

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FULTON COUNTY, GEORGIA

**FISCAL YEAR ENDED
DECEMBER 31, 2017**

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, 2017

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

7001 Fulton County Government Center

Atlanta, Georgia 30303

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

Hakeem Oshikoya, Director of Finance, CPA, CGFM

Ray H Turner, Deputy Director of Finance, CPA

Sabrina McTier, Controller, CPA, CGFM

Angela Ash, Grant Administrator, CPA, CGMS

Bryce Riddle, Investment Officer, CTP, CFA

James Husserl, Budget Manager, CPA

FULTON COUNTY, GEORGIA

Comprehensive Annual Financial Report

Year ended December 31, 2017

Table of Contents

	Page
Introductory Section (Unaudited):	
Title Page	i
Table of Contents.....	ii
List of Principal Officials	v
Organization Chart.....	vi
Letter of Transmittal	vii
Certificate of Achievement for Excellence in Financial Reporting.....	xvi
Financial Section:	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet	15
Reconciliation of the Balance Sheet	
To the Statement of Net Position.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
In Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	
General Fund Budget to Actual - Non-GAAP Budgetary basis	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	
South Fulton Special District Fund, Budget to Actual - Non-GAAP Budgetary basis	21
Proprietary Funds Financial Statements:	
Statement of Net Position	22
Statement of Revenues, Expenses, and Changes in Fund Net Position	24
Statement of Cash Flows.....	25
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to the Financial Statements	28
Required Supplementary Information	79
Notes to Required Supplementary Information	83

FULTON COUNTY, GEORGIA

Comprehensive Annual Financial Report

Year ended December 31, 2017

Table of Contents

Financial Section: (continued)

Combining Statements and Schedules:

Non-major Governmental Funds:

Combining Balance Sheet	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	88
Schedule of Revenues, Expenditures, and Changes in Fund Balances	
Debt Service Fund Budget to Actual - Non-GAAP Budgetary basis	91
Special Revenue Funds Budget to Actual - Non-GAAP Budgetary basis.....	92

Non-major Enterprise Funds:

Combining Statement of Net Position.....	97
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	98
Combining Statement of Cash Flows.....	99

Internal Service Funds:

Combining Statement of Net Position.....	100
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	101
Combining Statement of Cash Flows.....	102

Agency Funds:

Combining Statement of Fiduciary Assets and Liabilities.....	103
Combining Statement of Changes in Fiduciary Assets and Liabilities.....	104

Other Schedules:

Summary of Debt Service Requirements to Maturity	107
Debt Service Requirements to Maturity - General	
Obligation Library Bonds	108
Debt Service Requirements to Maturity - Water and Sewerage	
Bonds, Series 2013 and 2011	109
Hotel/Motel Collections and Expenditures	110
Transportation Tax funds	
Schedule of Projects funded with Special Transportation Tax Proceeds	111

FULTON COUNTY, GEORGIA

Comprehensive Annual Financial Report

Year ended December 31, 2017

Table of Contents

Statistical Section (Unaudited):

Net Position by Component - Last Ten Fiscal Years	Schedule 1	112
Changes in Net Position - Last Ten Fiscal Years	Schedule 2	113
Fund Balances, Governmental Funds - Last Ten Fiscal Years	Schedule 3	114
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	Schedule 4	115
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	Schedule 5	116
Property Tax Rates – Direct and Overlapping Governments - Last Ten Fiscal Years – Operating and Bond Levies	Schedule 6	117
Principal Taxpayers – Current Year and Nine Years Ago - General Fund Property Tax Levy and Collections - Last Ten Fiscal Years	Schedule 7	118
Debt Service Fund Property Tax Levy and Collections - Last Ten Fiscal Years	Schedule 8-A	119
Special Service District Fund Property Tax Levy and Collections - Last Ten Fiscal Years	Schedule 8-A	119
Northeast Special Service Sub-District Fund – Property Tax Levy and Collections – Last Ten Fiscal Years	Schedule 8-B	120
Northwest Special Service Sub-District Fund – Property Tax Levy and Collections – Last Ten Fiscal Years	Schedule 8-B	120
South Fulton Special District Fund – Property Tax Levy and Collections – Last Ten Fiscal Years	Schedule 8-C	121
Computation of Direct and Overlapping Debt, December 31, 2016	Schedule 8-C	121
Computation of Direct and Overlapping Debt, December 31, 2016	Schedule 9	122
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	Schedule 9	122
Ratios of General Obligation Debt Outstanding – Last Ten Fiscal Years	Schedule 10	123
Ratios of General Obligation Debt Outstanding – Last Ten Fiscal Years	Schedule 10	123
Ratios of General Obligation Debt Outstanding – Last Ten Fiscal Years	Schedule 11	124
Schedule of Revenue Bond Coverage, Fulton County Water & Sewerage System - Last Ten Fiscal Years	Schedule 11	124
Schedule of Revenue Bond Coverage, Fulton County Water & Sewerage System - Last Ten Fiscal Years	Schedule 12	125
Legal Debt Margin Information – Last Ten Fiscal Years	Schedule 12	125
Demographic Information – Last Ten Fiscal Years	Schedule 13	126
Principal Employers – Current Year and Nine Years Ago - Full-time Equivalent County Employees	Schedule 14	127
Principal Employers – Current Year and Nine Years Ago - Full-time Equivalent County Employees	Schedule 15	128
By Function/Program - Last Ten Fiscal Years	Schedule 16	129
Operating Indicators by Function/Program - Last Ten Fiscal Years	Schedule 16	129
Operating Indicators by Function/Program - Last Ten Fiscal Years	Schedule 17	130
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	Schedule 17	130
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	Schedule 18	131
Report on Internal Control over Financial Reporting and on Compliance and On Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	Schedule 18	131
Report on Internal Control over Financial Reporting and on Compliance and On Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		132

**FULTON COUNTY
GEORGIA
2017**

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

Tonya R. Grier, Interim

County Manager

Dick Anderson

County Attorney

Patrise Perkins-Hooker

Chief Operating Officer

Todd Long

Chief Financial Officer

Sharon Whitmore

Chief Strategy Officer

Anna Roach

County Auditor

PJC Group, LLC



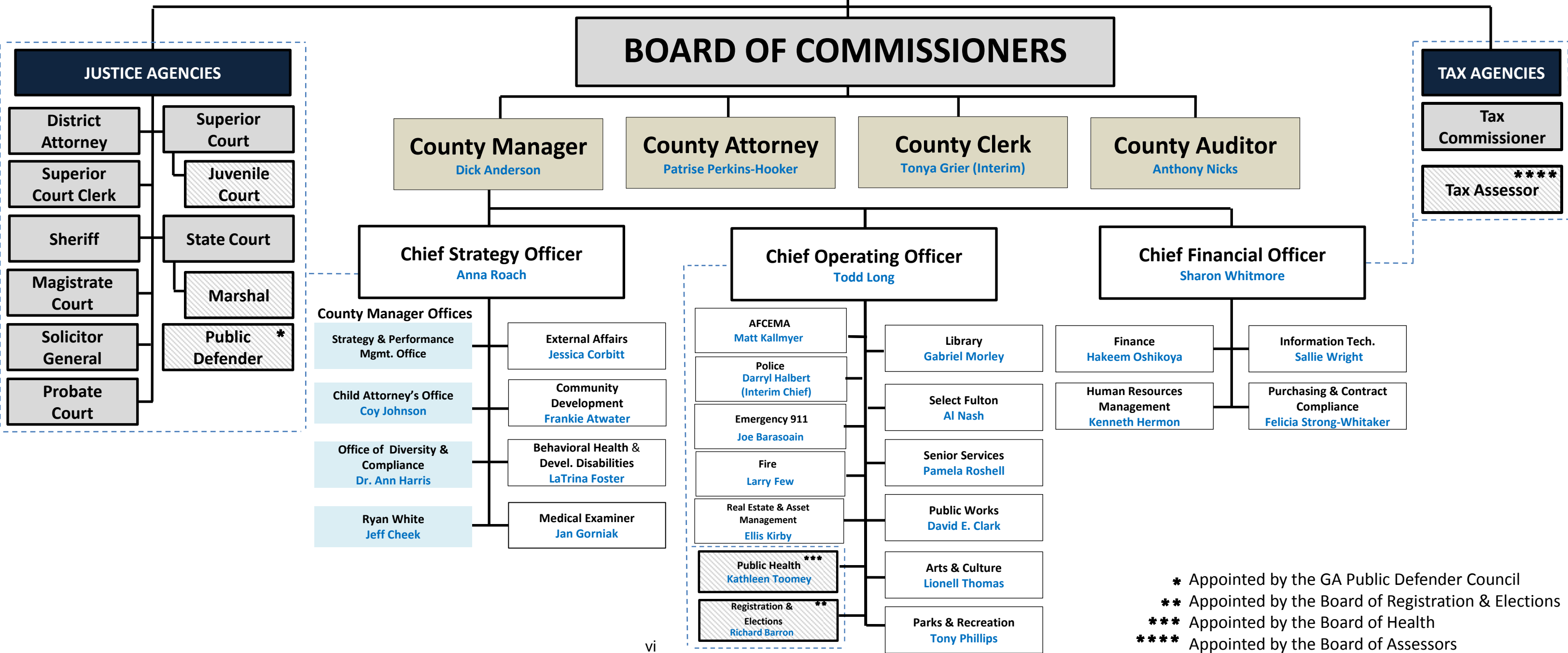
KEY

- Elected Official Agency
- BOC Appointee
- County Mgr. Exec. Team
- County Department
- Appointed Official Agency
- County Manager Office

* Indicates responsibility for strategic alignment

CITIZENS OF FULTON COUNTY

BOARD OF COMMISSIONERS



- * 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 15, 2018

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, 2017. 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, 2017 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, 2017, are fairly presented in conformity with GAAP. The independent auditors’ report is presented as lead component of the financial section of this report.

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

Profile of the Government

The County is the central county in the Atlanta Metropolitan Area and the most populous county in Georgia. The estimated population of the County as of the July 1, 2017 mid-year U.S. Census Bureau estimate was 1,041,423. 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 which is discretely presented.

COUNTY HIGHLIGHTS

During 2017, the County made 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 focuses 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

During 2017, the County 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.

In 2017, pursuant to the passage of House Bill 885 by the Georgia State Legislature, the County Health Department was transitioned into a 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 will provide health programs in the same manner as the other Counties in the State currently do and its objective is to optimize overall services and access delivery under the new administrative structure. This entity contracted 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. This provision of services for both these new entities is shown as an Other Enterprise fund

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 2017, 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. The County is entering into a lease with Invest Atlanta for the use of the Jefferson Place Assessment Center, which will provide homeless services and housing in our community.

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

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.

In 2017, the County participated in the American for the Arts Survey. The results of this survey reveal the overall positive economic impact to the region of the arts programs. The Arts and Culture Department also started its own FGTV show, which demonstrates how local community organizations and individuals support the arts. The County has outsourced the management of the Work 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. The County issued \$104 million of Phase II bonds, which fully funds the remaining voter approved Library Bond referendum program.

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 2017 Budget process continued these strategic goals and relevant measures to help align resources to effort. Continued emphasis on outcome budgeting and reporting results now 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 provides a unique destination for companies across all major industries. These attributes contributed to several companies relocating or opening new facilities within the County in 2017. In late 2016, UPS announced plans to invest over \$400 million to construct a new regional package sorting hub, the third largest processing facility in the Company’s US network. The facility is expected to open in 2018. Samsung Electronics also announced plans to open a 550,000 square foot center in the County. On August 26, 2017, the Mercedes Benz Stadium, home to the Atlanta Falcons and Atlanta United, opened its doors. The estimated \$1.6 billion facility will also host other major sport events like the 2018 SEC championship and the 2018 College Football Playoff National Championship, as well as 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.

According to the latest figures from the Bureau of Economic Analysis, real GDP in Fulton County for 2017 grew by an annual rate of 3.7%, compared to the US overall growth of 1.6% and the State of Georgia of 3.4%.

Employment indicators in the County continue to improve with the overall unemployment rate reaching 4.4% by the end of 2017, slightly below the State's unemployment rate of 4.5%. Fulton's rate reflects almost a full % point reduction from the unemployment rate at the end on 2016. The number of unemployed individuals reached approximately 24,000 or a decline of almost 5,000 from the number of unemployed individuals at the end of 2016. Based on the latest statistics from the Bureau of Economic Analysis, during 2016, the manufacturing industry in Fulton County enjoyed growth of approximately 12%, or 3,548 jobs, when compared to 2015. Other industries also enjoying important growth in jobs during 2016 included the transportation and warehousing industry, waste management and remediation services, and the IT sector. Some of the industries losing jobs during 2016 included the wholesale trade and utilities sectors. Average weekly wages also showed signs of improvements with the change in average weekly wages between the first three quarters of 2016 and 2017 of approximately 2.6%.

Per the most recent results from the S&P CoreLogic Case-Shiller Atlanta Home Price NSA Index, which measures the average change in value of 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 2017. The CoreLogic index reflects a change of approximately 5% from 2016. While real estate remains strong, expectation of increasing interest rates are likely to taper growth in the medium term. According to Forbes Magazine, the Atlanta metro is among the 20 best housing markets to invest in 2018.

Accrual basis sales tax collections decreased to \$20.2 million for 2017 as compared to 2016's accrual revenues of \$36.0 million. This was expected with the incorporation of the new City of South Fulton, which received its allocable share beginning mid-2017. 2018 will see lower sales taxes as the City would have collected for a full 12 months throughout 2018. However, a new County wide Transportation Special Purpose Local Option Sales Tax was approved, and collections began mid-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. Approximately \$12 million was recorded as revenue for these new T-Splost funds in 2017. A small allocation is also 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 2016, the Development Authority reports that 62 projects received a property tax benefit through the revenue bond program. Planned new capital investments in Fulton County by these projects are estimated to total \$5.3 billion. These projects are also designed to retaining or adding a total of 29,380 jobs in the county over the long term. Detailed 2017 required disclosures are contained in the footnotes.

2017 saw unusual circumstances regarding the County's property tax digest. Newly evaluated assessment methodologies and results garnered significant increases in most of the County's properties, and the County's Board of Commissioners took steps to mitigate this significant increase by utilizing the 2016 values for residential properties as the basis for 2017 valuations. The Georgia Department of Revenue did not approve this adjustment, and the County obtained a Temporary Collection Order in late 2017 to facilitate distribution of the tax bills for the County, schools, and other municipalities throughout Fulton County. The County's due date for property taxes was extended to January 15, 2018. 67% was collected in fiscal 2017, with the remainder collected in January of 2018.

The Fulton County Tax Assessor's department, Chief Appraiser, as well as key County executives has developed plans to both 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 Standards that offer recognition of the actuarially determined annual required contribution into the annual financial statements, and footnote disclosure of the total liability and other information.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fulton County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016. This was the twenty-ninth consecutive year Fulton County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

ACKNOWLEDGMENTS

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

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

Sincerely,

A handwritten signature in blue ink that reads "Sharon Whitmore". The signature is written in a cursive, flowing style.

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, 2016

Christopher P. Morill

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 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Fulton-Dekalb Hospital Authority, which statements reflect total assets (in thousands) of \$951,273, total net position (in thousands) of \$506,054 and total revenues (in thousands) of \$1,119,939 which represent the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fulton-Dekalb Hospital Authority, in the component unit column, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion , based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Fulton County, Georgia as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The auditors of the Fulton-DeKalb Hospital Authority, the discretely presented component unit, issued a Qualified opinion on The Fulton-DeKalb Hospital Authority Employees Retirement Plan (the “Plan”) because they did not audit the financial information and related disclosures of the Plan because the audit of the Plan was not completed as of the date of their report. They were unable to obtain sufficient appropriate audit evidence over the inputs used by the actuary to determine the related deferred outflow of resources, net pension liability, pension expense, and required supplementary information by other auditing procedures.

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 79-82 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 15, 2018 on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County’s internal control over financial reporting and compliance.



Atlanta, Georgia
June 15, 2018

This page left intentionally blank.

**MANAGEMENT'S
DISCUSSION
AND
ANALYSIS**

Management's Discussion and Analysis (in thousands)

As management of Fulton County (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2017. 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 (\$526,728) (*net position deficit*). Of this amount, unrestricted assets are now in a deficit position by (\$983,014), largely due to the liability for other post-employment benefits 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 decreased by \$389,716 in 2017, of which \$298,190 pertains to the transfer of net capital assets to a newly incorporated municipality. Net position decreased outside of this extraordinary item by \$91,526 in 2017, as compared to a decrease of \$85,339 in 2016. Business type activities increased \$12,598 while the governmental activities experienced a decrease of \$104,124 before the above mentioned extraordinary item. Recognition of pension expense requirements and the continuing increasing liability for other post-employment benefits are the primary components of this loss for 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 \$442,970, an increase of \$149,834 in comparison with the previous year. The fund balance for the County's General Fund decreased by \$18,313, while the South Fulton Special District Fund increased its fund balance by \$11,731; the Library bond capital projects fund increased by \$104,668 with the net new resources from the 2017 General Obligation bond issuance, while Other Governmental funds increased fund balance by \$51,748, again bolstered by the issuance of \$45 million in new Fulton County Urban Redevelopment Agency bonds. 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 \$106,267, 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 \$15,739. This amount will be used for the remaining Fulton Industrial District area, the last remaining unincorporated area in the County, as well as any residual obligations for the previously unincorporated area of southern Fulton County prior to May 1, 2017.

The County's total long term governmental liabilities as of December 31, 2017 totaled \$1,575,729, of which \$1,097,335, or 70%, relates to recognition of the County's net pension liability of \$450,217, and post-employment health benefits offered to eligible retirees of \$647,118. Additionally, the County issued the 2nd and final phase of the voter approved Library General Obligation bonds of \$104,785 in January 2017, and

issued \$45 million through the Fulton County Urban Redevelopment Agency for facility improvements in July 2017. These are further disclosed in the footnotes along with other required provisions for recognition of the County's OPEB and net pension liability. All required payments of principal and interest were made timely throughout 2017. A new capital equipment lease was entered into during 2017 for \$1,698 for equipment. Business type liabilities decreased with normal principal payments on the County's 2011 Water and Sewer Revenue bonds.

The County's capital assets used for governmental activities decreased significantly in 2017 with the incorporation of the City of South Fulton. Capital assets of \$298,190, the majority related to roadway infrastructure, are shown as an Extraordinary item on the Statement of Activities for 2017. This is also noted on the capital asset footnote. As of December 31, 2017, governmental capital assets, net of depreciation are \$579,116, of which \$66,796 are under construction. New capitalizations consist primarily for library and other facility improvements. Significant capital asset additions are expected in the short term 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 \$1,161,151, of which \$93,165 is currently under construction relating to water and wastewater capital projects. No interest was required to be capitalized in 2017, and given new GASB standards will not be in future years. 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 \$112,996, are included within the capital asset footnote and balances as required under GASB accounting standards.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

The government-wide financial statements include not only the County itself (known as the *primary government*) but also the Fulton-DeKalb Hospital Authority, a discretely presented component unit. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements are on pages 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 newly created 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 newly created Other Postemployment Benefit plan, and various agency funds. These funds are included as a separate column and represent the balance sheet and activities of the Tax Commissioner's office, the Sheriff's office and Criminal courts, District Attorney, and Superior, Probate, Juvenile and State Court.

The basic fiduciary fund financial statements can be found on pages 26-27 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 28-78 of this report.

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 79-84.

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 85-111 of this report.

New Structural changes for fiscal 2017

The unincorporated area comprising the majority of the southern end of Fulton County voted in late 2016 to become the City of South Fulton, with an incorporation date of May 1, 2017. Continued provision of services is a requirement for up to 24 months under the approved legislation until the new municipality communicates to the County it's readiness to assume municipal services. This was accounting for within a new non-major enterprise fund for contractual services. Also, the County's health department, through State legislation, has opted to create the "Fulton County Board of Health" a separate entity that will provide health services throughout the County. This entity contracts with the County for employees and space, and support services, and is also shown similarly as a contractual services fund within non-major enterprise funds on pages 97-99.

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
	2017	2016	2017	2016	2017	2016	
Current and other assets	\$ 590,477	391,394	304,560	320,409	895,037	711,803	26
Capital assets	579,116	896,892	1,161,151	1,146,173	1,740,267	2,043,065	(15)
Total Assets	1,169,593	1,288,286	1,465,711	1,466,582	2,635,304	2,754,868	(4)
Deferred Outflows of resources	52,294	76,947	3,710	4,428	56,004	81,375	(31)
Current liabilities	48,912	97,802	13,401	22,814	62,313	120,616	(48)
Long-term liabilities	1,575,729	1,391,845	453,146	457,920	2,028,875	1,849,765	10
Total Liabilities	1,624,641	1,489,647	466,547	480,734	2,091,188	1,970,381	6
Deferred Inflows of resources	123,974	-	-	-	123,974	-	
Net Position:							
Net investment in capital assets	343,622	636,099	709,360	682,414	1,052,982	1,318,513	(20)
Restricted	112,664	108,268	37,405	37,422	150,069	145,690	3
Unrestricted	(983,014)	(868,781)	256,109	270,440	(726,905)	(598,341)	21
Total Net Position	\$ (526,728)	(124,414)	1,002,874	990,276	476,146	865,862	(45)

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 \$596 million in cash and investments, of which approximately \$37 million is restricted for enterprise fund debt. Governmental activities also have approximately \$113 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 2017

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 was not approved by the Georgia Department of Revenue, and the County obtained a temporary collection order to issue tax bills for 2017. Given this was a change to the normal process of assessing, this caused delays that in the end created a due date for County property taxes of January 15, 2018. A majority of amounts due were collected by December 31st, however the County did see lower tax collections on a cash basis given the new due date. However, modified accrual basis revenues were not substantially different, and the taxes receivable that were collected within 60 days of the end of the fiscal year are counted as revenues on the Statement of Revenues, Expenditures and Changes in Fund balances on page 16. 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 valuation process, and plan to return to normal tax collection timelines.

