	—	—	19	19	—	12	—
2011		—	—	—	3	3	—	7	—
2012		—	—	—	1	1	—	7	—
2013		—	—	—	—	—	—	—	—
2014	(1)	—	—	—	1	1	—	—	—
2015		—	—	—	—	—	—	—	—
2016		—	—	—	—	—	—	—	—
2017		—	—	—	—	—	—	—	—
2018		—	—	—	—	—	—	—	—

**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
2009	(2)	\$27,279	22,657	83.1 %	2,577	25,234	92.5 %	864	3.2%
2010	(1)	22,964	21,905	95.4	4,044	25,949	113.0	1,169	5.1
2011		21,406	19,827	92.6	681	20,508	95.8	1,340	6.3
2012		23,531	22,535	95.8	1,738	24,273	103.2	1,208	5.1
2013		27,669	25,702	92.9	906	26,608	96.2	1,284	4.6
2014	(1)	28,522	26,914	94.4	1,872	28,786	100.9	1,397	4.9
2015		29,306	28,041	95.7	1,505	29,546	100.8	1,389	4.7
2016	(3)	30,096	28,134	93.5	1,098	29,232	97.1	1,320	4.4
2017	(4)	16,854	9,033	53.6	1,754	10,787	64.0	1,324	7.9
2018	(1)	7,543	7,106	94.2	8,874	15,980	211.9	1,466	19.4

Source: Fulton County Tax Commissioner's office

- (1) 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
  - (3) 2016 due date November 15 as opposed to a normal due date of October 15
  - (4) 2017 due date January 15 of subsequent year as opposed to a normal due date of October 15
- Amounts represented for Real Estate & Personal Property Taxes

**FULTON COUNTY, GEORGIA**  
 Computation of Direct and Overlapping Debt  
 as of December 31, 2018

<b>Name of governmental unit</b>	<b>Amount outstanding</b>	<b>Percentage applicable</b>	<b>Amount applicable</b>
Direct debt:			
Fulton County General Obligation Library bonds	\$ 245,226,955	100.00%	245,226,955
Fulton County School District	32,715,000	100.00%	32,715,000
Municipalities:			
Alpharetta	91,088,614	100.00%	91,088,614
Atlanta (including School District)	329,147,000	94.02% *	309,480,130
Hapeville	11,630,000	100.00%	11,630,000
Fairburn	7,975,496	100.00%	7,975,496
Johns Creek	41,340,402	100.00%	41,340,402
Milton	34,384,842	100.00%	34,384,842
Union City	13,085,258	100.00%	13,085,258
Roswell	8,425,576	100.00%	8,425,576
Total direct debt	<u>815,019,143</u>		<u>795,352,273</u>
Contractual obligations and overlapping contractual obligations:			
Fulton County Urban Redevelopment Agency	59,651,000	100.00%	59,651,000
The Fulton-DeKalb Hospital Authority:			
Revenue Refunding Certificates-Series 2012	68,585,000	100.00%	68,585,000
City of Atlanta and Fulton County			
Recreation Authority- Zoo Series 2007 (1)	7,640,000	95.52% *	7,297,627
South Fulton Regional Jail Authority (Fulton project)	12,825,000	100.00%	12,825,000
East Point Building Authority	45,570,424	100.00%	45,570,424
Total overlapping debt	<u>\$ 194,271,424</u>		<u>193,929,051</u>
Total direct and overlapping debt and contractual obligations and overlapping contractual obligations (2)	<u>\$ 1,009,290,567</u>		<u>989,281,323</u>

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

- (1) The County and City 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, 2018 is \$19,315,000.
- (3) Does not include the City of Atlanta's Certificates of Participation of \$80,038,000 as of December 31, 2018.
- (4) Does not include the City of Johns Creek Certificate of Participation issued by the Georgia Municipal Association on behalf of the City in the amount remaining of \$23,830,000 as of December 31, 2018.
- (5) Does not include the City of Sandy Springs obligations pursuant to an annually renewable lease agreement with the Public Facilities Authority. The balance including premium, as of December 31, 2018 is \$169,619,890.