At the end of the current fiscal year, the County report positive balances in all three categories of net position, for the government as a whole, while unrestricted net position for governmental activities 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
	2017	2016	2017	2016	2017	2016	
Revenues:							
Program revenues:							
Charges for services	\$ 41,319	42,367	158,722	132,477	200,041	174,844	14 %
Operating grants and contributions	66,710	70,617	-	-	66,710	70,617	(6)
Capital grants and contributions	7,485	6,594	9,669	-	17,154	6,594	160
General revenues:							
Taxes	618,585	587,744	435	-	619,020	587,744	5
Intergovernmental	2,540	2,568	-	-	2,540	2,568	(1)
Other charges for services	15,011	18,486	-	-	15,011	18,486	(19)
Use of money and property	8,687	5,438	1,426	858	10,113	6,296	61
Miscellaneous & all other	22,800	13,069	-	-	22,800	13,069	74
Total revenues	<u>783,137</u>	<u>746,883</u>	<u>170,252</u>	<u>133,335</u>	<u>953,389</u>	<u>880,218</u>	8
Expenses:							
Administration	141,830	139,252	-	-	141,830	139,252	2
Public Safety	204,524	193,356	-	-	204,524	193,356	6
Legal	184,615	163,502	-	-	184,615	163,502	13
Infrastructure & facilities	82,996	78,216	-	-	82,996	78,216	6
Social services	106,875	94,740	-	-	106,875	94,740	13
Health services	151,784	155,549	-	-	151,784	155,549	(2)
Interest and debt costs	16,374	12,979	-	-	16,374	12,979	26
Water & Sewerage	-	-	118,902	125,640	118,902	125,640	(5)
Wolf Creek Amphitheater	-	-	253	1,231	253	1,231.00	(79)
City of South Fulton contractual	-	-	25,342	-	25,342	-	-
Board of Health contractual	-	-	9,418	-	9,418	-	-
Airport services	-	-	2,002	1,092	2,002	1,092	83
Total expenses	<u>888,998</u>	<u>837,594</u>	<u>155,917</u>	<u>127,963</u>	<u>1,044,915</u>	<u>965,557</u>	8
Transfers	1,737	(7,514)	(1,737)	7,514	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(104,124)	(98,225)	12,598	12,886	(91,526)	(85,339)	7
Extraordinary item	(298,190)	-	-	-	(298,190)	-	-
Change in net position	(402,314)	(98,225)	12,598	12,886	(389,716)	(85,339)	357
Beginning net position	(124,414)	(26,189)	990,276	977,390	865,862	951,201	(9)
Ending net position	\$ <u>(526,728)</u>	<u>(124,414)</u>	<u>1,002,874</u>	<u>990,276</u>	<u>476,146</u>	<u>865,862</u>	(45)

Analysis of governmental activities

Net position of the governmental activities of the County decreased significantly by \$402,314 in 2017, as compared to a decrease of \$98,225 in 2016. This is primarily due to the transfer of capital assets, largely infrastructure, to the new City of South Fulton. Recognition of pension and other post-employment expenses also contribute to the decrease in net position from the previous year. Increases to revenues in 2017 comprise

Total governmental expenditures increased due to the above recognition of pension and OPEB expense for 2017 as compared to 2016. 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 2017. The last in a series of 5% rate increases is scheduled for January 1, 2019.

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 sales taxes decreased \$13 million with the new incorporation of the City of South Fulton. Offsetting this decrease with the new Transportation sales tax, this garnered \$12 million in 2017. Property taxes revenues did decline slightly for 2017, although several factors affected collections significantly for 2017. Initial tax assessments for 2017 demonstrated higher than normal increases, which were then offset with adjustments to the 2017 Property Tax Digest. This affected the collection and due date periods, which yielded a lower cash collection number for 2017. However, as most of these taxes were collected in January 2018, the revenues are reflected in the 2017 revenues per relevant accounting standards.

Total governmental revenues decreased by \$18 million in 2017 as compared to 2016, a reduction of 2.3%. Slightly lower tax revenues coupled with lower charges for service revenues comprise the reduction. Governmental fund type expenditures increased \$14 million, of which is predominately salary and benefit increases from the previous year. The General fund reported an ending fund balance of \$106,267, a decrease of \$18,313 from 2016. 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 \$11,731 in 2017 to \$15,739, 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 increased by \$51.7 million from 2016 largely due to bond proceeds of \$45 million for facility improvements as well as capital lease proceeds of \$1,698. This brings the 2016 fund balance for other governmental funds to \$189,592 at year end. Of this amount, \$101,647 is restricted, \$541 is committed, and \$87,404 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 2017 General Fund budget

was adopted at approximately \$662 million, a \$7 million decrease from 2016, but maintained capital funding for facilities, Information Technology infrastructure. Sales tax revenues were anticipated to be lower in 2017 with the new municipal incorporation, therefore budgeted appropriations were also reduced.

Actual revenues on a budgetary basis were significantly lower than budgeted revenues due to the timing of property tax assessment process in 2017.

2017 expenditures were short of budgetary appropriations due unfilled budgeted positions and targeted program expenditures as well as overall expenditure reductions. The legally adopted budget for governmental services for the County’s major governmental funds is by department and appears on pages 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 \$1,052,982 (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 2017 includes two new bond issuances for library and facility improvements for \$104,785, and \$45,000 respectively, while approximately \$298 million in infrastructure assets were transferred to the new City of South Fulton.

	Governmental Activities		Business-type Activities		Total		Percent Change	%
	2017	2016	2017	2016	2017	2016		
Capital assets not being depreciated:								
Land & land improvements	\$ 54,387	55,428	38,110	38,110	92,497	93,538	(1)	
Construction in progress	66,796	85,302	93,165	62,766	159,961	148,068	8	
Capital assets, shown net of depreciation:								
Equipment	26,028	30,363	3,562	3,527	29,590	33,890	(13)	
Buildings and improvements	396,884	410,842	6,119	6,414	403,003	417,256	(3)	
Roadway network	35,021	314,957	-	-	35,021	314,957	(89)	
Water System	-	-	184,380	186,006	184,380	186,006	(1)	
Sewerage System	-	-	722,819	733,920	722,819	733,920	(2)	
Intangible assets	-	-	112,996	115,430	112,996	115,430	(2)	
Total net capital assets	\$ 579,116	896,892	1,161,151	1,146,173	1,740,267	2,043,065	(15)	

Additional information relating to capital assets and infrastructure is presented in Note 7 of the financial statements beginning on page 53. Intangible assets for future wastewater treatment capacity for the Water and Sewerage system fund are presented in the above capital asset summary.

Debt Administration

The County’s largest recorded liabilities consist of the required accruals for other post-employment benefit costs, \$647,118, as well as the newly required recognition of the “net pension liability” of \$450,217 as of December 31, 2017. Other post-employment benefit information required by GASB 45 is shown within the footnotes to the financial statements as well as within required supplementary information on page xx following the footnotes. Governmental Accounting Standard No. 68 “Accounting and Financial Reporting for Pensions” now requires the primary government to report the different between the actuarially determined liability and the net position of the defined benefit pension plan, based on market values, as a liability.

At December 31, 2017, the County had a number of debt issues outstanding.

Newly issued 2017 Library General Obligation bonds were added to the existing 2010 Library general obligation bonds, both reported at \$250,294 as of December 31, 2017, funds County library facilities as well as renovations of existing libraries, authorized and now all issued under the 2008 referendum.

The County issued \$45 million to add to previously issued Recovery Zone bonds and Qualified Energy bonds through the Fulton County Urban Redevelopment Agency (FCURA) for capital facilities and energy efficiency improvements. The FCURA bonds outstanding at December 31, 2017 were \$64,274.

The 2009 Fulton County Facilities Corporation Certificates of Participation had an outstanding balance of \$39,967 as of December 31, 2017. All bonds issued by the Fulton County Building Authority have previously been fully matured.

Also at December 31, 2017, net of accreted discounts, \$451,733 remains outstanding related to business type activities with the County's Water and Sewerage Revenue Bonds, which finance system capital assets utilized for water treatment and distribution along with wastewater treatment.

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

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

At December 31, 2017, total other capital leases was \$56,941, which increased for capital financing leases of \$1,698 and decreased with scheduled principal maturities of \$9,447. 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 57. Additional information required by GASB 67 and 68 for the County's defined benefit plan is also included within required supplementary information on pages 79-82 and discussed in the separate footnotes to required supplementary information on pages 83 and 84.

Requests for Information

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

This page left intentionally blank.

**BASIC
FINANCIAL
STATEMENTS**

FULTON COUNTY, GEORGIA

Statement of Net Position

December 31, 2017

(in thousands of dollars)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Fulton-DeKalb Hospital Authority
Assets:				
Cash and cash equivalents	\$ 251,707	176,857	428,564	221,510
Investments	130,357	—	130,357	—
Receivables (net of allowances):				
Taxes	191,008	—	191,008	—
Interest	195	—	195	—
Accounts	170	10,315	10,485	124,549
Due from other governments, net	8,289	8,407	16,696	13,525
Other current assets	8,751	—	8,751	90,784
Restricted assets:				
Cash and cash equivalents	—	144	144	16,989
Investments	—	37,203	37,203	78,794
Interest receivable	—	58	58	—
Investment in joint venture	—	71,576	71,576	—
Capital assets (non-depreciable)	121,183	131,275	252,458	44,863
Capital assets (net of accumulated depreciation)	457,933	1,029,876	1,487,809	349,715
Other non-current assets	—	—	—	10,543
Total assets	<u>1,169,593</u>	<u>1,465,711</u>	<u>2,635,304</u>	<u>951,272</u>
Deferred Outflows of Resources:				
Pension related deferred outflows	51,976	—	51,976	15,379
Deferred charge on refunding of bonds	318	3,710	4,028	1,415
Total deferred outflow of resources	<u>52,294</u>	<u>3,710</u>	<u>56,004</u>	<u>16,794</u>
Liabilities:				
Accounts payable and accrued expenses	38,994	2,982	41,976	163,808
Accrued interest	668	—	668	—
Due to others	5,095	—	5,095	—
Due to other funds	(5,142)	5,142	—	—
Claims payable	9,297	—	9,297	61,273
Liabilities (payable from restricted assets):				
Contracts and other payables	—	4,810	4,810	—
Unearned revenue	—	467	467	—
Non-current liabilities:				
Due within one year	48,581	16,875	65,456	33,878
Due in more than one year	1,527,148	436,271	1,963,419	203,054
Total liabilities	<u>1,624,641</u>	<u>466,547</u>	<u>2,091,188</u>	<u>462,013</u>
Deferred Inflows of Resources:				
Pension related deferred inflows	123,974	—	123,974	—
Total deferred inflow of resources	<u>123,974</u>	<u>—</u>	<u>123,974</u>	<u>—</u>
Net Position:				
Net investment in capital assets	343,622	709,360	1,052,982	239,564
Restricted for debt retirement	27,409	37,405	64,814	16,458
Restricted for construction	78,747	—	78,747	53,312
Restricted for other purposes	6,508	—	6,508	22,550
Unrestricted	(983,014)	256,109	(726,905)	174,169
Total net position (deficit)	<u>\$ (526,728)</u>	<u>1,002,874</u>	<u>476,146</u>	<u>506,053</u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Activities

For the year ended December 31, 2017

(In thousands of dollars)

	Expenses	Program revenues			Net (Expense) Revenue and Changes in Net Position			Component
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Unit	
					Governmental activities	Business-type activities	Total	Fulton-DeKalb Hospital Authority
Functions/Programs								
Primary Government								
Governmental activities:								
Administration	\$ 141,830	11,865	—	—	(129,965)	—	(129,965)	—
Public safety	204,524	3,423	—	—	(201,101)	—	(201,101)	—
Legal	184,615	21,695	14	—	(162,906)	—	(162,906)	—
Infrastructure and facilities	82,996	—	—	7,485	(75,511)	—	(75,511)	—
Social services	106,875	3,949	24,391	—	(78,535)	—	(78,535)	—
Health services	151,784	387	42,305	—	(109,092)	—	(109,092)	—
Interest and other debt related costs	16,374	—	—	—	(16,374)	—	(16,374)	—
Total governmental activities	888,998	41,319	66,710	7,485	(773,484)	—	(773,484)	—
Business-type activities:								
Water and sewerage services	118,902	120,830	—	9,669	—	11,597	11,597	—
Wolf Creek Enterprise fund	253	125	—	—	—	(128)	(128)	—
City of South Fulton Contractual services	25,342	26,857	—	—	—	1,515	1,515	—
Fulton County Board of Health Contractual services	9,418	9,418	—	—	—	—	—	—
Airport	2,002	1,492	—	—	—	(510)	(510)	—
Total business-type activities	155,917	158,722	—	9,669	—	12,474	12,474	—
Total primary government	1,044,915	200,041	66,710	17,154	(773,484)	12,474	(761,010)	—
Component unit								
Fulton-DeKalb Hospital Authority (Grady)	1,113,925	1,079,844	17,840	22,255	—	—	—	6,014
Total component unit	1,113,925	1,079,844	17,840	22,255	—	—	—	6,014
General revenues:								
Property taxes					558,945	—	558,945	—
Sales taxes					32,371	435	32,806	—
Other taxes					27,269	—	27,269	—
Intergovernmental not restricted for specific programs					2,540	—	2,540	55,435
Commission on tax collections					15,011	—	15,011	—
Use of money and property					8,687	1,426	10,113	(760)
Miscellaneous					7,715	—	7,715	10,153
Gain on sale of capital assets					15,085	—	15,085	—
Total general revenues					667,623	1,861	669,484	64,828
Transfers					1,737	(1,737)	—	—
Total general revenues and transfers					669,360	124	669,484	64,828
Change in net position before extraordinary item					(104,124)	12,598	(91,526)	70,842
Extraordinary item - (Note 17)					(298,190)	—	(298,190)	—
Change in net position					(402,314)	12,598	(389,716)	70,842
Net position-beginning					(124,414)	990,276	865,862	435,211
Net position (deficit) - ending					\$ (526,728)	1,002,874	476,146	506,053

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Balance Sheet
Governmental Funds
December 31, 2017

(in thousands of dollars)

	General	South Fulton Special District	Library Bond	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 58,635	5,700	1,713	161,467	227,515
Investments	—	—	130,357	—	130,357
Receivables (net of allowances):					
Taxes	175,463	9,260	—	6,285	191,008
Interest	—	—	157	38	195
Accounts	—	—	—	170	170
Due from other governments	1,399	—	—	6,890	8,289
Due from other funds	—	3,673	—	31,513	35,186
	<u>235,497</u>	<u>18,633</u>	<u>132,227</u>	<u>206,363</u>	<u>592,720</u>
Total assets	\$ 235,497	18,633	132,227	206,363	592,720
Liabilities:					
Accounts payable	\$ 25,624	372	855	9,938	36,789
Due to other funds	40,059	—	—	—	40,059
Due to others	—	—	—	5,095	5,095
	<u>65,683</u>	<u>372</u>	<u>855</u>	<u>15,033</u>	<u>81,943</u>
Total liabilities	65,683	372	855	15,033	81,943
Deferred Inflows of Resources:					
Unavailable revenue	63,547	2,522	—	1,738	67,807
	<u>63,547</u>	<u>2,522</u>	<u>—</u>	<u>1,738</u>	<u>67,807</u>
Total deferred inflows or resources	63,547	2,522	—	1,738	67,807
Fund Balances:					
Restricted	—	—	131,372	101,647	233,019
Committed	—	—	—	541	541
Assigned	—	15,739	—	87,404	103,143
Unassigned	106,267	—	—	—	106,267
	<u>106,267</u>	<u>15,739</u>	<u>131,372</u>	<u>189,592</u>	<u>442,970</u>
Total fund balances	106,267	15,739	131,372	189,592	442,970
Total liabilities, deferred inflows of resources and fund balances	\$ 235,497	18,633	132,227	206,363	592,720

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, 2017

(in thousands of dollars)

Fund Balances - total governmental funds	\$	442,970
--	----	---------

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		54,387
Buildings		848,974
Equipment		150,483
Roadway network		65,895
Construction in progress		66,796
Less Accumulated Depreciation		<u>(607,419)</u>
Total capital assets, net of accumulated depreciation		579,116

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		51,976
--	--	--------

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

Deferred inflows - defined benefit pension plan		(123,974)
---	--	-----------

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

Certificates of participation		(37,715)
Library general obligation bonds payable		(242,285)
Urban Recovery Zone bonds payable		(64,274)
Unamortized bond premiums		(10,261)
Deferred charge on refunding of bonds		318
Intergovernmental agreement liability-AFCRA		(2,331)
Compensated absences		(42,695)
Net pension liability		(450,217)
Net other post employment benefits (OPEB)		(647,118)
Other long term capital leases		(56,941)
Claims and judgments		(12,734)
Landfill closure and postclosure costs		(9,158)
Accrued interest		(668)

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.

		31,456
--	--	--------

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

		<u>67,807</u>
--	--	---------------

Net position - total governmental activities	\$	<u><u>(526,728)</u></u>
--	----	-------------------------

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2017

(In thousands of dollars)

	General	South Fulton Special District	Library Bond	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 519,345	27,562	—	29,071	575,978
Intergovernmental	4,855	127	—	71,753	76,735
Charges for services	24,794	654	—	3,865	29,313
Courts and law enforcement	14,267	9	—	7,419	21,695
Use of money and property	5,907	1,083	828	1,229	9,047
Licenses and permits	—	5,322	—	—	5,322
Miscellaneous	7,038	43	—	634	7,715
Net (depreciation) appreciation in investments	—	—	(360)	—	(360)
Total revenues	576,206	34,800	468	113,971	725,445
Expenditures:					
Current:					
Administration	85,547	6,373	1,462	3,224	96,606
Public safety	110,044	13,441	—	15,902	139,387
Legal	124,189	—	—	—	124,189
Infrastructure and facilities	28,211	306	—	3,961	32,478
Social services	60,582	1,798	—	8,296	70,676
Health services	78,189	—	—	50,683	128,872
Other nonagency	69,947	—	—	245	70,192
Capital outlay	—	—	5,601	32,151	37,752
Debt service:					
Principal retirement	3,600	—	—	30,550	34,150
Interest	2,585	—	—	14,548	17,133
Total expenditures	562,894	21,918	7,063	159,560	751,435
Excess (deficiency) of revenues over (under) expenditures	13,312	12,882	(6,595)	(45,589)	(25,990)
Other financing sources (uses):					
Capital lease refunding obligations	—	—	—	1,698	1,698
Proceeds from sale of bonds	—	—	104,785	45,000	149,785
Premium received on bonds	—	—	6,478	—	6,478
Proceeds from sale of capital assets	16,126	—	—	—	16,126
Transfer in from enterprise fund	—	—	—	1,737	1,737
Transfers in	—	—	—	49,061	49,061
Transfers out	(47,751)	(1,151)	—	(159)	(49,061)
Total other financing sources (uses)	(31,625)	(1,151)	111,263	97,337	175,824
Net change in fund balances	(18,313)	11,731	104,668	51,748	149,834
Fund balance at beginning of year	124,580	4,008	26,704	137,844	293,136
Fund balance at end of year	\$ 106,267	15,739	131,372	189,592	442,970

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, 2017

(in thousands of dollars)

Net change in fund balances - governmental funds	\$	149,834
<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 and 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		11,163
Depreciation expense		(29,708)
<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 General Obligation bonds		(104,785)
Issuance of Economic Recovery Zone bonds		(45,000)
Capital lease proceeds		(1,698)
Tax Anticipation Note proceeds		(200,000)
Tax Anticipation Note payments		200,000
Principal repayments		34,150
Amortization of deferred charge on refunding of bonds		(75)
Amortization of bond premium and discount		656
Bond premium received		(6,478)
Change in accrued interest		178
<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		(59,434)
Compensated absences		(759)
Claims and judgments		61
Landfill closure costs		1,364
Pension expense		(104,028)
<p>Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.</p>		
		42,607
<p>The loss on sale of capital assets is reported on the statement of activities, while governmental funds report the proceeds from the sale as an increase to financial resources. The change in net assets differs from the change in fund balance by the cost of the capital assets sold or donated.</p>		
		(1,041)
<p>Extraordinary item - Loss on transfer of capital assets to other governments.</p>		
		(298,190)
<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>		
		8,869
Change in net position - governmental activities	\$	(402,314)

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, 2017

(In thousands of dollars)