**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	Water & Sewerage Revenue Bonds	Water & Sewerage Note payable	Total Business-type activities	Estimated Water/Sewer connections	Debt per estimated connection			
2009	\$ —	39,913	118,678	—	64,342	222,933	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	538,956	52	539,008	102,500	5,259	942,353	1,023.65	
2011	165,564	21,629 <sup>(1)</sup>	110,436	30,458	61,264	389,351	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	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	522,632	—	522,632	160,300	3,260	874,361	888.31	
2014	153,044	—	84,680	25,136	61,896	324,756	512,536	—	512,536	164,988	3,107	837,292	840.39	
2015	148,548	—	75,506	23,243	66,948	314,245	492,765	—	492,765	167,299	2,945	807,010	798.58	
2016	143,881	—	58,058	21,291	64,690	287,920	472,519	—	472,519	171,750	2,751	760,439	743.10	
2017	250,294	—	39,967	64,274	56,941	411,476	451,733	—	451,733	172,081	2,625	863,209	828.87	
2018	245,227	—	21,199	59,651	62,294	388,371	430,397	—	430,397	173,579	2,480	818,768	779.69	

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

<sup>(1)</sup> 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)
2009	\$ —	—	—	55,717,671	— %	\$ —
2010	169,469	—	169,469	53,981,561	0.31	184.09
2011	165,564	1,240	164,324	50,762,207	0.32	173.05
2012	161,545	4,481	157,064	49,250,278	0.32	160.63
2013	157,373	9,032	148,341	49,278,963	0.30	150.71
2014	153,044	13,546	139,498	50,337,606	0.28	140.01
2015	148,548	18,291	130,257	54,588,184	0.24	128.90
2016	143,881	22,729	121,152	55,916,272	0.22	118.39
2017	250,294	22,575	227,719	57,938,549	0.39	218.66
2018	245,227	31,542	213,685	66,900,764	0.32	203.49

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>
2009	119,875	76,779	43,096	11,555	27,262	38,817	1.11
2010	121,562	75,381	46,181	12,160	26,654	38,814	1.19
2011	120,454	72,996	47,458	8,157	25,419	33,576	1.41
2012	116,843	70,148	46,695	5,655	24,909	30,564	1.53
2013	(1) 117,844	79,701	(2) 38,143	13,246	15,052	28,298	1.35
2014	(1) 119,366	67,639	51,727	4,920	22,311	27,231	1.90
2015	121,605	69,066	52,539	14,650	22,123	36,773	1.43
2016	129,236	71,696	57,540	15,325	21,453	36,778	1.56
2017	125,476	69,734	55,742	16,090	20,687	36,777	1.52
2018	138,650	76,267	62,383	16,875	19,898	36,773	1.70

\* 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) 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		\$	70,611,483
Less:			
Applicable property tax exemptions			(3,710,719)
Assessed value for bond purposes			<u>66,900,764</u>
Debt limit 10% of assessed value			6,690,076
Less amounts of debt applicable to the limit:			
General Obligation debt outstanding			245,227
less available debt service funds			(31,542)
Total amount applicable to debt limit			<u>213,685</u>
Legal Debt Margin		\$	<u>6,476,391</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	to limit	Margin	
2009	\$ 5,571,767	—	5,571,767	0.00%
2010	5,398,156	169,469	5,228,687	0.32%
2011	5,076,221	164,324	4,911,897	0.33%
2012	4,925,028	157,064	4,767,964	0.33%
2013	4,927,896	148,341	4,779,555	0.31%
2014	5,033,761	139,498	4,894,263	0.29%
2015	5,458,818	130,257	5,328,561	0.24%
2016	5,591,627	121,152	5,470,475	0.22%
2017	5,793,855	227,719	5,566,136	0.41%
2018	6,690,076	213,685	6,476,391	0.33%

**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	
2009	1,033,756	\$ 54,061	\$ 48,952,940	9.9	%
2010	920,581	52,621	48,733,047	10.9	
2011	949,599	56,061	53,234,047	10.6	
2012	977,773	57,537	56,258,497	9.6	
2013	984,293	62,381	57,210,067	7.8	
2014	996,319	68,018	63,937,957	6.3	
2015	1,010,562	69,977	70,716,189	5.4	
2016	1,023,336	75,515	75,824,470 (1)	5.4	
2017	1,041,423	78,794	82,057,605 (1)	4.3	(2)
2018	1,050,114	81,158 (1)	84,519,333 (1)	3.8	(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 2017. 2018 data not available but estimated with a 3% increase from 2017 per capita personal income data applied to U.S Census 2018 mid year population estimate.

(2) Annual unemployment rates from the Georgia Department of Labor; 2018 from the Georgia Dept of Labor, monthly Labor Force Table Dec 2018 (not seasonally adjusted), 2017 from the Georgia Dept of Labor, monthly Labor Force Table Dec 2017 (not seasonally adjusted)

**Schedule 15**

**FULTON COUNTY, GEORGIA**

Principal Employers  
Current Year and Nine Years Ago

Top Ten major employers-within 29 county Atlanta Metro Statistical area - 2018

Cobb County School Sytem  
DeKalb County School Sytem  
Delta Air Lines, Inc.  
Emory Health care, Inc.  
Gwinnett County School System  
Publix Supermarkets, Inc.  
the Kroger Company  
United Parcel Service  
Walmart  
Wellstar Health System, Inc.

\* From Georgia Department of Labor Explorer, 4rth quarter 2018 - 29 Metro-Atlanta county area  
This information from GDOL does not show number of employees  
Georgia Department of Labor statistic for average employment-Fulton County 4rth qtr 2018 was 886,741

<b>(From 2009 CAFR)</b>	<b><u>Employees*</u></b>	<b><u>Percentage of County employment**</u></b>
Ten major employers of 2008:		
Delta Airlines	19,235	4.28%
Publix Supermarkets	16,855	3.75%
Kroger Company	15,500	3.45%
Bellsouth Corp	15,500	3.45%
United States Postal Service	14,000	3.11%
Fulton County School system	10,892	2.42%
United Parcel Service	10,500	2.33%
Atlanta City Municipal Government	7,934	1.76%
SunTrust Banks Inc.	7,768	1.73%
IBM Corporation	7,500	1.67%

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

\*\* 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 &amp; Sewerage</u>	<u>All Other</u>	<u>Total Government</u>
2009	4,475	160	153	97	322	625	5,832
2010	4,249	154	142	74	302	537	5,458
2011	4,245	153	142	73	302	556	5,471
2012	4,108	155	136	58	292	534	5,283
2013	3,986	162	135	59	291	460	5,093
2014	4,122	165	135	58	292	245	5,017
2015	4,320	169	135	64	278	262	5,228
2016	4,230	175	166	69	268	261	5,169
2017	4,240	175	166	66	262	288	5,197
2018	3,982	31	0	67	259	101	4,440

Sources: Fulton County Budget Book

## FULTON COUNTY, GEORGIA

Operating Indicators by Function/Program  
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Atlanta/Fulton County Library										
Circulation-checked out	4,204,478	4,007,431	4,167,728	3,644,362	3,430,367	2,758,653	3,002,518	3,080,554	2,921,168	3,214,856
New library cards issued	66,124	54,457	55,893	60,601	49,623	43,382	55,058	49,927	68,915	129,974
Database inquiries (hits)	1,659,067	1,071,297	1,661,802	1,296,398	1,552,743	1,016,484	8,178,590	8,697,718	8,487,402	8,179,353
Transportation: Roadway miles paved	8	3	6	12	8	8	8	0	0	0
911 Emergency Communications calls:	782,896	546,518	425,742	417,562	408,656	433,398	668,379	657,973	710,475	650,337
Water and Sewerage fund:										
Wastewater average flows										
in millions of gallons per day:										
Camp Creek	14.96	16.24	15.63	14.22	16.44	15.7	17.23	14.86	15.06	16.73
John's Creek	8.17	4.45	3.57	3.89	8.75	8.62	8.43	8.48	8.08	8.44
Big Creek	22.80	19.91	17.91	18.73	18.77	18.35	19.06	19.82	19.35	19.41
Little River	0.92	0.94	0.84	0.82	0.98	0.9	0.87	0.83	0.81	0.70

\*not available

Source: Fulton County Budget book and County departments

**FULTON COUNTY, GEORGIA**

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Atlanta/Fulton County Library Branches, including main facility	34	34	34	34	34	36	36	34	34	34
Health and Wellness: Health centers	10	10	10	10	10	9	9	8	8	8
Jail and detention centers	3	3	3	3	3	3	3	3	4	4
Fire Stations	15*	15*	15*	15*	15*	15*	13*	13*	13*	0***
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)	684	684	684	684	684	684	684	606**	68**	44**

\*Three stations leased by municipalities

\*\*Primarily all roadways were transferred to the new City of South Fulton on May 1, 2017. All remaining fire

\*\*\*All fire stations have now been transferred or are under lease with 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 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, 2018, 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 25, 2019. Other auditors audited the financial statements of the Fulton-Dekalb Hospital Authority and the Fulton County Board of Health, as described in our report on the County's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*PJC Group, LLC*

Atlanta, Georgia  
June 25, 2019