	Non-GAAP budgetary basis			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue Per Budget Law, less Rollback	\$ 612,025	612,025	438,268	(173,757)
Sales Tax	26,000	26,000	22,365	(3,635)
Appropriated Fund Balance	23,954	23,954	156,344	132,390
Total revenues and other sources, non-GAAP budget basis	\$ 661,979	661,979	616,977	(45,002)
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenue			140,780	
To record net change in intergovernmental receivables and Court and Law revenues			(162)	
Indirect cost reimbursements recorded as revenues for budgetary purposes			(8,919)	
Appropriated Fund Balance			(156,344)	
Total adjustment to GAAP basis			(24,645)	
Total revenues and other sources, GAAP basis			592,332	
Expenditures:				
Board of Commissioners	\$ 3,491	3,460	2,942	518
Clerk to the Commission	801	801	708	93
County Manager	7,369	9,764	8,567	1,197
County Auditor	976	976	907	69
Housing and Community Development	8,645	9,900	8,727	1,173
External Affairs	2,778	2,696	2,444	252
Arts & Culture	5,074	5,124	4,915	209
Aging & Youth	22,443	21,643	20,116	1,527
Finance	7,461	7,425	6,543	882
Personnel	5,420	5,420	5,175	245
Information Technology	23,625	23,625	20,123	3,502
Purchasing	3,498	3,498	3,172	326
County Attorney	3,350	3,350	3,350	—
Tax Assessor	14,817	14,884	13,784	1,100
Tax Commissioner	14,634	14,634	14,416	218
Registration and Elections	2,553	4,123	3,740	383
Police	3,198	3,868	3,355	513
Sheriff	80,404	84,304	83,744	560
Emergency - 911	3,146	3,186	2,987	199
Medical Examiner	4,412	4,457	3,864	593
State Court Solicitor	7,123	7,297	6,865	432

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, 2017

(In thousands of dollars)

	Non-GAAP budgetary basis			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Juvenile Court	14,067	14,847	13,428	1,419
Probate Court	2,612	2,612	2,416	196
County Marshal	5,906	5,907	5,861	46
State Court-General	9,626	9,734	8,849	885
State Court Judges	4,371	4,386	4,232	154
Magistrate Court	2,537	3,208	2,681	527
Superior Court-General	20,956	20,956	18,992	1,964
Superior Court Judges	7,371	7,371	7,242	129
Superior Court Clerk	19,727	19,059	18,622	437
District Attorney	21,698	21,932	21,102	830
Public Defender	14,877	14,952	14,367	585
Real Estate and Asset Management	27,583	30,204	28,937	1,267
Public Works	2,222	2,222	1,993	229
Family and Children Services	2,323	2,323	1,506	817
Library	27,661	27,615	25,580	2,035
Health and Wellness	17,962	15,942	11,040	4,902
Fulton-DeKalb Hospital Authority (Grady Hospital)	60,178	60,178	60,178	—
Behavioral Health	9,230	9,244	8,086	1,158
Non-Agency	165,854	154,852	141,421	13,431
Total expenditures and other uses, non-GAAP budget basis	\$ 661,979	661,979	616,977	45,002
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			2,587	
Expenditures incurred on behalf of reimbursing funds for indirect costs			(8,919)	
Total expenditures and other uses, GAAP basis			\$ 610,645	

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, 2017
 (In thousands of dollars)

	Non-GAAP budget basis			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue per Budget Law	\$ 39,929	39,929	22,841	(17,088)
License and Permits	5,867	5,867	5,966	99
Appropriated Fund Balance	(17,480)	(17,480)	(4,036)	13,444
Total revenues and other sources, non-GAAP budget basis	\$ 28,316	28,316	24,771	(3,545)
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			6,641	
To record net change in license and permit and other revenues			(648)	
Appropriated fund balance			4,036	
Total adjustment to GAAP basis			10,029	
Total revenues and other sources, GAAP basis			\$ 34,800	
 Expenditures and other uses:				
County Manager	\$ 39	48	46	2
Planning and Community Services	1,123	1,203	1,142	61
Finance	122	150	127	23
Human Resources	53	65	48	17
Information Technology	29	36	31	5
Fire Rescue Services	6,981	6,981	6,953	28
Police Services	7,805	7,804	7,638	166
Public Works	62	78	42	36
Real Estate and Asset Management	120	634	264	370
Parks and Recreation	1,216	1,498	1,209	289
Non-Agency	10,766	9,819	7,271	2,548
Total expenditures and other uses, non-GAAP budget basis	\$ 28,316	28,316	24,771	3,545
 Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			(1,702)	
			\$ 23,069	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Position
Proprietary Funds

December 31, 2017

(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	\$ 173,504	3,353	176,857	24,192
Accounts receivable, net	10,190	125	10,315	—
Due from other governments, net	2,996	5,411	8,407	—
Due from other funds	—	—	—	10,015
Other current assets	—	—	—	8,751
Restricted assets:				
Cash and cash equivalents	144	—	144	—
Investments	37,203	—	37,203	—
Interest receivable	58	—	58	—
Total current assets	<u>224,095</u>	<u>8,889</u>	<u>232,984</u>	<u>42,958</u>
Noncurrent assets:				
Investment in joint venture	71,576	—	71,576	—
Nondepreciable capital assets	103,366	27,909	131,275	—
Depreciable capital assets (net of accumulated depreciation)	<u>1,023,484</u>	<u>6,392</u>	<u>1,029,876</u>	<u>—</u>
Total noncurrent assets	<u>1,198,426</u>	<u>34,301</u>	<u>1,232,727</u>	<u>—</u>
Total assets	<u>1,422,521</u>	<u>43,190</u>	<u>1,465,711</u>	<u>42,958</u>
Deferred Outflows of Resources				
Deferred charge on refunding of bonds	<u>3,710</u>	<u>—</u>	<u>3,710</u>	<u>—</u>
Total deferred outflows of resources	<u>3,710</u>	<u>—</u>	<u>3,710</u>	<u>—</u>
	-	-	-	-

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Position (continued)
Proprietary Funds

December 31, 2017

(In thousands of dollars)

Liabilities and Net Position	Business Type Activities - Enterprise Funds			Governmental
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	Activities- Internal Service Funds
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable & accrued expenses	\$ 1,373	444	1,817	2,205
Accrued liabilities	1,165	—	1,165	—
Due to other funds	—	5,142	5,142	—
Claims payable	—	—	—	9,297
	2,538	5,586	8,124	11,502
Current liabilities (payable from restricted assets):				
Contracts and other payables	4,810	—	4,810	—
Revenue bonds payable - current	16,875	—	16,875	—
Unearned revenue	467	—	467	—
	22,152	—	22,152	—
Total current liabilities	24,690	5,586	30,276	11,502
Non-current liabilities:				
Revenue bonds payable - noncurrent	434,858	—	434,858	—
Other long-term liabilities	1,413	—	1,413	—
Total non-current liabilities	436,271	—	436,271	—
Total liabilities	460,961	5,586	466,547	11,502
Net Position:				
Net investment in capital assets	675,059	34,301	709,360	—
Restricted for debt retirement	37,405	—	37,405	—
Unrestricted	252,806	3,303	256,109	31,456
Total net position	\$ 965,270	37,604	1,002,874	31,456

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, 2017

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Governmental
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	Activities- Internal Service Funds
Operating revenues:				
Charges for services	\$ —	37,892	37,892	131,248
Sales tax collected		435	435	—
Water and sewerage charges	120,830	—	120,830	—
Total operating revenues	<u>120,830</u>	<u>38,327</u>	<u>159,157</u>	<u>131,248</u>
Operating expenses:				
Administrative and general	4,737	101	4,838	21,809
Depreciation and amortization	29,595	349	29,944	—
Personal services	23,343	814	24,157	—
Contractual services	27,666	35,720	63,386	100,570
Operating services	15,455	31	15,486	—
Total operating expenses	<u>100,796</u>	<u>37,015</u>	<u>137,811</u>	<u>122,379</u>
Operating income (loss)	<u>20,034</u>	<u>1,312</u>	<u>21,346</u>	<u>8,869</u>
Non-operating revenues (expenses):				
Loss on investment in joint venture	(2,114)	—	(2,114)	—
Interest income	1,426	—	1,426	—
Interest expense	(15,992)	—	(15,992)	—
Total non-operating revenues (expenses)	<u>(16,680)</u>	<u>—</u>	<u>(16,680)</u>	<u>—</u>
Income (loss) before contributions and transfers	<u>3,354</u>	<u>1,312</u>	<u>4,666</u>	<u>8,869</u>
Capital contributions	9,669	—	9,669	—
Transfer out	—	(1,737)	(1,737)	—
Change in net position	13,023	(425)	12,598	8,869
Net position at beginning of year	952,247	38,029	990,276	22,587
Net position at end of year	<u>\$ 965,270</u>	<u>37,604</u>	<u>1,002,874</u>	<u>31,456</u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Cash Flows
Proprietary Funds

For the year ended December 31, 2017

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Governmental
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	Activities-Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 123,913	32,791	156,704	128,507
Payments to suppliers	(46,670)	(30,443)	(77,113)	(122,011)
Payments to employees	(23,421)	(734)	(24,155)	—
Net cash provided by operating activities	<u>53,822</u>	<u>1,614</u>	<u>55,436</u>	<u>6,496</u>
Cash flows from capital and related financing activities:				
Principal and interest payments on revenue bonds	(36,777)	—	(36,777)	—
Additions to property, plant, and equipment	(34,491)	(44)	(34,535)	—
Net cash used by capital and related financing activities	<u>(71,268)</u>	<u>(44)</u>	<u>(71,312)</u>	<u>—</u>
Cash flows from non-capital financing activities:				
Transfer out to governmental funds	—	(1,737)	(1,737)	—
Net cash provided by non-capital financing activities	<u>—</u>	<u>(1,737)</u>	<u>(1,737)</u>	<u>—</u>
Cash flows from investing activities:				
Purchase of investments	(37,203)	—	(37,203)	—
Proceeds from sale of investments	111,506	—	111,506	—
Interest received on investments	1,554	—	1,554	—
Net cash provided by investing activities	<u>75,857</u>	<u>—</u>	<u>75,857</u>	<u>—</u>
(Decrease) increase in cash and cash equivalents	58,411	(167)	58,244	6,496
Cash and cash equivalents at beginning of year	<u>115,237</u>	<u>3,520</u>	<u>118,757</u>	<u>25,036</u>
Cash and cash equivalents at end of year	<u>\$ 173,648</u>	<u>3,353</u>	<u>177,001</u>	<u>31,532</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 20,034	1,312	21,346	8,869
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:				
Depreciation and amortization	29,595	349	29,944	—
Changes in assets and liabilities:				
Changes in customer receivables - net	2,480	—	2,480	—
Other assets	—	—	—	(2,784)
Change in due from other governments - net	603	(5,411)	(4,808)	—
Accounts and claims payable and accrued liabilities	(228)	347	119	411
Accrued liabilities	(78)	—	(78)	—
Contractual and other payables	1,416	—	1,416	—
Net cash provided by (used in) operating activities	<u>\$ 53,822</u>	<u>(3,403)</u>	<u>50,419</u>	<u>6,496</u>
Non-cash transactions:				
Unrealized gain (loss) on investments	\$ (128)	—	—	—
Donated capital assets contributed by outside sources	9,669	—	—	—
Gain (loss) on investment in joint venture	(2,114)	—	—	—

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Fiduciary Net Position
Fiduciary Funds

December 31, 2017

(In thousands of dollars)

Assets:	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 23,055	5	258,136
Due from Brokers for Securities Sold	6,584	—	—
Investments, at fair value:			
US Treasury Obligations	64,894	769	—
US Agency Obligations	35,760	—	—
Municipal bonds	4,610		
Corporate debt	64,651	—	—
Corporate asset & mortgage backed securities	32,724	—	—
Global fixed income mutual funds	67,662		
Emerging markets equity mutual funds	84,462		
Domestic equities	401,819	—	—
Domestic equity index funds-Comingled trust	235,531	4,388	—
Domestic equity funds	17,138	—	—
Domestic fixed income mutual funds	15,235	—	—
Foreign Government/Agency debt	862	—	—
International equities	20,138	—	—
Real estate investment contracts	3,980	—	—
International equity mutual funds	300,221	—	—
Taxes receivable (net of allowance)	—	—	450,417
Interest and dividends receivable	1,499	—	—
Accounts receivable	107	—	—
Prepaid pension benefits	11,655	—	—
	<u>1,392,587</u>	<u>5,162</u>	<u>708,553</u>
Total assets			
Liabilities:			
Due to Brokers for Securities Purchased	9,091	—	—
Due to other taxing districts	—	—	624,984
Due to others	12	—	83,569
	<u>9,103</u>	<u>—</u>	<u>708,553</u>
Total liabilities			
Net Position:			
Net Position restricted for pension benefits	1,383,484	—	—
Net Position restricted for OPEB	—	5,162	—
	<u>—</u>	<u>5,162</u>	<u>—</u>
Total net position	<u>\$ 1,383,484</u>	<u>5,162</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, 2017

(In thousands of dollars)

	Pension Trust Fund	OPEB Trust Fund
	<u> </u>	<u> </u>
Additions:		
Investment income:		
Net appreciation in fair value of investments	\$ 160,433	\$ 773
Interest and dividends	88,907	—
Less: investment expenses	<u>(3,988)</u>	<u>—</u>
Net investment gain	245,352	773
Employee contributions	1,358	—
Employer contributions	57,357	—
Contributions from other participating governments	15	—
Other income	<u>212</u>	<u>—</u>
Total additions	<u>304,294</u>	<u>773</u>
Deductions:		
Benefit payments	132,484	—
Administrative fees and other expenses	<u>656</u>	<u>—</u>
Total deductions	<u>133,140</u>	<u>—</u>
Change in net position	171,154	773
Net position restricted for benefits:		
Beginning of year	<u>1,212,330</u>	<u>4,389</u>
End of year	<u>\$ 1,383,484</u>	<u>\$ 5,162</u>

See accompanying notes to the financial statements.

This page left intentionally blank.

**NOTES TO
THE
FINANCIAL
STATEMENTS**

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies

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

(a) *Financial Reporting Entity*

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

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

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

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

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies (continued)

Discretely Presented Component Unit - The Fulton-DeKalb Hospital Authority (the “Hospital Authority”) is governed by a ten-member board, of which seven members are appointed by the County’s Board of Commissioners. Fulton County provided \$60.2 million in funding to the Hospital Authority during 2017, of which \$17.7 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, 2nd floor, Administrative Offices
Atlanta, Georgia 30303

Newly established as of July 1, 2017, the Fulton County Board of Health began providing County wide health care services previously provided by the Fulton County Health Department. This entity will have a presentation in next year’s report, as first fiscal year will end June 30, 2018. The County paid this entity \$3.72 million during calendar year 2017 for provision of these health services.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies (continued)

Joint Ventures

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

Under the joint venture agreement, the County 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 \$2,331 as of December 31, 2017.

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 \$816 to the ARC for the year ended December 31, 2017. 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, 2017

(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 \$5.9 million in 2017 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, 2017, 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, 2017

(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, 2017

(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 unmaturing sick pay, compensated absences and other long-term commitments and contingencies are recorded only when payment is due. In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

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

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

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

The County reports the following major governmental funds:

General Fund

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

South Fulton Special Service District

The southern end of unincorporated Fulton County became a separate taxing district in 2006, and is categorized as a major fund. This fund accounts for operations of the unincorporated County's police, fire, business licensing and recreation. Financing is provided by a specific annual property tax levy and fees and charges for services. Collections are restricted for use in this specific area. This fund included the entire unincorporated area until May 1, 2017, at which point the new City of South Fulton encompasses the majority of this area. The fund's activity subsequent to May 1, 2017 represents the Fulton Industrial District, the last remaining unincorporated area of the County. It is expected this is the last year this fund will be presented as a major fund.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies (continued)

Library Bond Fund

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

The County reports the following major proprietary fund:

Water and Sewerage System Fund

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

The County reports 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 beginning July 1, 2017 through December 31, 2017. Administrative efforts will be recouped in fiscal 2018.

Contractual Service fund-City of South Fulton

The County entered into an intergovernmental agreement with the newly incorporated 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 new fund records the expenses incurred and revenues earned from providing these services beginning May 1, 2017 through December 31, 2017.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies (continued)

The County reports the following fiduciary funds:

Fulton County Employees' Retirement System

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

Fulton County Other Post-Employment Benefits Fund

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

Agency Funds

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

The County reports the following other fund types:

Internal Service funds

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

(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, 2017

(1) Summary of Significant Accounting Policies (continued)

(g) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally defined as assets with an individual cost in excess of \$5,000 for equipment or \$100,000 for all other assets, and a useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets consist of the road network that were acquired or that received substantial improvements subsequent to January 1, 1980 and are reported at estimated historical cost using various industry and trade cost data combined with actual information maintained at the County. The 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 2017.

The new City of South Fulton incorporated May 1, 2017, and assumed the majority of roadway networks and infrastructure in the previously unincorporated area of the County. These assets were transferred at their net book value as of the transfer date. These net capital assets transferred are also shown as an Extraordinary item on the Statement of Activities on page 12.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies (continued)

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 \$5.3 million for 2017 and is classified as an operating cost on the Statement of Revenues, Expenses and Changes in Net Position-Proprietary funds. \$2,022 was additionally paid and capitalized during 2017, bringing the balance at December 31, 2017 to approximately \$112.1 million.

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

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

Bond premiums or discounts are deferred and amortized over the term of the debt. Bond debt issuance costs are expenses as incurred to comply with new Governmental Accounting Reporting Requirement Statement No. 65. Bond premiums or discounts are also now presented separate from the face value of the outstanding debt, and classified as Deferred Outflows of Financial Resources on the Statement of Net Position on page 12.

(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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies (continued)

The following amounts are deferred and recognized as an inflow of resources in the period that the amounts become available, in thousands:

	General	South Fulton	Debt	
<u>Unavailable revenues</u>	<u>fund</u>	<u>Special District fund</u>	<u>Service fund</u>	<u>Total</u>
Property taxes	\$ 63,547	2,522	1,738	67,807

(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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies (continued)

(n) *Uncompensated Care*

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

(o) *Management Estimates*

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

(p) *Reclassifications of presentation*

The Sandy Springs Tax Allocation District special revenue fund was combined with Other Special Revenue funds as of January 1, 2017 for this CAFR presentation.

(2) Budgetary Accounting and Compliance

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(2) Budgetary Accounting and Compliance (continued)

	Net changes in fund balance	
	General Fund	South Fulton Special Tax District Fund
GAAP basis	\$ (18,313)	11,731
Adjustments to accruals:		
Tax revenues and receivables	(140,618)	(5,993)
Liabilities	2,587	(1,702)
Fund balance utilized	156,344	(4,036)
Budget basis	\$ —	—

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(2) Budgetary Accounting and Compliance (continued)

- (7) Budgets are legally adopted for the two major funds, the General Fund and South Fulton Special District Fund. Formal budgetary integration is employed as a management control device during the year for these two funds. Budgets were also legally adopted for debt service fund and other special revenue funds for the fiscal year ending December 31, 2017. Project-length budgets are adopted upon approval for the capital project, including the major capital project fund for bond funded Library improvements and construction. Generally, annual adopted appropriations, both encumbered and unencumbered, lapse at December 31.
- (8) Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the County in excess of original anticipations, and these amounts are anticipated by the Budget Commission and subsequently appropriated by the Board of Commissioners. No supplemental appropriations were made during 2016.

(3) Cash and Investments – Primary Government

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

Custodial Credit Risk

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

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, 2017, the County’s primary governmental and business type funds had the following investments:

	Fair value	December 31, 2017		
		< 1 year	1-5 years	6-10 years
Fixed Income:				
US Treasury Obligations	\$ 87,323	28,378	58,945	-
US Agency Obligations	\$ 80,237	31,544	48,693	-
Fixed Income subtotal	167,560	59,922	107,638	-
Money Market Funds	1,598			
Georgia Fund I	44,547			
Total cash equivalents and investments	<u>\$ 213,705</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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

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

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.

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.

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 \$167,560 shown above are rated AAA/AA+, while \$1,598 in money market funds possess the highest quality short term ratings. The \$44,547 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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

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

cash, cash equivalents, and investments of the County's governmental and business-type activities at December 31, 2017 (in thousands of dollars):

Balances by category:		2017
Cash and deposits	\$	380,574
Cash equivalents		48,134
Investments		167,560
	\$	<u>596,268</u>
Balances as presented in the Statement of Net Position:		
Unrestricted activities:		
Cash and cash equivalents	\$	428,564
Investments		130,357
Restricted activities:		
Cash and cash equivalents		144
Investments		37,203
	\$	<u>596,268</u>

(3) Cash and Investments – Fiduciary Funds

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

Custodial Credit Risk

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

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

The following is a summary of the carrying amounts of the cash, cash equivalents and investments of the Fiduciary funds at December 31, 2017 (in thousands of dollars):

Balances by category:	2017		
	Pension Trust Fund	OPEB Trust Fund	Agency Funds
	Cash and cash equivalents	\$ 23,055	5
Investments	1,349,687	5,157	-
Due from Brokers for Securities Sold	6,584	-	-
Due to Brokers for Securities Purchased	(9,091)	-	-
	\$ 1,370,235	5,162	258,136

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

Credit Quality Risk

Credit Quality Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table below shows the Pension Trust fund's exposure to credit quality risk for the fixed income investments held as of December 31, 2017.

Fixed Income:	Fair Value	December 31, 2017 ratings				
		AAA	AA	A	BBB	BB & N/R
US Treasury Obligations	\$ 64,894	64,894	-	-	-	-
US Agency Obligations	35,760	-	35,760	-	-	-
Municipal General Obligations	4,610	2,248	2,362	-	-	-
Foreign Government/Agency debt	862	-	-	204	658	-
Corporate Debt	64,651	5,340	19,171	26,647	13,493	-
Corporate Asset & Mortgage Backed Securities	32,724	-	5,228	6,419	21,077	-
Domestic Fixed Income Mutual fund	15,235	15,235	-	-	-	-
Global Fixed Income Mutual fund	67,662	67,662	-	-	-	-
Fixed Income totals	\$ 286,398	155,379	62,521	33,270	35,228	-

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(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, 2017.

	December 31, 2017				
	Fair Value	3-12mos	1-5yrs	6-10yrs	>10yrs
Fixed Income:					
US Treasury Obligations	\$ 64,894	-	46,304	11,416	7,174
US Agency Obligations	35,760	-	4,792	2,866	28,102
Municipal General Obligations	4,610	-	612	74	3,924
Foreign Government /Agency debt	862	-	-	204	658
Corporate Debt	64,651	5,340	19,170	26,648	13,493
Corporate Asset & Mortgage Backed Securities	32,724	-	5,228	6,419	21,077
Domestic Fixed Income Mutual fund	15,235	15,235	-	-	-
Global Fixed Income Mutual Fund	67,662	67,662	-	-	-
Fixed Income subtotal	286,398	88,237	76,106	47,627	74,428
Equity securities	401,819				
Real Estate Investment Trusts (REITs)	3,980				
Domestic equity index funds	235,531				
Emerging markets equity mutual funds	84,462				
Domestic equity mutual funds	17,138				
International equities	20,138				
International equity mutual funds	300,221				
Cash and Cash Equivalents	23,055				
Due to/from Brokers for Securities Purchased	(2,507)				
Total cash equivalents and investments	\$ <u>1,370,235</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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

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

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

The following table provides information about Pension Trust fund’s categorization by Level as of December 31, 2017.

	December 31, 2017			
	Total	Level 1	Level 2	Level 3
US Treasury Obligations	\$ 64,894	-	64,894	-
US Agency Obligations	35,760	-	35,760	-
Municipal General Obligations	4,610	-	4,610	-
Foreign Government/Agency debt	862	-	862	-
Corporate Debt	64,651	-	64,651	-
Corporate Asset & Mortgage Backed Securities	32,724	-	32,724	-
Domestic Fixed Income Mutual fund	15,235	15,235	-	-
Global Fixed Income Mutual Fund	67,662	67,662	-	-
Demestic Securities	401,819	401,819	-	-
Real Estate Investment Trusts (REITs)	3,980	3,980	-	-
Domestic equity index funds-Comingled trust	235,531	-	235,531	-
Domestic equity mutual funds	17,138	17,138	-	-
International equities	20,138	20,138	-	-
International equity mutual funds	300,221	300,221	-	-
Emerging markets equity funds	84,462	13,300	71,162	-
Cash and Cash Equivalents	23,055	23,055	-	-
Due to/from Brokers for Securities Purchased	(2,507)	(2,507)	-	-
Total cash equivalents and investments	\$ 1,370,235	860,041	510,194	-

(3) Cash and Investments – Component unit

Hospital Authority

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

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

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

The following is a summary of the fair value hierarchy for deposits and investments of the Hospital Authority as of December 31, 2017, classified as investments on page 47.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 48,454	-	-	48,454
Mutual funds	21,038	-	-	21,038
Common collective trust funds	3,352	-	-	3,352
Money Market funds	60	-	-	60
Real assets	-	181	-	181
Miscellaneous assets	-	-	2,474	2,474
Equity securities	3,236	-	-	3,236
	<u>\$ 76,140</u>	<u>181</u>	<u>2,474</u>	<u>78,795</u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Hospital Authority's deposits may not be returned to it. As of December 31, 2017, 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 99.76% of its investments at Wells Fargo as of December 31, 2017. No limits exist on U.S. issued fixed income securities. Prohibited investments are also specified in the policy.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

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

Hospital Authority

Basic combined discretely presented component unit financial statements:

Unrestricted:		<u>2017</u>
Cash and cash equivalents	\$	221,510
Restricted		
Cash and cash equivalents restricted for debt service		16,989
Investments		<u>78,795</u>
Total	\$	<u><u>317,294</u></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 2017 saw significant changes to the above process that delayed the assessing, millage rate setting, and billing of property taxes for 2017. The Board of Commissioners opted to utilize 2016 values for residential real estate property assessments. The tax digest was ultimately provided to a superior court judge to approve distribution of tax bills. The due date for 2017 property taxes for the County was January 15, 2018. Other entities for which the County assesses also experienced varying delays in collection of 2017 taxes.

The newly incorporated City of South Fulton substantially reduced the amount of property taxes accruing to the South Fulton Taxing District, which was established in 2006 as a special revenue fund which levies taxes to provide resources for municipal type services such as police, fire, parks, and economic development for the County's unincorporated area. As of May 1, 2017, the last unincorporated area remains along the Fulton County Industrial corridor.

(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, 2017

(4) Taxes (continued)

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

During fiscal year 2017, County voters approved a new 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. 2017 values are shown on the following pages:

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(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 2017 (in thousands)</u>
Fulton County Development Authority	<u>\$6,567</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, 2017

(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 2017 (in thousands)</u>
Local Enterprise Zone Program	<u>\$733</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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(4) Taxes (continued)

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

<u>Tax Abatement Program</u>	Total Amount of Taxes Abated (Incentives Abated) <u>for the year 2017 (in thousands)</u>
Georgia Preferential Property Tax Assessment Program for Rehabilitated Historic Property	\$ <u>159</u>

Other Government Agreements for Abatements of Property taxes:

County property tax revenues were reduced by \$488 under agreements entered into with the City of Atlanta, reduced by \$98 under agreements entered into by the City of Alpharetta, and reduced \$216 with agreements with the City of Sandy Springs.

(5) Allowances for Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2017 are as follows (in thousands of dollars):

	<u>2017</u>
Taxes Receivable:	
General Fund	\$ 4,897
Debt Service Fund	95
South Fulton Special Taxing District	514
Agency Funds	<u>16,496</u>
	\$ <u>22,002</u>
Accounts Receivable – Water and Sewerage System Fund	\$ <u>1,557</u>

(6) Due from Other Governments

Governmental type funds include receivables from other governments for various activities. The General fund is owed \$1,362 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 \$6,534 for federal and state financial assistance related to various grantor receivables in grants-in aid. \$257 is owed to the County for the cost of municipal elections, while \$99 is due for capital costs for an emergency communication system from one municipality.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(6) Due from Other Governments (continued)

Business type funds are owed \$8,407 which includes \$2,996 (net of an allowance of \$5,806) 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, 2017. Other Enterprise funds are also owed \$5,411 as of December 31, 2017 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.

(7) Capital Assets and Infrastructure

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

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

	January 1, 2017	Increases	Decreases	December 31, 2017
Capital assets not being depreciated:				
Land and land improvements	\$ 55,428	—	(1,041)	54,387
Construction in progress*	85,302	11,549	(30,055)	66,796
Total capital assets not being depreciated	140,730	11,549	(31,096)	121,183
Capital assets being depreciated*:				
Equipment	155,018	3,347	(7,882)	150,483
Buildings and other improvements	845,130	3,844	—	848,974
Roadway network	573,911	2,092	(510,108)	65,895
Total capital assets being depreciated	1,574,059	9,283	(517,990)	1,065,352
Less accumulated depreciation for*:				
Equipment	(124,655)	(7,233)	7,433	(124,455)
Buildings and other improvements	(434,288)	(17,802)	—	(452,090)
Roadway network	(258,954)	(4,673)	232,753	(30,874)
Total accumulated depreciation	(817,897)	(29,708)	240,186	(607,419)
Net capital assets being depreciated	756,162	(20,425)	(277,804)	457,933
Net capital assets- governmental activities	\$ 896,892	(8,876)	(308,900)	579,116

*Net capital assets of \$298,190 were transferred to the newly incorporated City of South Fulton-Footer 17

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

Administration	\$ 2,504
Public Safety	5,257
Legal	5,508
Infrastructure and facilities	10,932
Social services	5,007
Health services	500
Total depreciation expense, governmental activities	\$ 29,708

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(7) Capital Assets and Infrastructure (continued)

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

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

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

	January 1, 2017	Increases	Decreases	December 31, 2017
Water and Sewerage System fund:				
Capital assets not being depreciated:				
Land improvements	\$ 10,201	—	—	10,201
Construction in progress	62,766	30,399	—	93,165
Total capital assets not being depreciated	72,967	30,399	—	103,366
Capital assets being depreciated:				
Equipment	17,882	1,243	(1,797)	17,328
Water system	284,894	3,962	(898)	287,958
Sewerage system	1,132,936	6,895	—	1,139,831
Intangible assets	171,319	2,901	—	174,220
Total capital assets being depreciated	1,607,031	15,001	(2,695)	1,619,337
Less accumulated depreciation for:				
Equipment	(14,638)	(856)	1,455	(14,039)
Water system	(98,888)	(4,690)	—	(103,578)
Sewerage system	(399,016)	(17,996)	—	(417,012)
Intangible assets	(55,889)	(5,335)	—	(61,224)
Total accumulated depreciation	(568,431)	(28,877)	1,455	(595,853)
Net capital assets being depreciated	1,038,600	(13,876)	(1,240)	1,023,484
Net capital assets-Water and Sewerage System fund	\$ 1,111,567	16,523	(1,240)	1,126,850

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(7) Capital Assets and Infrastructure (continued)

	<u>January 1,</u> <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2017</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	1,438	44	—	1,482
Buildings and other improvements	<u>5,457</u>	<u>—</u>	<u>—</u>	<u>5,457</u>
Total capital assets being depreciated	<u>6,895</u>	<u>44</u>	<u>—</u>	<u>6,939</u>
Less accumulated depreciation for:				
Equipment	(1,411)	(16)	—	(1,427)
Buildings and other improvements	<u>(5,336)</u>	<u>(111)</u>	<u>—</u>	<u>(5,447)</u>
Total accumulated depreciation	<u>(6,747)</u>	<u>(127)</u>	<u>—</u>	<u>(6,874)</u>
Net capital assets being depreciated	<u>148</u>	<u>(83)</u>	<u>—</u>	<u>65</u>
Net capital assets-Airport fund	\$ <u><u>28,057</u></u>	<u>(83)</u>	<u>—</u>	<u>27,974</u>

	<u>January 1,</u> <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2017</u>
Wolf Creek Amphitheater fund:				
Capital assets being depreciated*:				
Equipment	300	—	—	300
Buildings and other improvements	<u>7,212</u>	<u>—</u>	<u>—</u>	<u>7,212</u>
Total capital assets being depreciated	<u>7,512</u>	<u>—</u>	<u>—</u>	<u>7,512</u>
Less accumulated depreciation for*:				
Equipment	(44)	(38)	—	(82)
Buildings and other improvements	<u>(919)</u>	<u>(184)</u>	<u>—</u>	<u>(1,103)</u>
Total accumulated depreciation	<u>(963)</u>	<u>(222)</u>	<u>—</u>	<u>(1,185)</u>
Net capital assets being depreciated	<u>6,549</u>	<u>(222)</u>	<u>—</u>	<u>6,327</u>
Net capital assets-Wolf Creek Amphitheater fund	\$ <u><u>6,549</u></u>	<u>(222)</u>	<u>—</u>	<u>6,327</u>

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

Business-type activities:	
Water and Sewerage	\$ 33,107
Airport	127
Wolf Creek Amphitheater	<u>222</u>
Total depreciation expense, business-type activities	<u>\$ 33,456</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(7) Capital Assets and Infrastructure – Component unit

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

	<u>January 1, 2017</u>	<u>Increases</u>	<u>Decreases/ Other Changes</u>	<u>December 31, 2017</u>
Capital assets not being depreciated:				
Land	\$ 2,765	135	—	2,900
Construction in progress	40,841	1,152	(30)	41,963
Total capital assets not being depreciated	<u>43,606</u>	<u>1,287</u>	<u>(30)</u>	<u>44,863</u>
Capital assets being depreciated:				
Equipment	330,014	34,223	(4,266)	359,971
Buildings	334,388	43,129	(17)	377,500
Total capital assets being depreciated	<u>664,402</u>	<u>77,352</u>	<u>(4,283)</u>	<u>737,471</u>
Less accumulated depreciation for:				
Equipment	(214,903)	(25,667)	—	(240,570)
Buildings and other improvements	(125,103)	(22,083)	—	(147,186)
Total accumulated depreciation	<u>(340,006)</u>	<u>(47,750)</u>	<u>—</u>	<u>(387,756)</u>
Net capital assets being depreciated	<u>324,396</u>	<u>29,602</u>	<u>(4,283)</u>	<u>349,715</u>
Net capital assets- governmental activities	\$ <u><u>368,002</u></u>	<u><u>30,889</u></u>	<u><u>(4,313)</u></u>	<u><u>394,578</u></u>

Total depreciation expense for the Hospital Authority was \$51,240. All depreciation was incurred on assets acquired to provide health services.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(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, 2017 (in thousands of dollars):

	January 1,				December 31,	Due within
	2017	Additions	Retirements	Other	2017	one year
Governmental activities:						
Certificates of participation	\$ 55,275	-	(17,560)	-	37,715	18,400
Less deferred charges, net*	2,783	-	-	(531)	2,252	
Total Certificates of Participation	<u>58,058</u>	<u>-</u>	<u>(17,560)</u>	<u>(531)</u>	<u>39,967</u>	
Library General Obligation Bonds	142,225	104,785	(4,725)	-	242,285	4,930
Less deferred charges, net	1,656	6,478	-	(125)	8,009	
Total Library General Obligation Bonds	<u>143,881</u>	<u>111,263</u>	<u>(4,725)</u>	<u>(125)</u>	<u>250,294</u>	
Fulton County Urban Redevelopment Agency	21,291	45,000	(2,017)	-	64,274	4,623
Intergovernmental agreement-AFCRA	2,732	-	(401)	-	2,331	421
Compensated absences	41,936	11,112	(10,353)	-	42,695	11,112
Other long term capital lease obligations	64,690	1,698	(9,447)	-	56,941	8,895
Net other post employment benefits	587,684	96,076	(36,642)	-	647,118	-
Net pension liability	494,741	-	-	(44,524)	450,217	-
Claims and judgments	12,795	-	-	(61)	12,734	200
Post-closure care	10,522	-	(1,364)	-	9,158	-
Total Governmental activities	<u>\$ 1,438,330</u>	<u>265,149</u>	<u>(82,509)</u>	<u>(45,241)</u>	<u>1,575,729</u>	<u>48,581</u>
Business-type activities:						
Water & Sewerage Revenue Bonds	\$ 429,540	-	(16,090)	-	413,450	16,875
Less deferred charges, net	42,979	-	-	(4,696)	38,283	
Total Water & Sewerage Revenue Bonds	<u>472,519</u>	<u>-</u>	<u>(16,090)</u>	<u>(4,696)</u>	<u>451,733</u>	
Other long-term liabilities	<u>1,491</u>	<u>582</u>	<u>(660)</u>	<u>-</u>	<u>1,413</u>	
Total business-type activities	<u>\$ 474,010</u>	<u>582</u>	<u>(16,750)</u>	<u>(4,696)</u>	<u>453,146</u>	<u>16,875</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(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	137,785	4,575-8,560	Library facilities
2017 General Obligation	3.00-5.00%	2044	104,500	355-13,310	Library facilities
			\$ <u>242,285</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	190,185	16,875-21,505	Water/Sewer facilities
2013 Water and Sewerage	3.375-5.00%	2034	223,265	3,560-33,905	Water/Sewer facilities
			\$ <u>413,450</u>		

Debt Margins - The County is subject to the Municipal Finance Law of Georgia which limits the amount of net bonded debt (exclusive of revenue bonds) the County may have outstanding up to 10% of the average assessed valuation of the past five years. Ten percent of the assessed valuation of taxable property is \$5,793,855. As of December 31, 2017, the County had \$250,294 of direct general obligation debt less \$22,575 of funds to service this debt. Therefore, the County's unused debt margin was \$5,566,136 as of December 31, 2017.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

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

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 \$35,290 remains outstanding as of December 31, 2017.

The annual requirements to amortize bonds payable as of December 31, 2017, 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
2018	\$ 4,930	10,513	16,875	19,898	21,805	30,411
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
2023-2027	33,405	44,420	112,305	65,494	145,710	109,914
2028-2032	42,205	35,405	141,430	34,872	183,635	70,277
2033-2037	53,840	24,247	66,505	4,016	120,345	28,263
2038-2032	60,010	11,252	-	-	60,010	11,252
2033-2034	25,985	1,053	-	-	25,985	1,053
Total	242,285	167,043	413,450	195,056	655,735	362,099
Deferred charges/ premiums	8,009	(8,009)	38,283	(38,283)	46,292	(46,292)
Total	\$ 250,294	159,034	451,733	156,773	702,027	315,807

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 \$37,715 remains outstanding as of December 31, 2017 with an interest rate at 5.0%.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

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

Fulton County Urban Redevelopment Agency bonds

The County in 2017 and in previous years 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, 2017 for the 2017 bonds are \$45,000 with an interest rate of 2.29%. The remaining 2010 bonds of \$15,601 were issued at 4.70% while the remaining 2011 bonds of \$3,673 were issued at 3.18%. The amounts shown below do not include any of these subsidies.

The annual requirements to amortize these capital lease obligations as of December 31, 2017, including interest payments of \$2,851 and \$12,731 are as follows (in thousands of dollars):

Year ended December 31,	Fulton County Facilities Corporation	Fulton County Urban Redevel- opment Agency
2018	\$ 20,286	6,518
2019	20,280	6,494
2020		6,466
2021	-	6,445
2022	-	6,418
2023-2027	-	26,768
2028-2032		17,896
Total minimum lease payments	\$ 40,566	77,005
Less: Amount representing interest	(2,851)	(12,731)
Present value of minimum lease payments	\$ 37,715	64,274

(f) Other Long-term Obligations - Capital Leases

The County has entered into other various capital lease obligations totaling \$56,941 as of December 31, 2017, 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, 2017, of which \$52,659 is equipment and \$57,453 recorded for mechanical, electrical and plumbing improvements to the County's jail.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

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

The annual requirements to amortize these other capital lease obligations as of December 31, 2016, including interest payments of \$7,481 are as follows (in thousands):

<u>Year ended December 31,</u>	<u>Capital lease obligation</u>
2018	\$ 10,565
2019	9,135
2020	9,036
2021	8,152
2022	6,872
2023-2027	20,662
Total minimum lease payments	<u>\$ 64,422</u>
Less: Amounts representing interest	<u>(7,481)</u>
Present value of minimum lease payments	<u><u>\$ 56,941</u></u>

Tax Anticipation Notes

The County issued \$200 million in Tax Anticipation Notes on May 11, 2017 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 \$1,097 thousand. This note matured on December 29, 2017, with a net yield of .866%.

Liability for Tax Anticipation Notes, January 1, 2017	\$ -
Notes Issued	200,000,000
Notes Matured and paid	<u>200,000,000</u>
Liability for Tax Anticipation Notes, December 31, 2017	\$ -

(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)

	<u>January 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2017</u>	<u>Due within one year</u>
Long-term debt:					
Revenue Certificates	\$ 143,195	-	(21,995)	121,200	22,405
Notes payable	29,825	21,501	-	51,326	-
Capital lease obligations	3,105	2,670	(2,117)	3,658	555
Total long-term debt	<u>176,125</u>	<u>24,171</u>	<u>(24,112)</u>	<u>176,184</u>	<u>22,960</u>
Other long-term liabilities:					
Workers Compensation	1,546	263	-	1,809	1,562
General Professional	47,967	-	(2,740)	45,227	9,356
Accrued OPEB	4,064	-	(849)	3,215	-
Other	9,263	1,234	-	10,497	-
Total	<u><u>\$ 51,261</u></u>	<u><u>1,497</u></u>	<u><u>(3,589)</u></u>	<u><u>60,748</u></u>	<u><u>10,918</u></u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

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

(h) Hospital Authority Capital Lease Obligations

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

Year Ending December 31	Authority Long Term Debt		Authority Capital Lease Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 22,405	2,306	555	225	22,960	2,531
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	-	688	31	20,098	31
Total	\$ 121,200	6,809	3,658	760	124,858	7,569

The Hospital Authority has entered into various capital lease agreements for equipment. At December 31, 2017, the amount of equipment recorded under capital leases amount to approximately \$8.2 million and the related accumulated amortization amounted to approximately \$4.4 million.

(9) Other Long-Term Obligations

(a) Fulton County

The County owns two closed landfill sites within the County geographic boundaries. State and Federal laws and regulations require the County to monitor and maintain these closed landfills for approximately another 9 years. The County payments specific to landfill postclosure care approximated \$1,364 in 2017, which are paid by the Solid Waste fund, a special revenue fund. In 1997, the County received a postclosure care financial assurance certification. An average inflation assumption of 3.15% is applied to the estimated annual costs. These costs could vary based on new technologies or other changes to applicable laws and regulations.

(b) Hospital Authority

Line of Credit - The Hospital has historically maintained a line of credit facility with a commercial bank, which serves as bridge financing for its intergovernmental transfer (“IGT”) funding requirements for the ICTF program and as a general revolving working capital facility. During February 2016, the Hospital obtained a new credit facility which expired on February 27, 2017, and is now extended to April 2019. This provides a working capital component only \$30 million which accrue interest on 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, 2017.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(10) Interfund Assets/Liabilities and Transfers

Below are the interfund receivable and payable balances that existed as of December 31, 2017. The amounts below include accrued interest on General fund borrowings of \$15 owed to the Risk Management fund (an Internal Service fund) and an additional \$44 owed to the General Capital fund (a non-major Governmental fund) as of year end.

Loaned To:	Loaned from			
	Non-Major Govern- mental funds	South Fulton Special District	Internal Service funds	Total
General fund	\$ 30,044		10,015	40,059
Non-Major Governmental funds	-	-	-	-
Non-Major Enterprise funds	1,469	3,673	-	5,142
	\$ 31,513	3,673	10,015	45,201

Interfund transfers are attributable to the budgeted allocation of resources from one fund to another for capital outlay projects, matching resources for federal and state grants, and other transfers adopted within the County's budget. These transfers are reported below (in thousands of dollars):

Transferred From	Transferred To				Total
	General fund	South Fulton Tax District fund	Non-Major Govern- mental funds	Non-Major Enter- prise funds	
General fund	\$ -	-	47,751	-	47,751
South Fulton Special District fund	-	-	1,151	-	1,151
Non-Major Governmental funds	-	-	159	-	159
Non-Major Enterprise funds	-	-	1,737	-	1,737
	\$ -	-	50,798	-	50,798

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(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, 2017, which is expected to be paid after one year, is \$12,734. 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 2017. 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, 2017, the present value of the estimated future liability for outstanding claims, including estimated incurred, but not reported claims, is \$7,629. At December 31, 2017, the County held \$8,719 in cash and cash equivalents and \$7,983 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 \$3,098 to provide for resources to insure for general, employee and vehicle liability and automobile physical damage. At December 31, 2017, the County held \$14,994 in cash and cash equivalents and \$10,015 as a receivable from other funds 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, 2017 was as follows (in thousands of dollars):

	Beginning of fiscal year liability	Current year claims and changes in estimates	Claims payments	Balance at fiscal year-end
2017	\$ 23,203	117,372	(117,114)	23,461
2016	34,476	106,499	(117,772)	23,203
2015	24,351	141,464	(131,339)	34,476

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(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, 2017

(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 2017 are as follows (in thousands of dollars):

	<u>2017</u>
Total required employer contributions:	
Dollar amount	\$ 52,988
Percent of covered payroll	260.08%
Actual employer contributions:	
Dollar amount	\$ 57,228
Percent of covered payroll	280.89%

Employee contribution rates are established in accordance with pension law. During 2017 actual countywide employee contributions were \$1,358 which represented 6.66% 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 2017 are as follows:

Members:	
Retired and receiving benefits	\$ 3,230
Terminated with vested benefits	23
Active employees:	
Vested	<u>339</u>
Total members	<u><u>3,592</u></u>
Total current year payroll for employees covered by the Plan (in thousands)	\$ <u><u>20,374</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, 2017

(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, 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 1/1/2018 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.

*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%.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(12) Retirement Plans (continued)

*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.

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

The System's total and net pension liability for the years ended December 31, 2017 and 2016 are as follows:

Fiscal year ended	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Fiduciary net position as a percentage of Total Pension Liability
December 31, 2017	\$ 1,833,170	1,382,953	\$ 450,217	75.44%
December 31, 2016	\$ 1,706,578	1,211,837	\$ 494,741	71.01%

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 7.35%, and the System's net pension liability would be if it were calculated using a discount rate this is one-percentage-point lower (6.35%) or one-percentage-point higher (8.35%) than the current rate.

	1% Decrease (6.35%)	Current Discount (7.35%)	1% Increase (8.35%)
System's net pension liability	\$644,663	\$450,217	\$286,433

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, 2017

(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>
Balances at December 31, 2016	\$ 1,706,578	1,211,837	494,741
Changes for the year:			
Service cost	2,348		2,348
Interest	123,205		123,205
Benefit changes			-
Difference between expected and actual experience	20,982		20,982
Change of assumptions	112,435		112,435
Contributions - employer		57,228	(57,228)
Contributions - employee		1,358	(1,358)
Net investment income		245,564	(245,564)
Benefit payments, including refunds of employee contributions	(132,378)	(132,378)	-
Administrative expense		(656)	656
Net changes	\$ 126,592	171,116	(44,524)
Balances at December 31, 2017	\$ <u>1,833,170</u>	<u>1,382,953</u>	<u>450,217</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, 2018
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Closed level dollar for remaining unfunded liability.
Remaining amortization period	15 years remaining as of January 1, 2018.
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, 2017

(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, 2017 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%	4.75%
U.S. Small/Mid Cap Equity	14.00%	5.00%
International Equity	20.00%	5.00%
Emerging Market Equity	5.00%	6.50%
U.S. Aggregate Fixed Income	12.00%	1.00%
Bank loans	5.00%	2.75%
Global Fixed Income	5.00%	0.00%
Global Asset Allocation	<u>5.00%</u>	3.18%
	100.00%	

*Expected real rate of return is net of inflation.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(12) Retirement Plans (continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

The County recognized total pension expense of \$163,256 for the year ended December 31, 2017, 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.

		Balance, 12/31/2016	Recognized during 2017	Balance, 12/31/2017	To Be Recognized during fiscal year			
					2018	2019	2020	2021
Fiscal year outflows								
Investment loss	2015 \$	65,275	21,758	43,517	21,758	21,759	-	-
Investment loss	2016	11,279	2,820	8,459	2,820	2,819	2,820	-
Liability loss	2017	-	20,982	-	-	-	-	-
Assumption change	2017	-	112,435	-	-	-	-	-
Total Outflows		<u>76,554</u>	<u>157,995</u>	<u>51,976</u>	<u>24,578</u>	<u>24,578</u>	<u>2,820</u>	<u>-</u>
Fiscal year inflows								
Investment gain	2017	-	31,494	125,974	31,494	31,494	31,493	31,493
Total Inflows		<u>-</u>	<u>31,494</u>	<u>125,974</u>	<u>31,494</u>	<u>31,494</u>	<u>31,493</u>	<u>31,493</u>
Total		<u><u>76,554</u></u>	<u><u>126,501</u></u>	<u><u>(73,998)</u></u>	<u><u>(6,916)</u></u>	<u><u>(6,916)</u></u>	<u><u>(28,673)</u></u>	<u><u>(31,493)</u></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 2017, 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 \$1.2 million as of January 1, 2017 biannual actuarial valuation date. Plan assets total \$.5 million, and the unfunded balance is \$.7 million which is being amortized on a 6 year level dollar method. Participant information, actuarial funding methods, and other assumptions are the same as the Fulton County Employees' Retirement System. This liability does not appear on the actuarial information presented for the Fulton County Employees Retirement System Plan.

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(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, 2017, the plan had 5,534 total participants who contributed 6% of their pensionable earnings, approximately \$13,950 during 2017. The County also contributed \$18,591 which was 8% of their pensionable earnings throughout the year. The County also contributed an additional \$1,530 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. The Plan assets are held in custodial accounts for the exclusive benefit of the Plan participants and their beneficiaries and, therefore, the plan assets and liabilities are not recorded on the financial statements of the County. TIAA-CREF independently managed assets throughout 2017.

(d) *Hospital Authority Pension Plan*

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

(13) Other Post-Employment Benefits

(a) *Fulton County*

The County, 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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(13) Other Post-Employment Benefits (continued)

life insurance benefits, in the Health Insurance Stabilization fund, an internal service fund, is recognized as paid; such costs approximated \$44,728 in 2017, as compared to \$44,357 in 2016. 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 Attained Age funding method. As of the evaluation date, the number of retirees with current health care coverage was approximately 3,800, of which approximately 3,400 have life insurance coverage in effect. Approximately 4,800 active employees with coverage are subject to this plan.

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

In 2009 the County contributed \$2,185 to an irrevocable trust fund dedicated to pay for future OPEB claims against the current unfunded accrued actuarial liability of \$1,309,147. This is presented in the Statement of Fiduciary Assets on page 25. No contribution has been made subsequently, but interest earnings of \$2,977 have accumulated in this trust fund as of December 31, 2016, of which \$773 was earned in 2017. As of the most recent valuation date of January 1, 2017, the OPEB Plan funded status was as follows:

(12/31/2017)	Actuarial	Unfunded			UAAL as a
Actuarial	Accrued	Actuarial	Funded	Covered	Percentage of
Value	Liability	Accrued Liability	Ratio	Payroll	Covered Payroll
of Assets	(AAL)	(UAAL)			
\$5,162	\$1,314,309	\$1,309,147	0.004%	\$240,697	543.9%

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

Fiscal year ended	Actuarially Determined Employer Contribution	Percentage of ADEC contributed	Net OPEB obligation
December 31, 2015	\$ 86,971	37.6%	\$ 532,869
December 31, 2016	90,533	39.5	587,684
December 31, 2017	96,076	38.2	647,118

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(13) Other Post-Employment Benefits (continued)

The County's annual OPEB cost and net OPEB liability for the year ended December 31, 2017:

Actuarially Determined Employer Contribution (ADEC)		
postemployment benefits (OPEB)	\$	95,026
Interest on ADEC		23,507
Adjustment to the ADEC		<u>(22,457)</u>
Annual OPEB cost/ADEC		96,076
Annual employer contributions made on claims		<u>(36,642)</u>
Change in net OPEB obligation		59,434
Net OPEB obligation - January 1		<u>587,684</u>
Net OPEB obligation - December 31	\$	<u><u>647,118</u></u>

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

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

The required schedule of funding progress for the postemployment benefit plan immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net position is increasing or decreasing relative to the actuarial accrued liability for benefits over time. The County does not issue stand-alone statements for post-employment retirement benefits.

(b) Hospital Authority

The Hospital Authority provides retiree medical benefits covering all employees of the Hospital Authority who retire at age 55 or older with at least 10 years of service. The plan was amended effective May 1, 2013, the terms of which generally provide that Medicare-eligible employees are no longer eligible for medical benefits under the post retirement benefit plan. Consequently, during 2013 the Authority began providing a retiree Health Reimbursement Account (HRA) for each Medicare-eligible individual in the plan. The plan discontinued its HRA contributions starting in 2015. The financial impact of the 2013 plan amendments recognized in the Authority's fiscal year 2017 combined financial statements results in a \$6.3 million increase in operating income through a reduction in the net periodic benefit cost. A discount rate of 3.35% was used to remeasure obligations at the amendment date.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(13) Other Post-Employment Benefits (continued)

(b) Hospital Authority

The changes in the accumulated postretirement benefit obligation (APBO) during 2017 follow:

	2017
APBO, Beginning	\$ 4,970
Service cost	81
Interest cost	97
Plan participant contributions	67
Benefits paid	(218)
Actuarial gain	(770)
APBO, Ending	\$ 4,227

\$1,012 of the above liability is classified as current

Expected future payments for other post-employment benefits range from \$531 to \$1,102 for the next five years and \$97 for combined years 2023 through 2027. 2.45% was used for weighted average assumptions to determine benefit obligations.

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

	2017
Service cost	\$ 81
Interest cost	97
Amortization of prior service cost (credit)	(5,359)
Amortization of net gain	(773)
Net periodic postretirement benefit cost (credit)	(\$5,954)

Assumed healthcare cost trend rates can have a significant effect on amounts reported for postretirement healthcare benefits. A 1% increase in the healthcare cost trend rate would increase the APBO by approximately \$109 thousand and increase interest and service cost by approximately \$5 thousand. A 1% decrease in the healthcare cost trend rate would decrease the APBO by approximately \$107 thousand and reduce interest and service cost by approximately \$5 thousand. Assumed trend rates utilized in this estimate range from 5.8% in 2018 reduced each year between .10% to .20% thereafter to a rate of 4.5% in 2036 and thereafter.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(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 \$13.7 million is believed to be reasonably possible, of which approximately \$8.2 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 100.
- (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 \$54,666, \$4,757 for roadway infrastructure improvements, \$3,852 for building improvements and \$34,241 for library system capital improvements as of December 31, 2017.

(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, 2017, 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 \$45.2 million at December 31, 2017. 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, 2017, 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, 2017, is \$1.8 million. While the ultimate outcome of these risks is not presently determinable, it is the opinion of management that the reserve is adequate to cover such risks.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2017

(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, 2017 were approximately \$9.7 million. The future minimum lease payments under noncancelable operating leases as of December 31, 2017 are as follows (in thousands):

Table with 2 columns: Year, Operating leases. Rows: 2018, 2019, 2020, 2021, 2022, Thereafter. Total: \$49,102.

(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, 2017

(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, 2017 are as follows (in thousands):

Fund Balances:	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Library capital projects	\$ 140,822		
Debt service	27,409		
Grants in Aid	4,629		
Emergency Communications	1,879		
Public Health Services	3,276		
Law Enforcement and Justice services	10,394		
Public Education Government Television		541	
South Fulton Special District			15,739
Special Service District			3,136
Stormwater Management			17
General Government services			531
Social and Cultural services			2,792
Other special revenue			2,895
T-Splost Administration			290
Other Capital and Transportation projects	44,610		77,743
Totals	<u>\$ 233,019</u>	<u>541</u>	<u>103,143</u>

(16) Subsequent Events

The County on May 22, 2018 issued a line of credit with a financial institution for an amount up to \$200 million to provide operating capital for 2018 until property tax collections are received by the County.

(17) Extraordinary Item

May 1, 2017 saw significant capital infrastructure transferred to the newly incorporated City of South Fulton. These asset types, and the net value transferred, are shown below. Other amounts, consisting largely of equipment but including buildings and land, were transferred subsequent to December 31, 2017 and will be shown in fiscal 2018. This decrease in net position is shown on page 13 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.

Equipment	\$ 449
Roadway Construction in Progress	20,386
Roadway Networks	<u>277,355</u>
Total	<u>\$ 298,190</u>

This page left intentionally blank.

**REQUIRED
SUPPLEMENTARY
INFORMATION**
(Unaudited)

FULTON COUNTY, GEORGIA

Required Supplementary Information
Unaudited, and in thousands

December 31, 2017

Schedule of Contributions from the Employer and Other Contributing Entities

Contributions in Relation to
The Actuarially Determined Employer Contribution

<u>Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>County Employer Contribution</u>	<u>DFACS Employer Contribution</u>	<u>Total Employer Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
December 31, 2008	\$ 33,836	32,339	411	32,750	1,086	78,184	41.89%
December 31, 2009	43,008	38,242	260	38,502	4,506	67,184	57.31
December 31, 2010	36,639	37,044	182	37,226	(587)	57,888	64.31
December 31, 2011	45,049	42,049	121	42,170	2,879	49,277	85.58
December 31, 2012	51,199	45,878	58	45,936	5,263	42,622	107.78
December 31, 2013	52,882	56,126	118	56,244	(3,362)	36,258	155.12
December 31, 2014	55,255	57,441	88	57,529	(2,274)	32,828	175.24
December 31, 2015	48,586	47,203	27	47,230	1,356	27,820	169.77
December 31, 2016	50,493	45,953	24	45,977	4,516	23,391	196.56
December 31, 2017	52,988	57,213	15	57,228	(4,240)	20,374	280.89

Schedule of Employer's Net Pension Liability

<u>Year Ended</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a percentage of the Total Pension liability</u>	<u>Covered payroll</u>	<u>Net pension liability as a percentage of covered payroll</u>
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

FULTON COUNTY, GEORGIA

Required Supplementary Information
Unaudited, and in thousands

December 31, 2017

Schedule of Investment Returns

<u>Year Ended</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2008	(23.79%)
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%

Other Post Employment Benefits Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Entry age normal Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded Actuarial Accrued Liability (Asset) (UAAL) (b - a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b - a)/c)</u>
December 31, 2011	\$ 2,689	1,509,799	1,507,110	0.18%	224,189	673%
December 31, 2012	3,023	1,798,332	1,795,309	0.17	226,479	794
December 31, 2013	3,023	1,798,332	1,795,309	0.17	226,479	794
December 31, 2014	4,012	1,230,477	1,226,465	0.33	207,692	591
December 31, 2015	4,012	1,230,477	1,226,465	0.33	207,692	591
December 31, 2016	4,389	1,314,309	1,309,920	0.34	240,697	544
December 31, 2017	5,162	1,314,309	1,309,147	0.34	240,697	544

FULTON COUNTY, GEORGIA

Required Supplementary Information
Unaudited, and in thousands

December 31, 2017

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service cost	\$ 2,348	3,283	3,678	4,291
Interest	123,205	122,576	122,562	120,935
Change of benefit terms	-	-	-	-
Differences between expected and actual experience	20,982	16,293	6,262	21,902
Change of assumptions	112,435	15,734	15,489	15,352
Benefit payments, including refunds of employee contributions	<u>(132,378)</u>	<u>(128,309)</u>	<u>(125,402)</u>	<u>(117,044)</u>
Net change in total pension liability	126,592	29,577	22,589	45,436
Total pension liability - beginning	\$ <u>1,706,578</u>	<u>1,677,001</u>	<u>1,654,412</u>	<u>1,608,976</u>
Total pension liability - ending (a)	\$ <u>1,833,170</u>	<u>1,706,578</u>	<u>1,677,001</u>	<u>1,654,412</u>
Plan fiduciary net position				
Contributions-employer	\$ 57,228	45,977	47,230	57,529
Contributions-employee	1,358	1,633	1,868	2,129
Net investment income	245,564	75,369	(11,187)	64,143
Benefit payments, including refunds of employee contributions	(132,378)	(128,309)	(125,402)	(117,044)
Administrative expense	(656)	(788)	(581)	(705)
Other	-	-	-	-
Net change in plan fiduciary net position	\$ <u>171,116</u>	<u>(6,118)</u>	<u>(88,072)</u>	<u>6,052</u>
Plan fiduciary net position - beginning	\$ <u>1,211,837</u>	<u>1,217,955</u>	<u>1,306,027</u>	<u>1,299,975</u>
Plan fiduciary net position - ending (b)	\$ <u>1,382,953</u>	<u>1,211,837</u>	<u>1,217,955</u>	<u>1,306,027</u>
System's net pension liability - ending (a) - (b)	<u>450,217</u>	<u>494,741</u>	<u>459,046</u>	<u>348,385</u>
Plan fiduciary net position as a percentage of the total pension liability	75.44%	71.01%	72.63%	78.94%
Covered employee payroll	\$ 20,374	23,391	27,820	32,828
System's net pension liability as a percentage of covered employee payroll	2209.81%	2115.08%	1650.06%	1061.24%

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

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

Notes to Schedule:

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

Assumption changes - see next page

FULTON COUNTY, GEORGIA

Required Supplementary Information
Unaudited, and in thousands

December 31, 2017

Schedule of Changes in System's Net Pension Liability											
Last Ten Fiscal Years											
(in thousands)											
Change of Assumptions: A comprehensive Actuarial Experience Review, covering the period January 1, 2012 through December 31, 2016, was completed in the spring of 2017. As a result, the following assumption changes were proposed by the actuary and subsequently approved by the Board. These changes are reflected for the first time in this 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.											
Previously the discount rate assumption was changed from 7.60% to 7.50% at 1/1/2017.											

FULTON COUNTY, GEORGIA

Notes to Required Supplementary Information
Unaudited, and in thousands

December 31, 2017

(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: 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.

Effective as of the January 1, 2017 valuation, the Fulton County Employees Retirement System Board approved a lower assumed rate of return from 7.60% to 7.50%, which affected the actuarial liability by \$15.5 million, and also changed the administrative expense assumption from \$600,000 to \$800,000.

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

Valuation Date	January 1, 2018
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	15 years remaining as of January 1, 2018
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.

FULTON COUNTY, GEORGIA

Notes to Required Supplementary Information
Unaudited, and in thousands

December 31, 2017

(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.
Inflation rate	2.0%
Projected salary increases employee	2.0-6.0%, depending on age, and if Public Safety
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.

**COMBINING
STATEMENTS
AND
SCHEDULES**

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

Special Revenue funds – (continued)

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

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

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

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

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

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

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 resources used in the design, construction, renovation, and furnishing of certain County buildings including the Government Center and Judicial Complex.

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

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

Transportation Sales Tax Projects fund - accounts for dedicated sales tax proceeds for transportation projects with the unincorporated area of Fulton County 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, 2017

(in thousands of dollars)

	Debt Service fund	Special Revenue Funds				General Government Services
		Special Service District	Grants in Aid	Emergency Communications	Stormwater Management	
Assets:						
Cash and cash equivalents	\$ 24,427	3,845	2,317	2,255	17	361
Receivables (net of allowances):						
Taxes	4,720	—	—	—	—	—
Interest	—	—	—	—	—	170
Accounts	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—
Due from other governments	—	—	6,534	99	—	—
Total assets	<u>\$ 29,147</u>	<u>3,845</u>	<u>8,851</u>	<u>2,354</u>	<u>17</u>	<u>531</u>
Liabilities:						
Accounts payable	\$ —	709	4,222	319	—	—
Due to others	—	—	—	156	—	—
Total liabilities	<u>—</u>	<u>709</u>	<u>4,222</u>	<u>475</u>	<u>—</u>	<u>—</u>
Deferred Inflows of Resources:						
Unavailable revenue	1,738	—	—	—	—	—
Total deferred inflows of resources	<u>1,738</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances (deficit):						
Restricted	27,409	—	4,629	1,879	—	—
Committed	—	—	—	—	—	—
Assigned	—	3,136	—	—	17	531
Total fund balances (deficit)	<u>27,409</u>	<u>3,136</u>	<u>4,629</u>	<u>1,879</u>	<u>17</u>	<u>531</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,147</u>	<u>3,845</u>	<u>8,851</u>	<u>2,354</u>	<u>17</u>	<u>531</u>

(continued)

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2017

(in thousands of dollars)

	Special Revenue Funds						
	Public Health services	Public Education Government Television	Law Enforcement and Justice services	Hotel/ Motel Taxes	Social and Cultural services	Other Special Revenue	T-Splst Transportation Tax Admin
Assets:							
Cash and cash equivalents	\$ 1,742	541	11,954	—	6,189	2,884	243
Receivables (net of allowances):							
Taxes	—	—	—	—	—	—	46
Interest	—	—	—	—	—	—	1
Accounts	—	—	—	—	—	—	—
Due from other funds	1,469	—	—	—	—	—	—
Due from other governments	—	—	—	—	—	257	—
Total assets	<u>\$ 3,211</u>	<u>541</u>	<u>11,954</u>	<u>—</u>	<u>6,189</u>	<u>3,141</u>	<u>290</u>
Liabilities:							
Accounts payable	\$ (65)	—	7	—	11	246	—
Due to others	—	—	1,553	—	3,386	—	—
Total liabilities	<u>(65)</u>	<u>—</u>	<u>1,560</u>	<u>—</u>	<u>3,397</u>	<u>246</u>	<u>—</u>
Deferred Inflows of Resources:							
Unavailable revenue	—	—	—	—	—	—	—
Total deferred inflows of revenues	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances (deficit):							
Restricted	3,276	—	10,394	—	—	—	—
Committed	—	541	—	—	—	—	—
Assigned	—	—	—	—	2,792	2,895	290
Total fund balances (deficit)	<u>3,276</u>	<u>541</u>	<u>10,394</u>	<u>—</u>	<u>2,792</u>	<u>2,895</u>	<u>290</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,211</u>	<u>541</u>	<u>11,954</u>	<u>—</u>	<u>6,189</u>	<u>3,141</u>	<u>290</u>

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2017

Capital Projects 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	Transport- ation Improve- ments	Total Non-major Governmental Funds
9,450	44,393	23,835	423	2,173	2,951	10,019	11,448	161,467
—	—	—	—	—	—	1,519	—	6,285
—	—	—	—	—	—	37	—	38
—	—	—	—	—	—	—	—	170
—	—	30,044	—	—	—	—	—	31,513
—	—	—	—	—	—	—	—	6,890
<u>9,450</u>	<u>44,393</u>	<u>53,879</u>	<u>423</u>	<u>2,173</u>	<u>2,951</u>	<u>11,575</u>	<u>11,448</u>	<u>206,363</u>
—	206	208	—	—	76	3,129	870	9,938
—	—	—	—	—	—	—	—	5,095
—	<u>206</u>	<u>208</u>	—	—	<u>76</u>	<u>3,129</u>	<u>870</u>	<u>15,033</u>
—	—	—	—	—	—	—	—	1,738
—	—	—	—	—	—	—	—	1,738
9,450	44,187	—	423	—	—	—	—	101,647
—	—	—	—	—	—	—	—	541
—	—	<u>53,671</u>	—	<u>2,173</u>	<u>2,875</u>	<u>8,446</u>	<u>10,578</u>	<u>87,404</u>
9,450	44,187	53,671	423	2,173	2,875	8,446	10,578	189,592
<u>9,450</u>	<u>44,393</u>	<u>53,879</u>	<u>423</u>	<u>2,173</u>	<u>2,951</u>	<u>11,575</u>	<u>11,448</u>	<u>206,363</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2017

(in thousands of dollars)

	Special Revenue Funds					General Government Services
	Debt Service fund	Special Service District	Grants in Aid	Emergency Telephone	Stormwater Management	
Revenues:						
Taxes	\$ 16,655	—	—	—	—	—
Intergovernmental	2,082	—	56,763	—	—	—
Charges for services	—	—	55	3,423	—	—
Courts and law enforcement	—	—	—	—	—	—
Use of money and property	—	—	1	—	—	—
Miscellaneous	—	3	—	—	—	296
Total revenues	<u>18,737</u>	<u>3</u>	<u>56,819</u>	<u>3,423</u>	<u>—</u>	<u>296</u>
Expenditures:						
Current:						
Administration	—	—	91	—	—	89
Public safety	—	498	2,800	5,503	—	—
Infrastructure and facilities	—	—	3,583	—	12	—
Social services	—	—	8,287	—	—	—
Health services	—	—	40,649	—	—	—
Other nonagency	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	—
Debt service:						
Principal retirement	30,550	—	—	—	—	—
Interest	14,548	—	—	—	—	—
Total expenditures	<u>45,098</u>	<u>498</u>	<u>55,410</u>	<u>5,503</u>	<u>12</u>	<u>89</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,361)</u>	<u>(495)</u>	<u>1,409</u>	<u>(2,080)</u>	<u>(12)</u>	<u>207</u>
Other financing sources (uses):						
Capital lease refunding obligations	—	—	—	—	—	—
Proceeds from issuance of refunding bonds	—	—	—	—	—	—
Transfer in from enterprise fund	296	—	222	975	—	—
Transfers in	29,743	—	777	900	—	—
Transfers out	—	—	—	(159)	—	—
Total other financing sources (uses)	<u>30,039</u>	<u>—</u>	<u>999</u>	<u>1,716</u>	<u>—</u>	<u>—</u>
Net change in fund balances	3,678	(495)	2,408	(364)	(12)	207
Fund balance at beginning of year	<u>23,731</u>	<u>3,631</u>	<u>2,221</u>	<u>2,243</u>	<u>29</u>	<u>324</u>
Fund balance (deficit) at end of year	<u>\$ 27,409</u>	<u>3,136</u>	<u>4,629</u>	<u>1,879</u>	<u>17</u>	<u>531</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2017

(in thousands of dollars)

Special Revenue Funds							
	Public and Mental Health services	Public Education Government Television	Law Enforcement and Justice services	Hotel/ Motel Taxes	Social and Cultural services	Other Special Revenue	T-Splot Transportation Tax Admin
\$	—	—	—	245	—	—	358
	5,409	—	14	—	—	3,356	—
	387	—	—	—	—	—	—
	—	—	7,419	—	—	—	—
	—	—	—	—	24	—	1
	—	335	—	—	—	—	—
	<u>5,796</u>	<u>335</u>	<u>7,433</u>	<u>245</u>	<u>24</u>	<u>3,356</u>	<u>359</u>
	—	—	—	—	—	2,859	69
	—	—	7,101	—	—	—	—
	—	365	—	—	—	1	—
	—	—	—	—	9	—	—
	10,034	—	—	—	—	—	—
	—	—	—	245	—	—	—
	1,846	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	<u>11,880</u>	<u>365</u>	<u>7,101</u>	<u>245</u>	<u>9</u>	<u>2,860</u>	<u>69</u>
	<u>(6,084)</u>	<u>(30)</u>	<u>332</u>	<u>—</u>	<u>15</u>	<u>496</u>	<u>290</u>
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(6,084)</u>	<u>(30)</u>	<u>332</u>	<u>—</u>	<u>15</u>	<u>496</u>	<u>290</u>
	<u>9,360</u>	<u>571</u>	<u>10,062</u>	<u>—</u>	<u>2,777</u>	<u>2,399</u>	<u>—</u>
\$	<u><u>3,276</u></u>	<u><u>541</u></u>	<u><u>10,394</u></u>	<u><u>—</u></u>	<u><u>2,792</u></u>	<u><u>2,895</u></u>	<u><u>290</u></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, 2017

(in thousands of dollars)

	Capital Projects Funds							Total Nonmajor Governmental Funds	
	Library Capital	Fulton County Urban Rede- velopment Agency	Capital Improvements	Fulton County Building Authority	Other Capital Projects	Special Service District Projects	Transport- ation Sales Tax projects		Transport- ation Improve- ments
Revenues:									
Taxes	—	—	—	—	—	—	11,813	—	29,071
Intergovernmental	1,350	—	—	—	—	—	—	2,779	71,753
Charges for services	—	—	—	—	—	—	—	—	3,865
Courts and law enforcement	—	—	—	—	—	—	—	—	7,419
Use of money and property	—	104	588	—	—	—	37	474	1,229
Miscellaneous	—	—	—	—	—	—	—	—	634
Total revenues	1,350	104	588	—	—	—	11,850	3,253	113,971
Expenditures:									
Current:									
Administration	—	116	—	—	—	—	—	—	3,224
Public safety	—	—	—	—	—	—	—	—	15,902
Infrastructure and facilities	—	—	—	—	—	—	—	—	3,961
Social services	—	—	—	—	—	—	—	—	8,296
Health services	—	—	—	—	—	—	—	—	50,683
Other nonagency	—	—	—	—	—	—	—	—	245
Capital outlay	—	801	15,866	—	1,982	1,157	3,404	7,095	32,151
Debt service:									
Principal retirement	—	—	—	—	—	—	—	—	30,550
Interest	—	—	—	—	—	—	—	—	14,548
Total expenditures	—	917	15,866	—	1,982	1,157	3,404	7,095	159,560
Excess (deficiency) of revenues over (under) expenditures	1,350	(813)	(15,278)	—	(1,982)	(1,157)	8,446	(3,842)	(45,589)
Other financing sources (uses):									
Capital lease refunding obligations	—	—	—	—	1,698	—	—	—	1,698
Proceeds from sale of bonds	—	45,000	—	—	—	—	—	—	45,000
Transfer in from enterprise fund	—	—	—	—	—	244	—	—	1,737
Transfers in	—	—	17,604	—	37	—	—	—	49,061
Transfers out	—	—	—	—	—	—	—	—	(159)
Total other financing sources (uses)	—	45,000	17,604	—	1,735	244	—	—	97,337
Net change in fund balances	1,350	44,187	2,326	—	(247)	(913)	8,446	(3,842)	51,748
Fund balance at beginning of year	8,100	—	51,345	423	2,420	3,788	—	14,420	137,844
Fund balance at end of year	9,450	44,187	53,671	423	2,173	2,875	8,446	10,578	189,592

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, 2017

(In thousands of dollars)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Debt Service funds:				
Revenues				
Taxes	\$ 16,000	16,000	12,824	(3,176)
Other revenues per Budget law	—	—	2,082	2,082
Transfers	30,064	30,064	30,039	(25)
Appropriated Fund Balance	—	—	153	153
Total revenues	\$ 46,064	46,064	45,098	(966)
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenues			3,830	
Appropriated Fund Balance			(153)	
Total adjustment to GAAP basis			3,678	
Total revenues and other sources, GAAP basis			48,776	
Expenditures				
Principal	\$ 30,574	30,574	30,550	24
Interest	15,490	15,490	14,548	942
Total expenditures	\$ 46,064	46,064	45,098	966
Total expenditures and other uses, GAAP basis			45,098	
Special Service District fund:				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Revenues per Budget Law	\$ —	—	3	3
Appropriated Fund Balance	3,243	3,243	495	(2,748)
	\$ 3,243	3,243	498	(2,745)
Reconciliation to GAAP basis:				
Appropriated fund balance			(495)	
Total revenues and other sources, GAAP basis			\$ 3	
Expenditures and other uses:				
Non agency	\$ 3,243	3,243	498	2,745
	\$ 3,243	3,243	498	2,745
Total expenditures and other uses, GAAP basis			\$ 498	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2017

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Grants in Aid				
Revenues				
Intergovernmental revenue	57,000	57,000	55,984	(1,016)
Other general revenues	\$ 3,162	3,162	56	(3,106)
Transfers	999	999	999	0
Appropriated Fund Balance	—	—	(1,293)	(1,293)
Total revenues	<u>\$ 61,161</u>	<u>61,161</u>	<u>55,747</u>	<u>(5,414)</u>
Reconciliation to GAAP basis:				
To record effect of receivables			778	
Appropriated Fund Balance			<u>1,293</u>	
Total revenues and other sources, GAAP basis			<u>57,818</u>	
Expenditures				
Administration	100	100	91	9
Public Safety	5,026	5,026	2,800	2,226
Infrastructure and Facilities	5,826	5,826	4,575	1,251
Social services	10,069	10,069	8,388	1,681
Health services	40,140	40,140	39,893	247
Total expenditures	<u>\$ 61,161</u>	<u>61,161</u>	<u>55,747</u>	<u>5,414</u>
Reconciliation to GAAP basis - to record net effect				
of unrecorded liabilities			<u>(337)</u>	
Total expenditures and other uses, GAAP basis			<u>55,410</u>	
Emergency Communications - 911				
Revenues				
Charges for Services	\$ 3,824	3,824	3,423	(401)
Transfers	625	625	900	275
Appropriated fund balance	2,026	2,026	1,251	775
Total revenues	<u>6,475</u>	<u>6,475</u>	<u>5,574</u>	<u>374</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(1,251)</u>	
Total revenues and other sources, GAAP basis			<u>4,323</u>	
Expenditures				
Total expenditures	\$ <u>6,475</u>	<u>6,475</u>	5,574	<u>901</u>
Reconciliation to GAAP basis - to record net effect				
of unrecorded liabilities			<u>(71)</u>	
Total expenditures and other uses, GAAP basis			<u>5,503</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, 2017

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Stormwater Management:				
Revenues				
Appropriated fund balance	\$ 29	29	—	29
Total revenues	<u>29</u>	<u>29</u>	—	<u>29</u>
Total revenues and other sources, GAAP basis			<u>—</u>	
Expenditures				
Total expenditures	\$ <u>29</u>	<u>29</u>	12	<u>17</u>
Total expenditures and other uses, GAAP basis			<u>12</u>	

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government services:				
Revenues				
Miscellaneous	\$ —	—	296	296
Appropriated Fund Balance	<u>236</u>	<u>236</u>	(207)	(443)
Total revenues	<u>236</u>	<u>236</u>	89	<u>(147)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>207</u>	
Total revenues and other sources, GAAP basis			<u>296</u>	
Expenditures				
Total administrative expenditures	\$ <u>236</u>	<u>236</u>	89	<u>147</u>
Total expenditures and other uses, GAAP basis			<u>89</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, 2017

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Health Services				
Revenues				
Intergovernmental revenue-State	\$ 12,000	12,000	8,321	(3,679)
Other general revenues	3,811	3,811	387	(3,424)
Appropriated Fund Balance	<u>6,500</u>	<u>6,500</u>	<u>3,609</u>	<u>(2,891)</u>
Total revenues	<u>\$ 22,311</u>	<u>22,311</u>	12,317	<u>(9,994)</u>
Reconciliation to GAAP basis:				
To record effect of receivables			(2,912)	
Appropriated Fund Balance			<u>(3,609)</u>	
Total revenues and other sources, GAAP basis			<u>5,796</u>	
Expenditures				
Total expenditures	\$ <u>22,311</u>	<u>22,311</u>	12,317	<u>9,994</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>(437)</u>	
			<u>11,880</u>	

Public Education Government Television

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Miscellaneous	\$ —	—	335	335
Appropriated Fund Balance	<u>571</u>	<u>571</u>	30	(541)
Total revenues	<u>\$ 571</u>	<u>571</u>	365	<u>(206)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			(30)	
Total revenues and other sources, GAAP basis			<u>335</u>	
Expenditures				
Total expenditures	\$ <u>571</u>	<u>571</u>	365	<u>206</u>
Total expenditures and other uses, GAAP basis			<u>365</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, 2017

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Law Enforcement and Justice services:				
Revenues				
Anticipated revenues	\$ 4,500	4,500	7,461	2,961
Appropriated Fund Balance	<u>5,308</u>	<u>5,308</u>	<u>(173)</u>	<u>(5,481)</u>
Total revenues	<u>\$ 9,808</u>	<u>9,808</u>	7,288	<u>(2,520)</u>
Reconciliation to GAAP basis:				
To record net change in receivables			(28)	
Appropriated Fund Balance			<u>173</u>	
Total revenues and other sources, GAAP basis			<u>7,433</u>	
Expenditures				
Total expenditures and transfer out	\$ <u>9,808</u>	<u>9,808</u>	7,288	<u>2,520</u>
Reconciliation to GAAP basis - to record net effect				
of unrecorded liabilities			<u>(187)</u>	
Total expenditures and other uses, GAAP basis			<u>7,101</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Hotel Motel:				
Revenues				
Anticipated revenues	\$ 350	350	245	(105)
Total revenues	<u>\$ 350</u>	<u>350</u>	245	<u>(105)</u>
Reconciliation to GAAP basis:				
Total revenues and other sources, GAAP basis			<u>245</u>	
Expenditures				
Total Non-agency expenditures	\$ <u>350</u>	<u>350</u>	245	<u>105</u>
Total expenditures and other uses, GAAP basis			<u>245</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, 2017

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Social and Cultural services:				
Revenues				
Anticipated revenues and transfers in	\$ —	—	24	24
Appropriated Fund Balance	<u>472</u>	<u>472</u>	<u>(16)</u>	<u>(488)</u>
Total revenues	<u>\$ 472</u>	<u>472</u>	9	<u>(463)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>16</u>	
Total revenues and other sources, GAAP basis			<u>24</u>	
Expenditures				
Total expenditures	<u>\$ 472</u>	<u>472</u>	9	<u>463</u>
Total expenditures and other uses, GAAP basis			<u>9</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other Special revenue funds:				
Revenues				
Anticipated revenues	\$ 3,582	3,582	3,363	(219)
Appropriated Fund Balance	<u>—</u>	<u>—</u>	<u>(503)</u>	<u>(503)</u>
Total revenues	<u>\$ 3,582</u>	<u>3,582</u>	2,860	<u>(722)</u>
Reconciliation to GAAP basis:				
Change in receivable			(7)	
Appropriated Fund Balance			<u>503</u>	
Total revenues and other sources, GAAP basis			<u>3,356</u>	
Expenditures				
Total expenditures	<u>\$ 3,582</u>	<u>3,582</u>	2,860	<u>722</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>—</u>	
			<u>2,860</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
T-Splost Transportation Tax-Admin				
Revenues				
Anticipated revenues	\$ 362	362	312	(50)
Appropriated Fund Balance	<u>—</u>	<u>—</u>	<u>(243)</u>	<u>(243)</u>
Total revenues	<u>\$ 362</u>	<u>362</u>	69	<u>(293)</u>
Reconciliation to GAAP basis:				
Change in sales tax and interest receivable			47	
Appropriated Fund Balance			<u>243</u>	
Total revenues and other sources, GAAP basis			<u>359</u>	
Expenditures				
Total expenditures	<u>\$ 362</u>	<u>362</u>	69	<u>293</u>
Total expenditures and other uses, GAAP basis			<u>69</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, 2017

(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	\$ 1,138	—	—	2,215	3,353
Accounts receivable (net of allowance)	125	—	—	—	125
Due from other governments, net	—	3,940	1,471	—	5,411
Total current assets	1,263	3,940	1,471	2,215	8,889
Noncurrent assets:					
Nondepreciable capital assets	—	—	—	27,909	27,909
Depreciable capital assets (net of accumulated depreciation)	6,327	—	—	65	6,392
Total noncurrent assets	6,327	—	—	27,974	34,301
Total assets	7,590	3,940	1,471	30,189	43,190
Liabilities:					
Current liabilities (payable from current assets):					
Accounts payable & accrued expenses	\$ 21	267	2	154	444
Due to other funds	—	3,673	1,469	—	5,142
Total current liabilities	21	3,940	1,471	154	5,586
Total liabilities	21	3,940	1,471	154	5,586
Net Position:					
Net investment in capital assets	6,327	—	—	27,974	34,301
Unrestricted	1,242	—	—	2,061	3,303
Total net position	\$ 7,569	—	—	30,035	37,604

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2017

(In thousands of dollars)

	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	
Operating revenues:					
Charges for services	\$ 125	26,857	9,418	1,492	37,892
Sales tax collected	—	—	—	435	435
Total operating revenues	<u>125</u>	<u>26,857</u>	<u>9,418</u>	<u>1,927</u>	<u>38,327</u>
Operating expenses:					
Administrative and general	—	—	—	101	101
Depreciation and amortization	222	—	—	127	349
Personal services	—	—	—	814	814
Contractual services	—	25,342	9,418	960	35,720
Operating services	31	—	—	—	31
Total operating expenses	<u>253</u>	<u>25,342</u>	<u>9,418</u>	<u>2,002</u>	<u>37,015</u>
Operating income (loss)	<u>(128)</u>	<u>1,515</u>	<u>—</u>	<u>(75)</u>	<u>1,312</u>
Income (loss) before transfers	<u>(128)</u>	<u>1,515</u>	<u>—</u>	<u>(75)</u>	<u>1,312</u>
Transfer in (out)	—	(1,515)	—	(222)	(1,737)
Change in net position	(128)	—	—	(297)	(425)
Net position at beginning of year	<u>7,697</u>	<u>—</u>	<u>—</u>	<u>30,332</u>	<u>38,029</u>
Net position at end of year	<u>\$ 7,569</u>	<u>—</u>	<u>—</u>	<u>30,035</u>	<u>37,604</u>

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Non-major Enterprise Fund

For the year ended December 31, 2017

(In thousands of dollars)

	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	
Cash flows from operating activities:					
Receipts from customers and users and taxes	\$ —	22,917	7,947	1,927	32,791
Payments to suppliers	(31)	(21,402)	(7,947)	(1,063)	(30,443)
Payments to employees	—	—	—	(734)	(734)
Net cash provided by (used in) operating activities	<u>(31)</u>	<u>1,515</u>	<u>—</u>	<u>130</u>	<u>1,614</u>
Cash flows from capital and related financing activities:					
Additions to property, plant, and equipment	—	—	—	(44)	(44)
Net cash used by capital and related financing activities	<u>—</u>	<u>—</u>	<u>—</u>	<u>(44)</u>	<u>(44)</u>
Cash flows from non-capital financing activities:					
Transfer in (out)	—	(1,515)	—	(222)	(1,737)
Net cash provided by non-capital financing activities	<u>—</u>	<u>(1,515)</u>	<u>—</u>	<u>(222)</u>	<u>(1,737)</u>
(Decrease) increase in cash and cash equivalents	(31)	—	—	(136)	(167)
Cash and cash equivalents at beginning of year	<u>1,169</u>	<u>—</u>	<u>—</u>	<u>2,351</u>	<u>3,520</u>
Cash and cash equivalents at end of year	<u>\$ 1,138</u>	<u>—</u>	<u>—</u>	<u>2,215</u>	<u>3,353</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (128)	1,515	—	(75)	1,312
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:					
Depreciation and amortization	222			127	349
Changes in assets and liabilities:					
Changes in customer receivables - net	(125)			—	(125)
Change in due from other governments - net	—	(3,940)	(1,471)	—	(5,411)
Accounts and claims payable	—	267	2	78	347
Due to other funds	—	3,673	1,469	—	5,142
Net cash provided by (used in) operating activities	<u>\$ (31)</u>	<u>1,515</u>	<u>—</u>	<u>130</u>	<u>1,614</u>

This page left intentionally blank.

DESCRIPTION OF INTERNAL SERVICE FUNDS

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

The Internal Service funds include the following:

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Statement of Net Position
Internal Service Funds

December 31, 2017

(in thousands of dollars)

Assets	Facilities Services fund	Insurance Stabilization fund	Risk Management fund	Owner Controlled Insurance fund	Total Internal Service Funds
Current assets:					
Cash and cash equivalents	\$ —	8,719	14,994	479	24,192
Due from other funds	—	—	10,015	—	10,015
Other current assets	725	7,983	43	—	8,751
Total assets	725	16,702	25,052	479	42,958
 Liabilities and Net Position					
Current liabilities:					
Accounts payable	725	332	1,098	50	2,205
Claims payable	—	7,297	2,000	—	9,297
Total liabilities	725	7,629	3,098	50	11,502
Net position:					
Unrestricted	—	9,073	21,954	429	31,456
Total net position	\$ —	9,073	21,954	429	31,456
	—	—	—	—	—

FULTON COUNTY, GEORGIA

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

Internal Service Funds

For the year ended December 31, 2017

(in thousands of dollars)

	Facilities Services fund	Insurance Stabilization fund	Risk Management fund	Owner Controlled Insurance fund	Total Internal Service Funds
Operating revenues - charges for services	\$ 5,215	102,582	23,451	—	131,248
Operating expenses:					
Contractual services	—	100,520	—	50	100,570
Administrative and general	5,215	—	16,594	—	21,809
Total operating expenses	5,215	100,520	16,594	50	122,379
Operating income (loss)	—	2,062	6,857	(50)	8,869
Net position at beginning of year	—	7,011	15,097	479	22,587
Net position at end of year	\$ —	9,073	21,954	429	31,456

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Internal Service Funds

For the year ended December 31, 2017

(In thousands of dollars)

	Facilities Services fund	Insurance Stabilization fund	Risk Management fund	Owner Controlled Insurance fund	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 5,173	99,883	23,451	—	128,507
Payments to suppliers	(5,173)	(100,726)	(16,112)	—	(122,011)
Net cash provided by (used in) operating activities	—	(843)	7,339	—	6,496
Cash flows from non-capital financing activities:					
Due from other funds	—	—	(10,015)	—	(10,015)
Net cash provided by non-capital financing activities	—	—	(10,015)	—	(10,015)
Increase (decrease) in cash and cash equivalents	—	(843)	(2,676)	—	(3,519)
Cash and cash equivalents at beginning of year	—	9,562	17,670	479	27,711
Cash and cash equivalents at end of year	\$ —	8,719	14,994	479	24,192
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ —	2,062	6,857	(50)	8,869
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Other current assets	(42)	(2,699)	(43)	—	(2,784)
Due from other funds			(10,015)		
Accounts and claims payable	42	(206)	525	50	411
Net cash provided by (used in) operating activities	\$ —	(843)	(2,676)	—	6,496

This page left intentionally blank.

DESCRIPTION OF AGENCY FUNDS

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
Agency Funds

December 31, 2017

(In thousands of dollars)

Assets	Tax Commissioner	Superior Court	State Court	Juvenile Court	Probate Court	Sheriff and Criminal Court	District Attorney	Total Agency Funds
Cash and cash equivalents	\$ 174,567	18,419	6,175	86	693	57,971	225	258,136
Taxes receivable	450,417	—	—	—	—	—	—	450,417
Total assets	\$ 624,984	18,419	6,175	86	693	57,971	225	708,553
Liabilities								
Due to other taxing districts	\$ 624,984	—	—	—	—	—	—	624,984
Due to others	—	18,419	6,175	86	693	57,971	225	83,569
Total liabilities	\$ 624,984	18,419	6,175	86	693	57,971	225	708,553

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2017

(In thousands of dollars)

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2017</u>
Tax Commissioner:				
Assets				
Cash and cash equivalents	\$ 24,440	1,905,387	1,755,260	174,567
Taxes receivable	81,679	1,729,533	1,360,795	450,417
	<u>\$ 106,119</u>	<u>3,634,920</u>	<u>3,116,055</u>	<u>624,984</u>
Liabilities				
Due to other taxing districts	\$ <u>106,119</u>	<u>3,634,920</u>	<u>3,116,055</u>	<u>624,984</u>
 Superior Court:				
Assets				
Cash and cash equivalents	\$ <u>56,713</u>	<u>138,156</u>	<u>176,450</u>	<u>18,419</u>
Liabilities				
Due to others	\$ <u>56,713</u>	<u>138,156</u>	<u>176,450</u>	<u>18,419</u>
 State Court:				
Assets				
Cash and cash equivalents	\$ <u>5,813</u>	<u>18,701</u>	<u>18,339</u>	<u>6,175</u>
Liabilities				
Due to others	\$ <u>5,813</u>	<u>18,701</u>	<u>18,339</u>	<u>6,175</u>

(Continued)

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds
Agency Funds

For the year ended December 31, 2017

(In thousands of dollars)

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2017</u>
Juvenile Court:				
Assets				
Cash and cash equivalents	\$ 93	56	63	86
Liabilities				
Due to others	\$ 93	56	63	86
Probate Court:				
Assets				
Cash and cash equivalents	\$ 615	1,889	1,811	693
Liabilities				
Due to others	\$ 615	1,889	1,811	693
Sheriff and Criminal Court:				
Assets				
Cash and cash equivalents	\$ 45,149	58,183	45,361	57,971
Investments	—	—	—	—
Cash and cash equivalents	\$ 45,149	58,183	45,361	57,971
Liabilities				
Due to others	\$ 45,149	58,183	45,361	57,971
District Attorney:				
Assets				
Cash and cash equivalents*	\$ 895	177	847	225
Liabilities				
Due to others*	\$ 895	177	847	225

*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, 2017

(In thousands of dollars)

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2017</u>
Total - All Agency Funds:				
Assets				
Cash and cash equivalents	\$ 133,718	2,122,549	1,998,131	258,136
Taxes receivable	81,679	1,729,533	1,360,795	450,417
	<u>\$ 215,397</u>	<u>3,852,082</u>	<u>3,358,926</u>	<u>708,553</u>
Liabilities				
Due to other taxing districts	\$ 106,119	3,634,920	3,116,055	624,984
Due to others	109,278	217,162	242,871	83,569
	<u>\$ 215,397</u>	<u>3,852,082</u>	<u>3,358,926</u>	<u>708,553</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, 2017

(In thousands of dollars)

Calendar year	Annual principal and interest requirements		Totals
	General obligation bonds	Fulton County water and sewerage revenue bonds	
2018	\$ 15,443	36,773	52,216
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>\$ 409,328</u>	<u>608,506</u>	<u>1,017,834</u>

FULTON COUNTY, GEORGIA

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

December 31, 2017

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 4,930	10,513	15,443
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>\$ 242,285</u>	<u>167,043</u>	<u>409,328</u>
Unamortized premium at December 31, 2017	<u>8,009</u>	<u>(8,009)</u>	<u>—</u>
	<u>\$ 250,294</u>	<u>159,034</u>	<u>409,328</u>

FULTON COUNTY, GEORGIA

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

December 31, 2017

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ —	—	—
2018	\$ 16,875	19,898	36,773
2019	17,720	19,057	36,777
2020	18,605	18,174	36,779
2021	19,520	17,255	36,775
2022	20,490	16,290	36,780
2023	21,505	15,266	36,771
2024	21,070	14,190	35,260
2025	22,120	13,137	35,257
2026	23,225	12,031	35,256
2027	24,385	10,870	35,255
2028	25,610	9,650	35,260
2029	26,890	8,370	35,260
2030	28,235	7,026	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>413,450</u>	<u>195,056</u>	<u>608,506</u>
Unamortized premium at December 31, 2017	<u>38,283</u>	<u>(38,283)</u>	<u>—</u>
	<u>\$ 451,733</u>	<u>156,773</u>	<u>608,506</u>

FULTON COUNTY, GEORGIA
 Other Schedules
 Hotel/Motel Tax Collections and Expenditures
 Year ended December 31, 2017

Collection Period from January 1st to December 31st					
Collection Rate	Hotel/Motel Tax <u>Collected</u>	<u>Expenditures and Obligations</u>			Expended or Obligated as a Percentage <u>of Collected</u>
		Hotel/Motel Tax <u>Expended</u>	Hotel/Motel Tax <u>Obligated</u>	Hotel/Motel Tax Expended <u>or Obligated</u>	
7%	\$244,768	244,768	—	244,768	100.00%

FULTON COUNTY, GEORGIA
 Transportation Tax funds
 Schedule of Projects funded with Special Transportation Tax Proceeds
 Year ended December 31, 2017

		Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
				Prior Years	Current Year	Total	
T-Splost Administration:	\$	361,839	361,839	-	69,038	69,038	19.08%
T-Splost - City of South Fulton: Transportation projects	\$	42,910,158	42,910,158	-	3,404,070	3,404,070	7.93%
T-Splost -Fulton Industrial District: Transportation Projects	\$	1,482,727	1,482,727	-	-	-	-

This page left intentionally blank.

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.

112-115

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.

116-121

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.

122-126

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.

127-128

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

129-131

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									
	2017	2016	2015	2014	2013	2012	2011*	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 343,622	636,099	642,456	631,780	629,943	634,016	631,476	633,358	645,956	647,458
Restricted	112,664	108,268	83,667	58,776	50,442	42,280	50,807	33,487	20,165	21,774
Unrestricted	(983,014)	(868,781)	(752,312)	(288,608)	(263,967)	(201,606)	(92,710)	35,366	82,669	139,273
Total governmental activities net position	\$ <u>(526,728)</u>	<u>(124,414)</u>	<u>(26,189)</u>	<u>401,948</u>	<u>416,418</u>	<u>474,690</u>	<u>589,573</u>	<u>702,211</u>	<u>748,790</u>	<u>808,505</u>
Business-type activities										
Net investment in capital assets	\$ 709,360	682,414	676,910	684,168	692,910	706,517	729,671	778,505	799,958	667,975
Restricted	37,405	37,422	37,163	37,046	36,924	39,482	39,316	39,078	46,015	45,833
Unrestricted	256,109	270,440	263,317	258,068	247,969	240,012	246,619	232,070	216,790	369,659
Total business-type activities net position	\$ <u>1,002,874</u>	<u>990,276</u>	<u>977,390</u>	<u>979,282</u>	<u>977,803</u>	<u>986,011</u>	<u>1,015,606</u>	<u>1,049,653</u>	<u>1,062,763</u>	<u>1,083,467</u>
Primary government										
Net investment in capital assets	\$ 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	1,315,433
Restricted	150,069	145,690	120,830	95,822	87,366	81,762	90,123	72,565	66,180	67,607
Unrestricted	(726,905)	(598,341)	(488,995)	(30,540)	(19,830)	38,406	153,909	267,436	299,459	508,932
Total primary government net position	\$ <u>476,146</u>	<u>865,862</u>	<u>951,201</u>	<u>1,381,230</u>	<u>1,390,389</u>	<u>1,460,701</u>	<u>1,605,179</u>	<u>1,751,864</u>	<u>1,811,553</u>	<u>1,891,972</u>

*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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities										
Administration	\$ 141,830	139,252	141,749	105,273	97,238	107,704	109,122	103,734	105,089	115,606
Public Safety	204,524	193,356	230,712	194,248	183,440	181,224	184,163	172,972	179,965	182,435
Legal	184,615	163,502	189,080	140,617	130,556	131,545	148,350	135,775	146,809	139,901
Infrastructure and facilities	82,996	78,216	52,715	87,667	70,073	74,308	52,499	56,037	71,554	74,237
Social services	106,875	94,740	109,700	61,319	73,737	80,999	119,044	116,913	116,906	125,031
Health services	151,784	155,549	174,413	163,383	155,508	181,674	149,504	129,931	163,408	168,845
Interest and other debt related costs	16,374	12,979	13,427	14,492	15,324	16,204	18,364	10,980	12,756	16,561
Total governmental activities expenses	888,998	837,594	911,796	766,999	725,876	773,658	781,046	726,342	796,487	822,616
Business-type activities										
Water and sewerage services	118,902	125,640	124,351	118,392	115,655	135,118	148,303	132,711	128,430	123,175
Wolf Creek Amphitheatre	253	1,231	—	—	—	—	—	—	—	—
Contractual services	34,760	—	—	—	—	—	—	—	—	6,901
Airport services	2,002	1,092	1,192	1,227	1,227	1,471	1,218	1,097	1,040	1,098
Total business-type activities expenses	155,917	127,963	125,543	119,619	116,882	136,589	149,521	133,808	129,470	131,174
Total primary government expenses	\$ 1,044,915	965,557	1,037,339	886,618	842,758	910,247	930,567	860,150	925,957	953,790
Program Revenues										
Governmental activities										
Charges for services										
Public and Mental health fees	\$ 387	499	4,974	5,261	7,397	7,734	7,661	8,225	8,130	6,258
Emergency communication fees	3,423	3,862	3,864	2,936	2,553	2,873	3,810	3,891	6,941	8,033
Legal and Social	24,050	24,350	25,203	27,275	26,903	31,079	28,988	39,597	38,425	33,541
License and permits	5,322	6,475	7,105	6,241	6,056	6,521	5,456	5,707	6,134	7,850
Other	8,137	7,181	8,812	8,236	12,075	9,312	10,113	8,882	8,590	7,703
Total Charges for Services	41,319	42,367	49,958	49,949	54,984	57,519	56,028	66,302	68,220	63,385
Operating grants and contributions	66,710	70,617	63,638	63,655	57,221	60,499	65,356	66,991	57,184	54,152
Capital grants and contributions	7,485	6,594	3,536	3,754	2,902	2,312	3,762	983	5,879	7,842
Total governmental activities program revenues	115,514	119,578	117,132	117,358	115,107	120,330	125,146	134,276	131,283	125,379
Business-type activities										
Charges for services	158,722	132,477	123,285	121,111	119,442	121,506	120,276	121,506	108,472	114,501
Capital grants and contributions	9,669	—	—	—	—	(13,249)	—	0	438	19,475
Total business-type activities program revenues	168,391	132,477	123,285	121,111	119,442	108,257	120,276	121,506	108,910	133,976
Total primary government program revenues	\$ 283,905	252,055	240,417	238,469	234,549	228,587	245,422	255,782	240,193	259,355
Net (Expense) Revenue										
Governmental activities	\$ (773,484)	(718,016)	(794,664)	(649,641)	(610,769)	(653,328)	(655,900)	(592,066)	(665,204)	(697,237)
Business-type activities	12,474	4,514	(2,258)	1,289	2,560	(28,332)	(29,245)	(12,302)	(20,560)	2,802
Total primary government net expense	\$ (761,010)	(713,502)	(796,922)	(648,352)	(608,209)	(681,660)	(685,145)	(604,368)	(685,764)	(694,435)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 558,945	525,840	544,654	549,782	474,198	467,779	477,259	482,346	527,018	525,265
Sales taxes	32,371	36,016	35,575	34,858	35,136	36,184	33,991	30,543	32,382	35,374
Other taxes	27,269	25,888	19,536	19,536	11,401	5,454	5,165	4,430	4,466	4,393
Intergovernmental unrestricted revenues	2,540	2,568	2,607	2,637	2,644	2,898	—	—	11,469	0
Commissions on tax collections	15,011	18,486	18,924	18,418	16,379	14,628	15,377	17,181	16,588	15,131
Use of money and property	8,687	5,438	6,051	6,862	6,320	6,517	7,091	5,779	9,348	17,098
Miscellaneous	7,715	13,069	10,120	6,861	6,419	4,985	6,582	5,207	4,219	8,688
Gain on sale of capital assets	15,085	—	—	—	—	—	—	—	—	—
Transfers in (out) w business type activities	1,737	(7,514)	—	49	—	—	—	—	—	—
Special and extraordinary items	(298,190)	—	—	—	—	—	—	—	0	(22,788)
Total governmental activities	371,170	619,791	637,467	639,003	552,497	538,445	545,465	545,486	605,490	583,161
Business-type activities										
Sales taxes	435	—	—	—	—	—	—	—	—	—
Use of money and property	1,426	858	366	377	225	666	610	1,277	1,651	13,971
Miscellaneous and transfer out	—	—	—	(1,687)	(2,559)	(1,929)	(1,626)	(2,085)	(1,795)	467
Transfers in (out) w govt. activities	(1,737)	7,514	—	(49)	—	—	—	—	—	—
Extraordinary items	—	—	—	1,549	(8,434)	—	—	—	—	—
Total business-type activities	124	8,372	366	190	(10,768)	(1,263)	(1,016)	(808)	(144)	14,438
Total primary government	\$ 371,294	628,163	637,833	639,193	541,729	537,182	544,449	544,678	605,346	597,599
Change in Net Position										
Governmental activities	\$ (402,314)	(98,225)	(157,197)	(10,638)	(58,272)	(114,883)	(110,435)	(46,580)	(59,714)	(114,076)
Business-type activities	12,598	12,886	(1,892)	1,479	(8,208)	(29,595)	(30,261)	(13,110)	(20,704)	17,240
Total primary government	\$ (389,716)	(85,339)	(159,089)	(9,159)	(66,480)	(144,478)	(140,696)	(59,690)	(80,418)	(96,836)

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General fund										
Unassigned	106,267	124,580	152,835	120,558	83,758	88,985	128,561			
Unreserved	—	—	—	—	—	—	—	150,230	95,041	76,233
Total general fund	<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>	<u>76,233</u>
Special Service District Fund										
Assigned	15,739	4,008	8,082	4,536	5,842	6,714	5,123			
Unreserved	—	—	—	—	—	—	—	3,596	1,924	16,033
Total Special District fund	<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>	<u>16,033</u>
Library Bond fund										
Restricted	\$ 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>\$ 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	101,647	56,140	50,644	50,897	40,987	39,065	42,691			
Committed	541	571	592	576	651	678	596			
Assigned	87,404	81,133	64,374	42,913	43,479	41,264	57,780			
Unassigned	—	—	—	—	—	—	(2,085)			
Reserved	—	—	—	—	—	—	—	7,129	18,917	21,347
Unreserved, reported in:										
Special revenue funds	—	—	—	—	—	—	—	25,613	33,931	24,752
Capital projects funds	—	—	—	—	—	—	—	66,876	50,357	57,546
Total all other governmental funds	<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>	<u>103,645</u>
Total governmental funds	<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>	<u>195,911</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Taxes	\$ 575,978	583,667	605,771	602,967	520,687	513,212	515,240	541,331	567,601	544,346
Intergovernmental	76,735	79,779	69,781	70,046	62,767	65,709	69,118	67,974	74,124	55,178
Charges for services	29,313	34,125	38,608	39,424	40,487	43,675	41,400	52,532	53,283	45,688
Courts and law enforcement	21,695	20,253	23,169	22,703	24,820	21,951	24,549	25,244	25,391	24,978
Use of money and property	9,047	5,460	6,009	6,931	6,326	6,333	7,101	5,704	9,213	16,994
Licenses and permits	5,322	6,475	7,105	6,241	6,056	6,521	5,456	5,707	6,134	7,850
Miscellaneous	7,715	13,069	10,120	6,861	6,019	4,985	6,582	5,207	4,219	8,688
Net (depreciation) appreciation in investments	(360)	(22)	42	(69)	(6)	184	(10)	75	135	104
Total revenues	725,445	742,806	760,605	755,104	667,156	662,570	669,436	703,774	740,100	703,826
Expenditures										
Current:										
Administration	96,606	104,336	87,737	87,453	81,956	88,826	85,494	89,169	87,074	95,103
Public safety	139,387	143,451	142,406	161,388	154,879	149,401	145,552	146,236	147,228	149,384
Legal	124,189	120,474	115,786	115,418	108,685	106,993	115,204	113,323	111,785	113,551
Infrastructure and facilities	32,478	32,215	30,073	65,539	54,792	54,397	36,196	36,044	45,284	52,339
Social services	70,676	68,579	66,128	48,700	60,518	65,055	92,979	98,800	95,152	101,907
Health services	128,872	138,535	141,569	155,008	145,998	169,789	135,567	119,825	151,312	156,443
Other nonagency	70,192	72,972	67,718	28,907	25,948	30,946	32,941	35,671	54,713	52,458
Capital outlay	37,752	60,229	82,911	45,406	17,881	20,293	13,030	13,984	10,679	17,685
Debt service:										
Principal retirement	34,150	33,675	24,857	31,839	27,156	26,186	24,755	17,864	22,629	27,965
Interest	17,133	13,877	14,316	15,466	16,378	17,327	20,353	9,113	10,006	14,143
Total expenditures	751,435	788,343	773,501	755,124	694,191	729,213	702,071	680,029	735,862	780,978
Excess of revenues over (under) expenditures	(25,990)	(45,537)	(12,896)	(20)	(27,035)	(66,643)	(32,635)	23,745	4,238	(77,152)
Other Financing Sources (Uses)										
Capital lease refunding obligations	1,698	7,790	14,874	5,510	14,849	3,138	10,224	49,544	—	4,883
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	1,737	577	—	49	400	—	—	—	—	—
Transfer out to enterprise funds	—	(1,400)	—	—	—	—	—	—	—	—
Transfers in	49,061	71,024	51,342	40,989	53,842	62,149	60,120	79,271	73,614	73,614
Transfers out	(49,061)	(71,024)	(51,342)	(40,989)	(53,842)	(62,149)	(60,120)	(79,271)	(73,614)	(73,614)
Total other financing sources (uses)	175,824	6,967	14,874	5,559	15,249	3,138	10,224	197,974	21	4,883
Net changes in fund balances	\$ 149,834	(38,570)	1,978	5,539	(11,786)	(63,505)	(22,411)	221,719	4,259	(72,269)
Debt service as a percentage of noncapital expenditures	6.9	6.4	5.8	6.7	6.5	6.2	6.6	4.0	4.5	5.5

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
2008	\$ 49,883,106	1,108,038	7,256,388	58,247,532	10.28	40%	145,618,831
2009	50,156,181	1,119,093	7,403,437	58,678,711	10.28	40%	146,696,778
2010	47,152,996	1,067,474	6,999,360	55,219,830	10.28	40%	138,049,576
2011	45,294,177	1,067,474	7,166,610	53,528,261	10.55	40%	133,820,653
2012	43,328,112	1,147,265	7,517,644	51,993,021	10.55	40%	129,982,553
2013	42,813,235	1,055,835	8,126,964	51,996,034	10.48	40%	129,990,085
2014	44,423,387	1,063,189	7,721,837	53,208,413	12.05	40%	133,021,033
2015	49,532,798	1,137,292	7,190,827	57,860,917	10.75	40%	144,652,293
2016	50,666,238	1,129,634	7,406,453	59,202,325	10.70	40%	148,005,813
2017	52,989,392	1,099,925	7,258,374	61,347,691	10.63	40%	153,369,228

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.

FULTON COUNTY, GEORGIA

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Fulton County direct:										
General & bond	10.630	10.70	10.75	12.05	10.48	10.55	10.55	10.28	10.28	10.28
School	18.546	18.48	18.50	18.50	18.50	18.50	18.50	18.50	17.50	17.50
Special Services district	0.000	—	—	—	—	—	—	—	0.00	3.87
South Fulton tax district	4.430	11.58	11.58	12.47	12.47	10.47	8.97	8.16	8.16	5.66
Fulton Industrial tax district	12.160	—	—	—	—	—	—	—	—	—
Total direct	45.766	40.76	40.83	43.02	41.45	39.52	38.02	36.94	35.94	37.31
State of Georgia	0.00	0.00	0.05	0.10	0.15	0.20	0.25	0.25	0.25	0.25
Municipalities:										
City of Atlanta	10.820	10.86	10.87	11.45	11.75	11.94	11.94	11.94	11.94	8.80
Downtown Development district	5.000	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City of Atlanta school district	21.740	21.74	21.74	21.74	21.74	21.74	21.69	21.69	21.69	21.69
City of Alpharetta	5.750	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
City of College Park	12.619	12.62	12.62	12.62	12.62	12.62	11.56	11.56	9.56	9.56
City of East Point	15.000	15.00	15.00	15.00	15.00	15.00	13.75	14.75	14.75	14.75
City of Fairburn	9.566	9.57	9.73	9.82	9.70	9.98	9.93	7.50	5.00	5.00
City of Hapeville	16.440	16.61	16.61	16.61	16.61	16.61	16.61	16.61	16.61	16.61
City of Mountain Park	12.880	12.90	13.22	13.33	10.78	10.78	10.78	11.78	11.78	11.78
City of Palmetto	8.500	8.50	8.50	8.50	8.50	8.50	8.45	8.45	8.45	8.50
City of Roswell	5.455	5.46	5.46	5.46	5.46	5.46	5.46	5.46	5.46	5.46
City of Union city	16.425	15.69	15.69	15.69	15.60	10.60	10.24	9.50	9.50	9.50
City of Sandy Springs	4.731	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73
City of Milton	5.052	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73
City of John's Creek	4.860	4.36	4.61	4.61	4.61	4.61	4.61	4.61	4.61	4.61
City of Chattahoochee Hills	10.000	10.96	10.96	10.96	10.96	10.96	10.96	10.96	10.96	—
City of South Fulton	7.149	—	—	—	—	—	—	—	—	—

Source: Fulton County Tax Commissioner.

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

	<u>Assessment</u>	<u>Percentage of total assessed value</u>	<u>Taxes**</u>
Ten major taxpayers of 2017*:			
Development Authority of Fulton County	\$ 1,792,639,850	2.92%	\$ 18,607,602
Georgia Power	444,745,002	0.72%	4,616,453
AT&T	240,582,218	0.39%	2,497,243
Coca Cola Company	231,285,060	0.38%	2,400,739
Delta Airlines	169,791,829	0.28%	1,762,439
Suntrust Plaza Associates LLC	150,955,860	0.25%	1,566,922
Post Apartment Homes	130,285,629	0.21%	1,352,365
Bellsouth Telecommunications	127,734,608	0.21%	1,325,885
Corporate Property Investors	110,808,080	0.18%	1,150,188
AC Property Owner LP	101,269,000	0.17%	1,051,172
Total ten major taxpayers	<u>\$ 3,500,097,136</u>	<u>5.71%</u>	<u>\$ 36,331,008</u>
(1) Total County gross assessed value	<u>\$ 61,347,690,543</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 2008:			
Development Authority of Fulton County	\$ 520,076,409	0.83%	\$ 9,081,168
BellSouth Telecommunications	473,921,254	0.76%	7,187,804
AT&T	286,394,761	0.46%	6,604,778
Coca Cola	274,599,248	0.44%	5,185,351
Georgia Power	319,207,629	0.51%	5,153,203
Delta Airlines	111,498,652	0.18%	3,342,014
Four Eight Five Properties	80,199,120	0.13%	2,569,018
Fulcoprop Fifty Six LLC	73,365,320	0.12%	2,350,111
Post Apartment Homes	188,481,101	0.30%	2,344,919
Sanctuary Park Realty Holding	68,577,780	0.11%	2,128,092
Total ten major taxpayers	<u>\$ 2,396,321,274</u>	<u>3.83%</u>	<u>\$ 45,946,458</u>
Total County gross assessed value	<u>\$ 62,579,937,123</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)

Fiscal Year		Total current year tax levy	Current tax collected	Percent of levy collected		Delinquent tax collected	Total tax collected	Total collections as percentage of current levy		Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2008	(1)	\$451,295	409,951	90.8 %	\$	24,407	\$ 434,358	96.2 %	\$	19,966	4.4%
2009	(2)	463,906	406,758	87.7		43,475	450,233	97.1		24,634	5.3
2010	(1)	422,255	411,352	97.4		56,896	468,248	110.9		17,076	4.0
2011		388,373	371,795	95.7		6,111	377,906	97.3		17,069	4.4
2012		378,534	371,493	98.1		15,639	387,132	102.3		16,591	4.4
2013		379,864	364,179	95.9		10,748	374,927	98.7		15,565	4.1
2014	(1)	458,863	443,945	96.7		22,903	466,848	101.7		13,329	2.9
2015		449,477	437,411	97.3		17,517	454,928	101.2		13,204	2.9
2016	(3)	463,919	440,273	94.9		8,744	449,017	96.8		11,555	2.5
2017	(4)	479,316	320,442	66.9		22,785	343,227	71.6		10,385	2.2

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

Fiscal Year		Total current year tax levy	Current tax collected	Percent of levy collected		Delinquent tax collected	Total tax collected	collections as percentage of current levy		Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2008	(1)	—	\$ —	— %	\$	36	\$ 36	— %	\$	85	—
2009	(2)	—	—	—		11	11	—		47	—
2010	(1)	—	—	—		9	9	—		18	—
2011		12,040	11,541	95.9		2	11,543	95.9		12	0.1%
2012		11,681	11,477	98.3		377	11,854	101.5		141	1.2
2013		11,709	11,247	96.1		247	11,494	98.2		191	1.6
2014	(1)	12,272	11,888	96.9		640	12,528	102.1		201	1.6
2015		12,568	12,240	97.4		441	12,681	100.9		252	2.0
2016	(3)	13,053	12,412	95.1		236	12,648	96.9		270	2.1
2017	(4)	13,474	9,176	68.1		629	9,805	72.8		282	2.1

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

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

(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)

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	Total collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2008	\$ —	—	— %	\$ 561	\$ 561	— %	\$ 419	—
2009	—	—	—	6	6	—	307	—
2010	—	—	—	9	9	—	191	—
2011	—	—	—	6	6	—	60	—
2012	—	—	—	2	2	—	—	—
2013	—	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—	—
2015	—	—	—	—	—	—	—	—
2016	—	—	—	—	—	—	—	—
2017	—	—	—	—	—	—	—	—

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

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	Total Collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2008	\$ 1	\$ 1	100.0 %	\$ 93	\$ 94	— %	\$ 56	—
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	—	—	—	—	—	—	—	—

Source: Fulton County Tax Commissioner's office

- (1) 2008, 2010 & 2014 due date October 31 as opposed to normal due date of October 15
 - (2) 2009 due date December 15 as opposed to normal due date of October 15
 - (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
2008	(1)	—	—	—	62	62	—	41	—
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	(3)	—	—	—	—	—	—	—	—
2017	(4)	—	—	—	—	—	—	—	—

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
2008	(1)	\$18,896	\$16,487	87.3	\$1,185	\$17,672	93.5	\$867	4.6%
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

Source: Fulton County Tax Commissioner's office

- (1) 2008, 2010 & 2014 due date October 31 as opposed to normal due date of October 15
 - (2) 2009 due date December 15 as opposed to normal due date of October 15
 - (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, 2017

Name of governmental unit	Amount outstanding	Percentage applicable	Amount applicable
Direct debt:			
Fulton County General Obligation Library bonds	\$ 250,294,279	100.00%	250,294,279
Fulton County School District	42,520,000	100.00%	42,520,000
Municipalities:			
Alpharetta	91,735,000	100.00%	91,735,000
Atlanta (including School District)	359,203,000	94.02% *	337,740,253
Hapeville	11,905,000	100.00%	11,905,000
Fairburn	8,407,858	100.00%	8,407,858
Milton	9,600,000	100.00%	9,600,000
Union City	9,044,160	100.00%	9,044,160
Roswell	9,932,407	100.00%	9,932,407
Total direct debt	792,641,704		771,178,957
Contractual obligations and overlapping contractual obligations:			
Fulton County Urban Redevelopment Agency	64,274,000	100.00%	64,274,000
The Fulton-DeKalb Hospital Authority:			
Revenue Refunding Certificates Series 2012	84,115,000	100.00%	84,115,000
City of Atlanta and Fulton County Recreation Authority:			
Arena Series 2010 (1)	91,690,000	96.02% *	88,037,619
Zoo Series 2007 (1)	9,325,000	95.52% *	8,907,116
East Point Building Authority	50,920,743	100.00%	50,920,743
Total overlapping debt	\$ 300,324,743		296,254,478
Total direct and overlapping debt and contractual obligations and overlapping contractual obligations (2)	\$ 1,092,966,447		1,067,433,435

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

- (1) The County and the City were obligated to pay one-third and two-thirds, respectively, of the debt service on the Arena Series 2010 Bonds in the event that revenues from Philips Arena are not sufficient to pay debt service. The County has not been called upon to pay any debt service. These bonds were retired in February 2018. 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, 2017 is \$37,715,000.
- (3) Does not include the City of Atlanta's Certificates of Participation in the amount of \$33,704,000.
- (4) 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, 2017 is \$175,738,334.

Schedule 10

FULTON COUNTY, GEORGIA

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

Fiscal Year	Governmental Activities						Total Governmental activities	% of Personal Income	Per Capita debt (not in thousands)	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	Water & Sewerage Revenue Bonds				Water & Sewerage Note payable	Total Business-type activities	Estimated Water/Sewer connections	Debt per estimated connection			
2008	\$ 1,760	51,186	110,639	—	72,231	235,816	1.51%	785.79	561,277	435	561,712	102,000	5,507	797,528	785.79	
2009	—	39,913	118,678	—	64,342	222,933	1.58%	748.34	550,422	250	550,672	102,000	5,399	773,605	748.34	
2010	169,469	27,765	117,788	26,441	61,882	403,345	1.93%	1,023.65	538,956	52	539,008	102,500	5,259	942,353	1,023.65	
2011	165,564	21,629 ⁽¹⁾	110,436	30,458	61,264	389,351	1.74%	977.39	538,775	—	538,775	102,500	5,256	928,126	977.39	
2012	161,545	14,778	102,128	28,736	57,937	365,124	1.59%	914.69	529,240	—	529,240	158,850	3,332	894,364	914.69	
2013	157,373	7,573	93,542	26,965	66,276	351,729	1.53%	888.31	522,632	—	522,632	160,300	3,260	874,361	888.31	
2014	153,044	—	84,680	25,136	61,896	324,756	1.31%	840.39	512,536	—	512,536	164,988	3,107	837,292	840.39	
2015	148,548	—	75,506	23,243	66,948	314,245	1.14%	798.58	492,765	—	492,765	167,299	2,945	807,010	798.58	
2016	143,881	—	58,058	21,291	64,690	287,920	0.97%	743.10	472,519	—	472,519	171,750	2,751	760,439	743.10	
2017	250,294	—	39,967	64,274	56,941	411,476	1.11%	828.87	451,733	—	451,733	172,081	2,625	863,209	828.87	

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

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

Sources:

Personal Income and Population data from Schedule 15 - Demographic statistics

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)
2008	\$ 1,760	3,429	—	55,482,952	— %	\$ —
2009	—	—	—	55,717,671	—	—
2010	169,469	—	169,469	53,981,561	0.31	184.09
2011	165,564	1,240	164,324	50,762,207	0.32	173.05
2012	161,545	4,481	157,064	49,250,278	0.32	160.63
2013	157,373	9,032	148,341	49,278,963	0.30	150.71
2014	153,044	13,546	139,498	50,337,606	0.28	140.01
2015	148,548	18,291	130,257	54,588,184	0.24	128.90
2016	143,881	22,729	121,152	55,916,272	0.22	118.39
2017	250,294	22,575	227,719	57,938,549	0.39	218.66

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>
2008	(1) 110,949	66,929	44,020	10,965	27,851	38,816	1.13
2009	119,875	76,779	43,096	11,555	27,262	38,817	1.11
2010	121,562	75,381	46,181	12,160	26,654	38,814	1.19
2011	120,454	72,996	47,458	8,157	25,419	33,576	1.41
2012	116,843	70,148	46,695	5,655	24,909	30,564	1.53
2013	(1) 117,844	79,701	(2) 38,143	13,246	15,052	28,298	1.35
2014	(1) 119,366	67,639	51,727	4,920	22,311	27,231	1.90
2015	121,605	69,066	52,539	14,650	22,123	36,773	1.43
2016	129,236	71,696	57,540	15,325	21,453	36,778	1.56
2017	125,476	69,734	55,742	16,090	20,687	36,777	1.52

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

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

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

Schedule 13

FULTON COUNTY, GEORGIA
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (in thousands)

Assessed value		\$	61,347,691
Less:			
Applicable property tax exemptions			(3,409,142)
Assessed value for bond purposes			<u>57,938,549</u>
Debt limit 10% of assessed value			5,793,855
Less amounts of debt applicable to the limit:			
General Obligation debt outstanding			250,294
less available debt service funds			(22,575)
Total amount applicable to debt limit			<u>227,719</u>
Legal Debt Margin		\$	<u>5,566,136</u>

		Total net bonded debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a % of debt limit
2008	\$	5,548,295	5,548,295	0.00%
2009		5,571,767	5,571,767	0.00%
2010		5,398,156	5,228,687	0.32%
2011		5,076,221	4,911,897	0.33%
2012		4,925,028	4,767,964	0.33%
2013		4,927,896	4,779,555	0.31%
2014		5,033,761	4,894,263	0.29%
2015		5,458,818	5,328,561	0.24%
2016		5,591,627	5,470,475	0.22%
2017		5,793,855	5,566,136	0.41%

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
2008	1,014,932	\$ 59,512 \$	52,888,363	6.4 %
2009	1,033,756	54,061	48,952,940	9.9
2010	920,581	52,621	48,733,047	10.9
2011	949,599	56,061	53,234,047	10.6
2012	977,773	57,537	56,258,497	9.6
2013	984,293	62,381	57,210,067	7.8
2014	996,319	68,018	63,937,957	6.3
2015	1,010,562	69,977	70,716,189	5.4
2016	1,023,336	74,095 (1)	75,824,470 (1)	5.4
2017	1,041,423	76,318 (1)	78,099,204 (1)	4.6 (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 2016. 2017 data not available but estimated with a 3% increase from 2016 per capita personal income data applied to U.S Census 2017 mid year population estimate.

(2) Annual unemployment rates from the Georgia Department of Labor; 2017 from the Revised January 2018 Local Unemployment Rate (not seasonally adjusted)

Schedule 15

FULTON COUNTY, GEORGIA

Principal Employers
Current Year and Nine Years Ago

	<u>Employees*</u>	<u>Percentage of County employment**</u>
Ten major employers-within 29 county Atlanta Metro Statistical area - 2017		
Delta Airlines	31,529	3.69%
Emory University	25,555	2.99%
Wellstar Health System	18,174	2.13%
AT&T Inc.	16,000	1.87%
Northside Hospital Inc.	14,696	1.72%
Emory Healthcare	13,332	1.56%
Publix Supermarkets, Inc. - Atlanta division	10,091	1.18%
The Home Depot	10,000	1.17%
Piedmont Healthcare	9,707	1.14%
Georgia Institute of Technology	8,880	1.04%

* From the Atlanta Business Chronicle Book of Lists, within 29 Metro-Atlanta county area dated 12/29/2017; these statistics could include employees working in areas outside Fulton County.

** Georgia Department of Labor statistic for average employment-Fulton County 3rd qtr 2017 was 853,448.

	<u>Employees*</u>	<u>Percentage of County employment**</u>
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.

Schedule 16

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Police</u>	<u>Fire</u>	<u>Emergency Services (911)</u>	<u>Water & Sewerage</u>	<u>All Other</u>	<u>Total Government</u>
2008	4,561	198 *	186 *	109	345	816	6,215
2009	4,475	160	153	97	322	625	5,832
2010	4,249	154	142	74	302	537	5,458
2011	4,245	153	142	73	302	556	5,471
2012	4,108	155	136	58	292	534	5,283
2013	3,986	162	135	59	291	460	5,093
2014	4,122	165	135	58	292	245	5,017
2015	4,320	169	135	64	278	262	5,228
2016	4,230	175	166	69	268	261	5,169
2017	4,240	175	166	66	262	288	5,197

Sources: Fulton County Budget Book

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

FULTON COUNTY, GEORGIA

Operating Indicators by Function/Program
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Atlanta/Fulton County Library										
Circulation-checked out	3,793,020	4,204,478	4,007,431	4,167,728	3,644,362	3,430,367	2,758,653	3,002,518	3,080,554	2,921,168
New library cards issued	64,232	66,124	54,457	55,893	60,601	49,623	43,382	55,058	49,927	68,915
Database inquiries (hits)	1,075,941	1,659,067	1,071,297	1,661,802	1,296,398	1,552,743	1,016,484	8,178,590	8,697,718	8,487,402
Human Services:										
Meals - Older Americans Act	406,051	1,027*	1,451*	1,451*	2,198*	2,290*	2,486*	Unavailable	Unavailable	Unavailable
*No of people served										
Health and Wellness:										
Total Nursing services visits	230,715	84,170(2)	79,900(2)	96,341	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Food service inspections	7,703	5,572	5,380	6,500	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
(2) clients receiving services										
Transportation: Roadway miles paved	36	8	3	6	12	8	8	8	0	0
911 Emergency Communications calls:	481,916	782,896	546,518	425,742	417,562	408,656	433,398	668,379	657,973	710,475
Water and Sewerage fund:										
Wastewater average flows										
in millions of gallons per day:										
Camp Creek	14.41	14.96	16.24	15.63	14.22	16.44	15.70	17.23	14.86	15.06
John's Creek	3.61	8.17	4.45	3.57	3.89	8.75	8.62	8.43	8.48	8.08
Big Creek	19.99	22.80	19.91	17.91	18.73	18.77	18.35	19.06	19.82	19.35
Little River	0.68	0.92	0.94	0.84	0.82	0.98	0.90	0.87	0.83	0.81

*not available

Source: Fulton County Budget book and County departments

FULTON COUNTY, GEORGIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Atlanta/Fulton County Library Branches, including main facility	34	34	34	34	34	34	36	36	34	34
Health and Wellness: Health centers	10	10	10	10	10	10	9	9	8	8
Jail and detention centers	3	3	3	3	3	3	3	3	3	4
Fire Stations	15*	15*	15*	15*	15*	15*	15*	13*	13*	13*
Water and Sewerage fund: Wastewater treatment plants	4	4	4	4	4	4	4	4	4	4
Water treatment plant - (joint venture)	1	1	1	1	1	1	1	1	1	1
County owned roadways (in miles)	556	684	684	684	684	684	684	684	606**	68**

*Three stations leased by municipalities

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

**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, 2017, 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 15, 2018. Other auditors audited the financial statements of the Fulton-Dekalb Hospital Authority, as described in our report on the County's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "PJC Group, LLC".

Atlanta, Georgia
June 15, 2018